

## Hospital Strategies and Arrangements: study at a philanthropic hospital in Brazil

Estratégias e Arranjos Hospitalares:  
estudo em um hospital filantrópico no Brasil

Estrategias y Modalidades De Hospital:  
estudio en un hospital de beneficencia

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### Abstract

The aim of this study was to describe and analyze how philanthropic hospitals are strategically organized, according to the perception of the studied hospital's managers. A qualitative descriptive study was carried out using the case study method. From the collected data, the following categories of analysis were defined: management model, organizational strategies, relationship networks, and hospital arrangements. The results regarding the management model show that the hospital has a multi-professional team, distributed in care management and administrative management.

Regarding organizational strategies, maternal and child care were considered a competitive differential of the hospital. Among the various strategic indicators used, those related to care were considered the most significant, since they make it possible to evaluate the services provided by the institution. As to relationship networks and hospital arrangements, partnerships with only two other institutions are established and the main motives are follow-up and monitoring of hospital management, exchange of experiences and discussion of indicators. The positive influence of relationship networks on the financial and economic performance of the hospital was emphasized, since they contribute to the growth of production with more quality and humanization, revenue increase and costs reduction.

**Keywords:** Strategies. Philanthropic hospitals. Hospital Administration.

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## Resumo

Este estudo teve por objetivo descrever e analisar como hospitais filantrópicos se organizam em termos estratégicos, na percepção de gestores que atuam no hospital pesquisado. Foi realizada uma pesquisa qualitativa descritiva utilizando o método de estudo de casos. A partir dos dados coletados foram definidas as seguintes categorias de análise: modelo de gestão, estratégias organizacionais, redes de relacionamento e arranjos hospitalares. Os resultados apontam, no que tange ao modelo de gestão, que o hospital conta com uma equipe multiprofissional, dividindo-se em gestão assistencial e administrativa. Sobre as estratégias organizacionais, o atendimento materno-infantil foi considerado como um diferencial competitivo do hospital. Observou-se que, dentre os vários indicadores estratégicos utilizados, os ligados à área assistencial são considerados mais importantes por possibilitar a avaliação dos serviços prestados pela instituição. Em relação a redes de relacionamento e arranjos hospitalares, identificou-se que a instituição estabelece parceria apenas com dois órgãos, sendo os principais motivos: acompanhamento e monitoramento da gestão hospitalar, troca de experiências e discussão de indicadores. Ressalta-se a influência positiva das redes de relacionamento para o

desempenho econômico-financeiro do hospital, uma vez que contribuem para o crescimento da produção com mais qualidade e humanização, crescimento de receita e redução de custos.

**Descritores:** Estratégia. Hospital filantrópico. Administração hospitalar.

## Resumen

Este estudio tuvo como objetivo describir y analizar como los hospitales filantrópicos están organizados en términos estratégicos en la percepción de los gerentes. Un estudio cualitativo descriptivo se llevó a cabo, utilizando el método del caso. Con los datos recogidos se definieron las siguientes categorías de análisis: modelo de gestión, estrategias de organización, red de relaciones y arreglos hospitalarios. Los resultados muestran, en relación con el modelo de gestión, que el hospital cuenta con un equipo multidisciplinario, que se divide en la gestión de la asistencia y administrativa. En las estrategias de organización, la atención materno-infantil fue considerado como un diferencial competitivo. Se observó que, entre los diversos indicadores estratégicos utilizados, los que corresponden al área de asistencia son los que se consideran más importantes, ya que permiten la evaluación de los servicios prestados por la institución.

Respecto a las disposiciones de red de relaciones y de arreglos hospitalarios, se identificó que la institución establece asociarse con sólo dos órganos. Se hace hincapié en la influencia positiva de las redes sociales para el desempeño económico y financiero del hospital, ya que contribuyen al crecimiento de la producción con una mejor calidad y humanización, el crecimiento de ingresos y reducción de costos.

**Descriptores:** Estrategia. Hospital filantrópico. Administración hospitalaria.

## 1 Introduction

Because of the speed of changes occurring globally, businesses develop in a dynamic rhythm obliging organizations to seek clear consistent strategies according to their business. This is because strategy is the base that strengthens organizations and help them achieve their targets, always interacting in accordance with external and internal factors as they arise. When organizations define their strategies, they have the possibility to continue their business in accordance with the organization's proposal. But not only the formulation of the strategy is important; ensuring its implementation and mensuration is also important, so that solid results can be achieved along time. To implement the

proposed strategies and evaluate the outcomes it is necessary to have organizational, technological and behavioral changes that affect not only individuals but also the organization as such<sup>(1)</sup>.

The strategy process is based essentially on formulating and implementing the strategy, defined as the result of an analysis of external opportunities and internal capabilities with the ability to promote harmony between external and internal environments. Strategy is a unified plan aimed at ensuring the achievement of the firm's main objectives<sup>(1)</sup>.

When considering the hospital area, this context presents certain particularities in the labor world<sup>(2)</sup>. This area gathers professionals, knowledge, technologies and a diversified infrastructure. Its technical and social configuration is specific, labor division is extremely precise and composed of different models of professional actions sustained on competences, knowledge, and multiple strategies.

Hospital functioning presents highly integrated productive processes. Due to this complexity, a hospital needs to structure in a rational way various sectors and have a well formulated strategy to fully achieve its objectives<sup>(2)</sup>. Hospital organizations have a

crucial role and a significant position in the market because of their social and economic function and for enabling health promotion. They also present high complexity regarding its management and organizational structure<sup>(1,3)</sup>.

The significance of a hospital organization may be evaluated from the degree of relationship the hospital maintains with individuals and society. This results from the crucial role of a hospital institution in crucial moments of people's lives: at birth, in disease, and at death. The work process in the health sector has specific aspects: regarding other economic sectors, its difference lies in that its final product is a service resulting from the shared action of various professionals, in interpersonal relationships between beneficiaries and performers; it gathers a set of programmed and normalized activities that are conducted on a cooperation basis, in a dynamic scenario under constant changes<sup>(2)</sup>.

In this sense, it is pondered that the hospital area has been undergoing changes in recent years regarding its processes and management forms<sup>(4)</sup>. There is a concern about seeking continued improvements, with resources focused on the quality of care and management based on evidences and

outcomes, always in consonance with the internal and external environments. Considering the hospital as an integrated system inserted in a complex and flexible context as that of health, it needs planning and strategy aimed at its survival<sup>(1)</sup>.

The availability of resources for diagnosis and treatment, and possibilities of research and improvement are the crucial factors to identify the hospital as an organism that is better qualified to contribute to the finding solutions for the community's health problems. Hence the importance of conducting a thorough analysis of the functionality and structuring of the hospital institution<sup>(2)</sup>. The structure and organizational arrangement contribute to the successful implementation of the organizational strategy. Thus, the organizational arrangement provides elements to indicate the main directives of an organizational strategy<sup>(5)</sup>. The structures used by hospitals in Brazil are usually based on a functional sphere, by which each unity, service or department has a differentiated set of duties and responsibilities<sup>(3)</sup>.

In Brazil, the health system has historically been organized on ideologically conservative bases. But regarding the existing options, hospital services providers may establish different organizational arrangements

according to their competitive and financial advantages<sup>(3)</sup>.

Considering these ideas, the question that points the direction of this study arises as follows: how are philanthropic hospitals strategically organized?

The aim of this article is, therefore, to answer the research question, describing and analyzing the strategic organization of philanthropic hospitals from the viewpoint of managers of the hospital under study.

The article is structured in five sections; after this introduction, the second section explains the theoretical framework of the research; the third section is on the methodology of the study; the fourth presents the description and the analysis of the outcomes; and the fifth section presents the final considerations, discussion and suggestions resulting from the study. The bibliography consulted for the study is presented in the references section at the article's closure.

## **2 Theoretical Framework**

### **2.1 Organizational arrangements**

Organizational arrangements are ways of work organization deriving from the overall

organization of the firm. The structure and the organizational arrangement are relevant factors for the successful practice and implementation of an organizational strategy. Thus, the organizational arrangement provides elements to indicate the main directives of an organizational strategy<sup>(5)</sup>.

The types of organizational arrangements are: functional or traditional, by projects or products, and matrix. In the functional arrangement, each functional area has its physical space. Its basic criterion is the area of knowledge necessary to perform the activity and its definition considers the function of the people involved. This type of structure strengthens knowledge specialization in the various areas and enables better optimization of the resources involved. In the arrangement by projects or products, the connection between individuals occurs mostly with those who are involved in the same project or product. In the matrix arrangement, which is a combination of the functional and project arrangements, the design gathers people and resources simultaneously by function and by project<sup>(5,6)</sup>. Therefore, the definition of the arrangement takes into consideration the nature of the activities performed by the organization and the type of technology and process adopted,

since this has a significant influence on the structure and the organizational arrangement.

The advantage of creating organizational arrangements is that it provides economic and strategic benefits. However, studies have highlighted that sociocultural factors have a meaningful function in the performance of these arrangements<sup>(6)</sup>.

Organizational arrangements may be understood as alterations in a governance structure. The characterization of an organizational arrangement derives from the governance structure, added by other stimuli and pondered to the routines and competences involved. This distinction becomes relevant when considering that visibly distinct arrangements may be present in one governance structure<sup>(6)</sup>.

When examining the vertical coordination, the relevance of the institutional environment and the organizational arrangement stands out. The institutional environment encompasses a set of social and political norms and laws that define the pillars for production, exchanges and distributions. Being institutional environments, there are property rights, norms for elections, and contract rights<sup>(6)</sup>. The organizational arrangement is revealed by the mix of

contracts and agreements between the economic units, that determine the way these units can compete or cooperate. The norms and rights influence the constitution of the organizational arrangement, which presents artifices to influence or transform the environment<sup>(7)</sup>.

Organizational arrangements, as specification of governance structures, follow the purpose of the transaction costs economics. Thus, limited rationality and opportunistic behavior integrate the analysis of organizational arrangement<sup>(7)</sup>. Limited rationality refers to the unfeasibility to delineate complete contracts, i.e., it is not possible to foresee ex-ante situations that demand contingency measures in contracts. When there is no opportunistic behavior, deviations could be renegotiated. But it is considered that the agents may be opportunistic, which means that ex-post negotiation becomes significant for the transaction arrangement.

For the choice of the organizational arrangement it is necessary to consider the various levels of incentive and control needed by the firm to organize its activities. Hence, market arrangements are those that provide more incentives. However, for the control it is necessary to have substitute partners to discipline deviations in relation to the

agreement. As the need of control increases, the firm starts to choose contract arrangements in which it is possible to use the litigation threat to have the contract fulfilled<sup>(8)</sup>.

The convergence of organizational arrangements follows the logical base of neoclassic economics, according to which less efficient firms are extinguished by the more efficient. However, the use of multiple contract arrangements enables simultaneous equilibria, in which the sum of the production costs is minimized by the transaction costs. Hence, the coexistence of arrangements could be justified as a transitory situation in which the firm adopts different arrangements and selects the most efficient<sup>(8)</sup>.

In this respect, there is no difference regarding hospital organizations. Managers must seek more efficient alternatives of arrangements and management, since one of the most significant organizational determinants is the organizational arrangement. The first kind of organizational structure that derived from the model of the philanthropic hospital *“Santa Casa da Misericórdia”* was the functional structure, presently in existence with adaptations to comply with current requirements<sup>(9)</sup>.

Health management tradition in Brazil is marked by the hegemonic managerial rationality and the control is exerted over the administrative staff. Hierarchization, work fragmentation, centralizing power and the use of supervision as a means of work control are explicit in this sector, which has characteristics of the functional arrangement. In this aspect, this tradition results in centralizing management systems with little participation of workers, engendering hindrance to team work and fragmentation of processes. Internal power structure is given by technical-bureaucratic power. Administrative norms and differences in salary and work regimes are unequally experienced<sup>(9)</sup>.

Hospitals in Brazil, in general, present organizational arrangements of the functional kind, which are unsatisfactory because of constant environmental changes. Customers must receive care according to their needs, available processes, outcomes and aspired values. Management in the health area has a unique and significant complexity. Among industrial processes, few are as complex as a hospital management and organization, because it deals with a heterogenous population and environments with intense flows of materials, information, professionals and users<sup>(3,9)</sup>.

## 2.2 Hospital strategies and organizational arrangements

The function of hospitals is to serve the population by promoting health with full medical, preventive, therapeutic and curative care. Hospitals are essential to communities, with high significance and participation in people's lives. In Brazil, there are three main types of hospitals presenting the following characteristics<sup>(3)</sup>:

Philanthropic hospitals have covenants with the Unified Health System (*Sistema Único de Saúde* ó SUS). The requirement is that they provide 60% of their occupation and service delivery to SUS, in which case they are granted financial resources and fiscal exemption<sup>(10)</sup>.

Public hospitals are those that have agreements with SUS, therefore most of their resources originates from public budget, which is directly dependent of fiscal revenues. These hospitals belong to the public estate in the governmental spheres of the federal, state, municipal and federal district government. Private hospitals are those that belong to the estate either of an individual or of a legal entity<sup>(11)</sup>.

Hospitals are among the most complex organizations to be administered. They comprise several services and situations that are different and simultaneous, be it in the laundry, cleaning service, vigilance, medical care, or restaurants; all with one objective that is to serve the user<sup>(3,9,12)</sup>.

A crucial element to determine the efficiency of a hospital is the way in which the available resources are used to produce treatments, other clinical and non-clinical services, and its strategy. The inadequate application of resources hinders the efficient delivery of services, which may compromise the quality of services and result in higher costs. Achieving efficiency is what drives organizational arrangements and internal managerial practices, which on their turn contribute to the efficiency, equity and quality of services provided by the hospital<sup>(6)</sup>.

The incentives originating from the payment systems and from policies and market environments affect hospitals' behavior. However, hospitals with different configurations respond differently according to their degree of autonomy, accountability, and exposure to the market. Thus, these organizational arrangements are directly related to the hospital managers' ability to perform according to external incentives<sup>(6)</sup>.



There are three types of prevailing organizational arrangements in the public sector: direct administration, indirect administration, and autonomous administration. Although the direct administration modality predominates, in the past years autonomous organizational arrangements have been arising in the form of private support foundations, public companies, and social organizations of health. Thus, the organizational arrangement influences the hospital's performance<sup>(6)</sup>.

A research carried out in hospitals identified the following outcomes: public hospitals with flexible organizational arrangements that enable directors to have decision-making autonomy, which are the public institutions presenting the best performance regarding productivity, efficiency and quality. Public hospitals governed by organizational arrangements of direct administration present the worst performance. Autonomous public hospitals have also presented efficiency and quality improvement along time in comparison with their non-autonomous equivalents. Even if private philanthropic hospitals present an intermediate level of efficiency, the lack of data hinders a definitive conclusion regarding the relation between the various organizational arrangements found in

philanthropic hospitals and their performance. The overlapping of governance and managerial functions, together with informal decision-making arrangements compromise the performance of philanthropic hospitals<sup>(6)</sup>.

Organizational models and structures used by firms are also being used in hospital environments. They enable an organizational arrangement in which all members of the organization participate, leaving aside rigid and functional practices concerning the structure, since the hospital environment is a complex and flexible one<sup>(9)</sup>.

Despite the complexity of the hospital area, all organizations, public or private, have a mission, a vision and a strategy. Seeking the achievement of their mission, some organizations make use of indicators to measure, evaluate and develop strategies<sup>(12)</sup>.

The literature points the following strategic indicators: margin of economic outcome; cash level; stock in days of consumption; coefficient of staff per occupied bed; bed occupation rate; length of stay average; mortality coefficient; hospital infection rate; caesarean births rate; volume of exams; human resources dismissal rate; patients' satisfaction; and percentage of hospital admission by categories<sup>(13)</sup>.

The indicators are used by public or private organizations to measure outcomes and to formulate strategies to obtain better outcomes. Indicators measure qualitative and quantitative aspects regarding the environment, structure, processes and outcomes<sup>(14)</sup>.

Therefore, indicators should reflect the strategic priorities of an organization. They can address economic and financial factors; relationship with customers, suppliers and society; search of technologic innovation, among others. These aspects should be considered by organizations in the formulation of strategies and the entire organizational arrangement should contribute to the achievement of strategically established targets.

In Brazil, the interest in indicators of quality and productivity has arisen in a program designed by the Institute for Applied Economic Research (IPEA), the "Brazilian Quality and Productivity Program", a document that explains the criteria to engender quality and productivity in public services in Brazil. The strategic management in health comprises two segments of indicators: indicators of external and internal environments<sup>(15)</sup>.

Internal indicators are the areas and sub-areas of infrastructure, outpatient/emergency, complementary diagnosis and therapeutics, and clinical/surgical hospital admission, i.e., all internal areas comprised in a hospital. External indicators are data related to demography, geography, economy, politics, culture, education, psychosocial, technology, and epidemiology<sup>(14,15)</sup>.

A tool used by firms that can also be used in the health area is the Balanced Scorecard (BSC) system, developed by Kaplan and Norton. BSC is a methodology that links short-term and long-term activities of an organization with the vision, mission and strategy, through the establishment of measurable targets in a certain period<sup>(16)</sup>.

The mission, vision and strategy of the organization must be inter-related and have as base the four essential perspectives for any organization to obtain real growth and long-term success: financial, customers, internal processes, and learning and growth. The financial perspective is the synthesis of varied actions performed by the organization translated into economics, i.e., it indicates if the expected financial performance has been achieved<sup>(16)</sup>.

Another perspective is that of customers. At first, it consists of customer segments identification in the markets where the organization competes or supplies services. Then there is the measurement of the organization's capacity to supply quality products and services, so that consumers' satisfaction is finally achieved<sup>(16)</sup>.

The perspective of internal processes is the outcome, identified by the organization's executives, of critical processes that lead to financial success and customers' satisfaction. Instead of the traditional management that focuses essentially on monitoring and improving existing processes, BSC also enables the identification of new processes that can produce customers' satisfaction. In other words, the internal processes perspective is the means to achieve customers' outcomes expectations<sup>(12,16)</sup>.

The fourth perspective consists of learning and growth, which is related to the quality of data systems, staff training, organizational alignment and, therefore, to human and material assets<sup>(16)</sup>.

The achievement of the objectives established in the financial, customers and internal processes perspectives will be achieved only if the necessary infrastructure is ready and

prepared for its fulfilment. Thus, only if the staff is motivated, trained and have the available data in a timely manner, will the strategy be successful<sup>(12)</sup>. Therefore, the balanced scorecard is defined by each organization according to its strategy and becomes an instrument of its management and implementation.

Concerning the means of continued enhancement, it is necessary to have a set of indicators used in the hospital area that are flexible and have the possibility of being activated in the improvement process, and that can if necessary be substituted by more sensible and appropriate indicators<sup>(15)</sup>.

In this direction, another managerial instrument is the benchmarking, which is a continued and systematic process to evaluate products, services and work process in the organizations. It is considered one of the best practices aiming at organizational improvement<sup>(14)</sup>. There are the following types of benchmarking:

Internal benchmarking: comparison between similar processes in different areas or sub-areas of the hospital. Generic benchmarking: a system of continued reformulation of a firm's processes. Competitive benchmarking: more associated to benchmarking because it is

the comparison of similar processes in direct competitors, i.e., the comparison between hospitals.

Finally, the use of a BSC marker and benchmarking is translated into methodological forms of continuously reporting to those responsible for the institutions on data regarding market share, events, and normal or abnormal signs concerning technical and administrative programs and services. It also enables the report to society, shareholders and owners on activities and outcomes, since they contribute with taxes or values to the institutions' maintenance<sup>(14)</sup>.

### **3 Research Methodology**

This is a descriptive study that thought to describe and analyze the way philanthropic hospitals are strategically organized. The research used the qualitative approach to collect data on the study object. The method used for the research was the case study.

The research subjects were three managers who work at the administrative and nursing managements of the hospital under study. The analysis unit was the philanthropic hospital and the observation unit was composed of

strategic and arrangement factors of the hospital under study.

Data was collected by means of semi-structured interviews. Data analysis was made through content analysis proposed by Bardin. First, a division of the material was made into categories. Next, the material was synthesized for possible reduction, using only the most significant contents of each category. Finally, a thematic categorization was produced followed by the analysis and interpretation, aiming at a deepened analysis of the context under study. The categories of analysis defined were: management models, organizational strategies, relationship networks, and hospital arrangements<sup>(17)</sup>.

### **4 Outcomes Presentation and Analysis**

The aim of this section is to describe and analyze the outcomes of the research. Thus, it presents the respondents' profile and the analysis of the management model, organizational strategies, organizational arrangements, and relationship networks.

#### **4.1 Profile of respondents**

The managers interviewed were characterized by the Letter 'A' followed by numbers in ascending order corresponding to the

sequence in which the interviews were carried out. It was identified that most of the respondents are male, married, belonging to age group 39-49 years; all respondents have higher education and work in the institution for a period ranging between 1 and 5 years.

#### 4.2 Management models

When asking the respondents how is the hospital managed, it was identified that the institution has a multi-professional team, divided into care and administrative management. The care management is responsible for the work processes that involve customer/patient care, always focusing on the quality of and satisfaction with the services provided. The administrative management has a financial management and a human resources (HR) management. These managerial areas are responsible for the financial equilibrium of maintenance and investments, and incentive to and growth of the professional team; this can be identified in the following reports: *“Hospital management is divided into care and administrative management, with a multi-professional team, various services of support, production and administrative, considered as centers of costs with relevant challenges in the financial management, with the need of well-defined processes and flows in the sectors (E1). As the*

*word suggests, management involves planning. Knowledge of management is crucial to be able to perform the activities in the institution. The nurse is the main piece in this process, he/she is the one who plans, organizes, directs, checks outcomes, and evaluates work processes that involve care to the customer/patient, always focused on the quality and satisfaction of the services provided (E2). In the financial area and HR management I seek financial equilibrium for maintenance and investments in the hospital, incentive and professional growth of the team, to ensure better care to patients (E3)ö.*

The next questions asked how is the management of weak points in the hospital made. It was pointed by the respondents that meetings are periodically held to define targets, strategies and movement of staff in the sectors, and to discuss and resolve weak points. The reports illustrate this: *“When weak points are noticed or diagnosed in the institution, a meeting is held with all the staff involved in the process and we define strategies to solve them (E2). Yes, several weak points, we have detected a significant lack of professionalism and commitment of some collaborators, lack of stock follow-up, seeking costs reduction, excessive number of staff. Several changes were made in the various coordinations, periodical meetings*

*were held with targets to be achieved, movement of staff between sectors (E3).*

It is noteworthy that according to the respondents the weak points identified were related to lack of commitment, professionalism and follow-up in the sectors. The management of these aspects is crucial for the efficient management of the hospital.

It was identified that the coordination of the various services of the institution is made by managers that are appointed by the hospital's board of directors. They are technical managers and sectors coordinators; their professional knowledge contributes to the efficiency of the managerial processes, as reported next: *Through technical managers and sectors coordinators (E1). Through managers appointed by the institution's board of directors (E2). Division in sectors with their respective coordinators and technical managers (E3).*

In this regard, the literature highlights that aim to achieve efficiency drives the organizational arrangements and internal managerial practices, which in turn contribute to the efficiency, equity, and quality of services in the hospital area<sup>(6)</sup>.

The next question was if the respondents could identify efficiency and quality problems. In some cases, they could identify. However, the hospital did not manage to implement the quality office, and in the opinion of the respondents this is a significant sector to evaluate the efficiency and quality of services delivered, as can be observed in the following speech: *In some cases yes, but we have not yet managed to implement the quality office, an important sector to evaluate the efficiency and quality of our services (E1). Sometimes yes, but we do not have the quality office yet (E2).*

The hospital area has been undergoing changes in the past years regarding processes and management forms. The concern is to achieve constant improvement, with resources focused on the quality of care and on evidence- and outcome-based management, always in accordance with the internal and external environment<sup>(4)</sup>.

### **4.3 Organizational strategies**

Regarding the competitive differential in the respondents' vision, it was observed that the maternal-child care is one of the hospital's main differentials, considering that it has a skilled multi-professional team and is recognized by the society as one of the best

services provided in the region. To improve or maintain this differential, the respondents highlighted the concern with the professional enhancement by means of participation in congresses, seminars, lectures and various training courses provided by the public health management, as stated in the following reports: *“Our maternal-child care is one of the main differentials of the hospital, for being one of the best services in the region, with a skilled and efficient multi-professional team, always seeking further knowledge by participating in congresses, seminars, lectures and various training courses provided by the public health management (E1). We have several titles, as Child Friendly, Stork Network, PRO HOSP, and the main focus is high-risk maternal-child; our hospital serves all neighboring regions and whenever necessary our professionals participate in congresses and training courses to improve the quality of care (E2). Providing care to users, enhancing the skills of the professionals with training, and maintaining excellent conditions so that everyone can perform quality activities (E3).”*

The respondents were questioned about the strategic indicators used by the hospital. The use of several indicators were identified, such as: overall and unit occupancy rate; overall and unit average length of stay; number of

patients per day; rate of cesarean births; overall, maternal, and child mortality rates; hospital infection rate per service; rate of referral from the health region; patients care from SUS and non-SUS; average stock of medicaments and materials, among others: *“There are several indicators that are monitored by the commission of the Pro Hosp and Stork Network, I belong to this commission that holds monthly meetings for this monitoring (E2). Increase of revenues and daily control of expenses, targeting on the financial equilibrium of the institution. Improving the skills of professionals (E3).”*

Bittar<sup>(14)</sup> explains that indicators are a means for public and private organizations to measure results and to help in the formulation of strategies to achieve better outcomes. Indicators measure qualitative and quantitative aspects related to environment, structure, processes and outcomes.

The respondents were then questioned if they considered some indicators more significant than others; all of them replied positively, stressing that indicators related to the care area are more relevant because they enable the evaluation of services delivered by the institution, directly affecting the outcomes, as reported in the following statements: *“Yes, indicators related to the care area are crucial*

for the evaluation of services delivered by the institution, particularly in a hospital (E1). Yes, because there are indicators directly related to care and they must be closely monitored, considering that the institution receives its resources precisely for this area (E2). Yes, we classify our indicators according to priorities, highlighting the indicators that have a direct impact on our outcomes (E3).

Corroborating the findings, Bittar stresses that indicators should reflect the organization's strategic priorities and can address such factors as economic, financial, and relationship with customers, suppliers, and society; these should be considered by organizations when formulating their strategies<sup>(14)</sup>.

This study sought to analyze the most significant goals and the strategy to achieve them. It was identified that for the respondents the financial equilibrium of the institution was the most relevant target. To achieve it, strategies are used to increase revenues from private health care delivery and to reduce costs with the formation of partnerships, the outsourcing of services, and the control of medicaments and materials dispensation. The following reports illustrate the relevance of this factor: *Seek the*

*institution's financial equilibrium, by increasing our production of Non-SUS procedures, preserving the percentage of CEBAS-SAÚDE; habilitate services of the Stork Network Program, seeking higher remuneration from SUS for services partially implemented; maintain the delivery of SUS services, with a production that provides the achievement of the targets proposed in the contract with SUS, planning resources increase through the evaluation of qualitative and quantitative targets; have a professional management of the institution, by means of training and capability enhancement (E1). The most significant goals are those related to customer care; and to follow this path it is necessary to have continued training and skills enhancement (E2). Increase revenues from private care delivery, seek partnerships to reduce costs, outsource services, reduce costs with the control of medicaments and materials dispensation (E3).*

When analyzing the prevailing focus of the established strategies, it was observed that the financial equilibrium, the humanization of work processes and the safe management of internal processes of the institution were the most relevant points mentioned by the respondents: *Financial equilibrium, ensuring quality and humanizing care to users, seeking a safe management of internal*



*processes of the institution (E1). Organization and humanization of the work process, with the purpose that it becomes more qualified and productive (E2). Daily follow-up of the established targets, engagement of all co-workers in the achievement of the objectives (E3).*

In this respect, Kaplan highlights that the organization's mission, vision and strategy should be interrelated and have as base the four essential perspectives that any organization needs to achieve successful growth on the long term, which are: financial, customers, internal processes, and learning and growth<sup>(16)</sup>.

#### **4.4 Relationship networks and hospital arrangements**

When analyzing relationship networks and hospital arrangements, initially the search was to identify if the hospital under study works with partnerships as relationship networks and strategic alliances. The respondents stressed that the hospital establishes partnerships with only two institutions, as reported: *“Not much, we have partnerships only with the Federation of Santos Casas and Philanthropic Hospitals, and the Association of Hospitals of Minas Gerais (E1). The Federation of Santos Casas and the*

*Association of Hospitals of Minas Gerais (E3).*”

Next, the respondents were asked what was the main objective of establishing alliances and partnerships. The answers were that the main objectives are related to the follow-up and monitoring of the hospital management, exchange of experiences and discussion of indicators. The reports illustrate this factor: *“Follow the evolution of hospital management, exchange experiences, discuss indicators, optimize time, use technological advancements in the medical-hospital service (E1). Follow-up and monitoring of hospital management, with the purpose of improving the quality of care delivered to our customers (E2). Knowledge increase, exchange of experiences, growth in the hospital management, technology (E3).*”

Corroborating the findings, Bittar highlights that strategic alliances enable the access to more resources when compared to the purchase capacity that a firm has in an isolated way. They may broaden the competence of a firm to create products, reduce costs, adopt new technologies, go ahead of competitors, reach the real scale for its survival in the world markets, and generate resources for investment in crucial competences<sup>(14)</sup>.

When asking the respondents about the influence of partnerships for the hospital's economic and financial performance, it was observed as a positive influence, considering that these partnerships contribute to the growth of production with more quality and humanization, revenues increase and costs reduction. The reports highlight this factor: *“They may influence the production growth with more quality and humanization, reduce operational and production costs of services provided by the institution (E1). Revenue increase, costs reduction (E3)”*.

The study sought to identify the difficulties to establish relationship networks and strategic alliances. The most significant aspects highlighted by the respondents were the geographic location, cultural aspects, lack of professional skills, and divergence of objectives. The following reports illustrate this: *“Geographic location, cultural aspects, and different objectives (E1). Localization and cultural problems (E2). Lack of skilled professionals, distance from the large cities where most suppliers and partners in the area are located (E3)”*.

Ribeiro and Prieto express that there are factors like divergence of objectives, rise of new technologies, and lack of ability for team

work that may hinder and even produce the breach of alliances<sup>(18)</sup>.

In the analysis of operational arrangements, the purpose was to identify how contracts are managed in the hospital. The respondents answered that the procedures include feasibility studies, legal advice, analysis of market prices, and the quality of services provided. The reports illustrate the findings: *“Starting with feasibility studies, legal advice, availability of purchase and sale of services, observation of market prices, according to the regional economy (E1). Through the negotiation of the administration together with the legal department, with the purpose of monetizing the institution, always observing the quality of the contracted services (E3)”*.

It is noteworthy that organizational arrangements are expressed by the mix of contract and agreement between economic units, which determines the way in which these units can compete or cooperate. Norms and rights have influence in the constitution of the organizational arrangement that presents artifices to influence or transform the environment<sup>(7)</sup>.

## 5 Final Considerations

The aim of this research was to describe and analyze how philanthropic hospitals are organized in terms of strategy in the perception of managers that work at the hospital under study. To achieve the objective of this study, a descriptive research was conducted with a qualitative approach, using the case study method. Data collection was carried out by means of interviews with three managers of the hospital under study.

The collected data were treated by means of content analysis, in which the following categories of analysis were defined: management model, organizational strategies, and relationship networks, and hospital arrangements.

Regarding the management model, it was identified that the hospital has a multi-professional team, distributed in care and administrative management. The care management is responsible for the work processes that involve care to the customer/patient and is always focused on quality and satisfaction of the services delivered. The administrative management is distributed in financial management and human resources management.

It is worthy of note that weak points were identified in the hospital's management. To improve those points, it was observed that periodical meetings are held with the purpose of formulating targets and strategies for their prevention and treatment.

The board of directors appoints the hospital coordination, which is chosen among the technical management and sector coordinators due to their experience in contributing to the efficiency of managerial processes.

It was observed that problems with efficiency and quality are not identifiable because the hospital does not have a quality sector. However, the respondents stressed the importance of this sector regarding the quality of care.

Regarding the organizational strategies, maternal-child care was considered a competitive differential of the hospital considering that it has a skilled multi-professional team recognized by society as one of the best delivered services in the region.

It is noteworthy that the hospital uses several strategic indicators. Nevertheless, it was observed that indicators concerning care are considered the most significant because they enable the evaluation of services delivered by

the institution, thus directly affecting the outcomes.

The financial and economic equilibrium of the institution was observed as the most relevant target in the viewpoint of the respondents. To achieve it the hospital uses strategies for the increase of revenues from private care delivery, the search of partnerships for costs reduction, the outsourcing of services, and the reduction of costs with the control of medicaments and material dispensation.

Concerning relationship networks and hospital arrangements, it was identified that the hospital establishes partnerships with only two institutions. The main motives to establish partnerships are related to follow-up and monitoring of the hospital management, the exchange of experiences, and the discussion of indicators. The positive influence of relationship networks for the economic and financial performance of the hospital is worthy of note, since they contribute for the growth of production with more quality and humanization, increase of revenues, and reduction of costs.

However, it was stressed that the hindrances to establish relationship networks and strategic alliances are related to aspects of

geographic location, cultural, lack of professional skills, and divergence of objectives.

It should be stressed that a limitation of this study was the scope of the research, since it has been conducted in only one philanthropic institution. Therefore, broadening the research to encompass other institutions would enable comparisons and possible generalizations, besides demonstrating the theme in depth and allowing for academic comprehensiveness.

It is suggested that other researches should be carried out on hospital strategies and arrangements in other philanthropic institutions, public and private, with the purpose of enabling comparisons between the different spheres, thus producing more thorough knowledge on the theme.

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SILVA LJS: trabalhou na concepção teórica, coleta de dados, análise estatística e elaboração e redação final do texto. SILVA WAC: trabalhou na concepção teórica e redação final do texto;

Recebido: 08.05.2017

Revisado: 18.05.2017

Aprovado: 20.06.2017