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Organizational Structure and Performances of Responsible Malaysian Healthcare Providers: A Balanced Scorecard Perspective

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Abstract

This paper aims to assess the organizational structure and performances through the Balanced Scorecard of Malaysian private hospitals by focusing on top management's perceptions. A structured questionnaire was used and 97 private hospitals registered with the Association of Private Hospitals Malaysia were included in the survey. In total, 39 responses were received which resulted in an overall usable response rate of 40.2%. The descriptive results illustrated that the majority of the private hospitals that adopt the Balanced Scorecard are highly centralized and formalized. These private hospitals subscribed to formalized rules and written formal procedures to ensure the management and governance of the health providers act in accord with espoused values. As such, there is a legitimate link to improved performances within this sector on the key aspects: internal business processes, patient quality services, safety and satisfaction, organizational learning and growth, and financial. Thus far, despite the evidence from this study that can be attributed to becoming responsible healthcare providers, drivers used which incorporate responsibility, integrity, accountability and transparency in assessing performances can be taken up. This paper adds value to the limited academic BSC literature and responsible issues pertaining to quality improvements and patient satisfaction within the private healthcare sector in Malaysia.

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1. Introduction

Healthcare industry has become one of the world's largest, costly and fastest-growing industries as it forms a massive part of a country's economy (Kocakulah and Austill, 2007). Both private and public healthcare organizations have to deal with an unstable environment due to various forces such as rapid transformation of technology, demographic factor and change in lifestyles (Koumpouros, 2013). The average annual growth of 2.6 per cent over the next four years (2014-2017) has put pressure on the governments, healthcare agencies, insurance agencies and consumers to overcome issues such as chronic diseases, high medical costs, inconsistent quality services, aging population and imbalanced access to care due to employee's shortages as well as technology and infrastructure limitations (Deloitte, 2014). This is due to the increase in population growth (Rye and Kimberly, 2007) which has led to the rise in the spending on medical services per individual to 4.4. per cent from 2014 until 2017 (Deloitte, 2014). The top issues for public sector in 2014 are managing healthcare costs and meeting consumers demand for equitable and quality access to healthcare (Deloitte, 2014). Therefore, this paper aims to assess the structure of responsible private hospitals in Malaysia as well as their performances through Balanced Scorecard. A responsible healthcare provider would need to use drivers which incorporate responsibility, integrity, accountability and transparency in assessing performances.

The healthcare organizations worldwide are struggling to deal with increasing health costs while providing high quality services to consumers at lower costs (Deloitte, 2014). However, in comparison to other industries, the healthcare industry is a very costly industry as the medical practice today requires more usage of technology and modern medical tests (Boon, 2002). Most of the hospitals spend millions to purchase and to upgrade their medical equipments.

Significant issues faced by private hospitals include difficulties in meeting patient satisfaction (Silow-Carroll, 2008) and, effectively maintaining their operations and improving their financial accountability due to stiff competition in this sector (Deloitte, 2014). Moullin (2004) explained that patients pay high consultation fees and expensive medical services rendered by hospitals as such they demand short waiting time to see their physicians, transfer to ward and obtain test results. However, due to the complex operational processes and various patient conditions, it caused a long waiting time (Huang, Chen, Yang, Chang, and Lee, 2004). This situation led to patient dissatisfaction and increased in patient complaints towards the hospital services which will then affect the hospital performance (Yuen and Ng, 2012). Gurd and Gao (2008) pointed out that patient satisfaction is an overall indicator of hospital's internal process and service towards their client which consequently influence patient loyalty and its survival in the competitive environment. Thus, Silow-Carroll (2008) emphasises the need for a better performance measurement for private hospitals.

The BSC perceived as the most suitable framework is able to provide significant information pertaining to the organizational internal and external factors that will subsequently contribute to the organization's success. To the extent of the researcher's knowledge, there are limited studies conducted to examine the performance of healthcare sectors in Malaysia. Most of these studies focused on other sectors such as the construction industry (Hiap, 2012), manufacturing industry (Jusoh, Ibrahim, and Zainuddin, 2008), public sector (Yu, Hamid, Ijab, and Soo, 2009); implementation of BSC in a Government-linked company (Zin, Sulaiman, Ramli, and Nawawi, 2013); adoption and implementation of BSC in Malaysian companies (Ong, Lee, and Wong, 2010). However, based on a review of relevant literature in Malaysia, there is also a dearth in the study on BSC in the local healthcare sector. Thus, the issues discussed above provided an opportunity for this study to be carried out. Therefore, this study aims to assess the organizational structure of Malaysian private hospitals and their performances using the Balanced Scorecard as well as in relation to being a responsible healthcare provider.

This paper is organised into five sections. The first section provides the background of the study. The second and third sections present the literature review and research method, respectively. The fourth section discusses the results of the study. The significance of the study, its limitation and recommendation for future work are presented in the final section.

2.0 Literature Review

2.1 Performance Measurement System

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