



## THE ROLE OF THE BOARD OF DIRECTORS IN THE INSTITUTIONAL STRATEGIC PROCESS WITHIN PUBLIC HOSPITALS

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DOI: 10.38045/ohrm.2022.2.02

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**Keywords:** strategy, Board of Directors, public hospitals.

**Introduction.** According to the normative provisions, the Board of Directors (hereinafter the BD) is an administrative and supervisory body of public hospitals, which, in addition to other exclusive (quite limited) duties, is responsible for the examination and approval of the plans of activity of the hospital. However, just as the expressions "strategic plan" or "strategy" do not appear in this task, sometimes the involvement of the BD in the examination and approval of institutional strategic documents are omitted.

**Material and methods.** The purpose of the study is to evaluate the experience of the BD members of the public hospitals in the North region, regarding the involvement in the institutional strategic process. They expressed their opinion on the perceived role in the process of elaboration and implementation of institutional strategies; the vision, mission and set of institutional values, strategic areas, the performance of which they monitor; communication with stakeholders in the strategic context; taking corrective action in a timely manner, etc. The strategies / strategic plans of the medical institutions included in the study were analyzed too.

**Results.** The results of the study show that the involvement of BD members of the public hospitals in the institutional strategic process is often formal and declarative.

**Conclusions.** Study emphasizes a superficial attitude of the BD members on the strategic process or the fact that they do not have the necessary competences to examine the institutional strategies.

**Cuvinte cheie:** strategie, consiliul administrativ, spitale publice.

### ROLUL CONSILIULUI ADMINISTRATIV AL SPITALELOR PUBLICE ÎN PROCESUL STRATEGIC INSTITUȚIONAL

**Introducere.** În conformitate cu prevederile normative, Consiliul administrativ (în continuare CA) este un organ de administrare și de supraveghere al spitalelor publice, care, pe lângă alte atribuții exclusive (destul de restrânse), este responsabil de examinarea și de aprobarea planurilor de activitate ale spitalului. Însă, deoarece în definiția acestei atribuții nu figurează expresiile „plan strategic” sau „strategie”, uneori se omite implicarea CA în examinarea și aprobarea documentelor strategice instituționale.

**Material și metode.** Scopul studiului constă în evaluarea experienței membrilor CA al spitalelor publice din regiunea Nord, privind implicarea în procesul strategic instituțional. Aceștia și-au expus opinia privind rolul perceput în procesul de elaborare și de implementare a strategiilor instituționale; viziunea, misiunea și setul de valori instituționale; domeniile strategice, a căror performanță o monitorizează; comunicarea cu părțile interesate în contextul strategic; luarea măsurilor corective în timp util ș.a. De asemenea, au fost analizate strategiile/planurile strategice ale instituțiilor medicale incluse în studiu.

**Rezultate.** Rezultatele studiului demonstrează faptul că implicarea membrilor CA al spitalelor publice în procesul strategic instituțional este adesea formal și declarativ.

**Concluzii.** Studiul scoate în evidență o atitudine superficială a membrilor CA privind procesul strategic sau faptul că aceștia nu dețin competențe necesare pentru examinarea strategiilor instituționale.

## INTRODUCTION

BD (Board of Directors) is a part of corporate governance and plays a vital role in hospital management ensuring that the institution provides the best care to the patient, achieves the set goals and has an effective activity. U.S. research in the field of hospital governance has established the existence of a direct link between the organization and operation of BD and the higher levels of hospital performance, both in terms of clinical and financial components.

In general, BD must ensure the link between the hospital management and the founder. The generally accepted roles of the boards are those related to institutional policy making (the reference framework for decision-making), decision-making (choice of the existing alternatives of the option corresponding to strategic priorities), supervision (monitoring and evaluation of processes and results) (1).

The BD usually oversees issues related to strategic planning, including the development of the institution's vision, mission and values, quality of service and patient safety, management and financial performance, risk management and assessment, stakeholder input and feedback, and continuous capability development of BD members (2, 3).

In public institutions, the activity of the BD is regulated. The normative act, which establishes the composition, attributions and functioning of the BD within public hospitals, is the Framework Regulation for the organization and functioning of health service providers, approved by the Order of the Ministry of Health, Labor and Social Protection no. 1086 of 30.12.2016 (Annex 1 and Annex 2) (4).

Section II of Chapter III *The management and control bodies* of the above-mentioned regulation describes the way of organization and functioning of the BD. Thus, the BD assigned the role of administration and supervisory body, which means direct involvement in the management of the hospital, supervision/control being one of the management functions.

In the institutional strategic process, BD gets involved by providing guidance and supervising the process of implementing strategies. It is not necessary for the BD to get involved in the elaboration of the institutional development strategy, but

it is responsible for establishing the institutional vision, mission and values and for providing the right direction of development of the hospital. The institutional strategy must be developed by the hospital management and then be discussed/examined and approved by the BD.

This is also provided for the Framework Regulation for the organization and functioning of service providers, at p.21: one of the exclusive tasks is the examination and approval of the plans for the activity of the hospital. And as the strategy is a long-term document, which usually includes a strategic action plan for a period of 5 years and more, the BD's contribution to its successful implementation is essential.

In order to avoid taking a formal role in the institutional strategic process of the BD, which is often limited only to the approval of the strategic development plan (the study demonstrates that sometimes these documents are not even approved by the BD), it is necessary to establish those pillars the monitoring of which the BD assumes. This must involve skills and expertise from all BD members in the field of strategic management, strategic planning or management of the strategic process at the level of medical institutions.

At the first stage, it is necessary for the members of the Board of Directors to determine whether the hospital has established all the elements of a strategy: vision, mission and values; analysis of the situation that must include the analysis of internal and external factors that positively and negatively influence the activity of the institution; strategic areas of intervention (human resources management, ensuring the quality of medical services and patient safety, implementation of technological innovations, endowment with high-performance equipment, financial-accounting activity, social marketing, etc.); strategic objectives for each area; action plan for the implementation of the strategic provisions. At the second stage of strategy monitoring, it is important to determine the progress achieved on the basis of a set of indicators and to take action in a timely manner if the strategic objectives are not met. Depending on the size and profile of the hospital, it can have a single development strategy, which includes all strategic areas, or it can have a general strategy and functional strategies (service provision, human resources, financial-accounting, research and development, marketing) (3).

In the Republic of Moldova, no previous empirical studies have been conducted on the involvement of the BD in the institutional strategic process of hospitals.

*The purpose of the study* is to evaluate the experience of the BD members of the public hospitals in the North region, to determine how BD members are involved in the institutional strategic process.

*The hypothesis of the study is:* the BD members of the public hospitals assume a formal role in the institutional strategic process.

## MATERIAL AND METHODS

In order to carry out the study, a descriptive, quantitative study was performed, by questioning the members of the Board of Directors of the hospital public medical-sanitary institutions from the 5 districts of the Northern region. In the study were included 25 members of the Board of Directors of public hospitals from five districts in the Northern region (Balti, Drochia, Edinet, Soroca, Floresti) of the Republic of Moldova.

The questionnaire for the evaluation of the BD activity of the hospital was elaborated in the interest of the study conducted by the author: *Evaluation of the activity of the BD of the public medical and sanitary hospital institutions in the northern region (Balti, Drochia, Edinet, Soroca, Floresti)* (5), based on the international sources of BD evaluation and aims to collect information on the perception, practices and experiences of the members of the Board of Directors of the hospitals on their activity. The questions were structured in 6 chapters, each of them including two types of questions: closed-ended, with four options to answer: Agree, Partial agree, Disagree, and I do not know; and open - to the compartment "comments and concretizations". Chapter *Institutional Strategic Process* includes 10 closed-ended questions, and 4 open questions.

To be mentioned, in order to analyze the institutional strategic process, the strategic strategies/plans of the medical institutions included in the study, were analyzed.

Research unit: 25 members of the BD of public hospital institutions in the North region.

Limitations of the study: (1) the research is conducted only in the North region of the Republic of Moldova; (2) lack of previous empirical research

studies on the studied topic at the national level.

Methods for analyzing the results: IBM SPSS Statistics 23, MS Excel.

## RESULTS

The opinion of the BD members was divided on their role in the process of developing and implementing the hospital's strategies. Only some members perceive the role of the BD in accordance with the normative provisions:

- BD verifies the correctness of the process of developing and implementing the hospital's strategies;
- BD "*approves the draft strategic plan, the elaboration of which takes part, taking into account the measures for the development of the hospital*";
- coordinates the strategies and possibilities for their implementation, including the approval of measures for the development of the hospital in accordance with the medical service needs of the population;
- monitors the role: "*supervising, monitoring and directing strategies*"; "*monitoring institutional strategic objectives*".

Other BD members perceive this role differently, which can create impediments to the successful performance of its duties:

- BD has a nominal role;
- BD has a passive role: "*the lifeline being returned to the administration of the institution, which always identifies solutions to improve the financial / medical situation of the hospital*".
- "*The main role, because being on the spot, we know the problems faced by the hospital day by day*";
- methodical advisory/consultative role;
- evaluation role;
- "*BD holds the decisive role in the implementation of the hospital's strategies*".

The vision of the hospital represents that ideal state is projected into the future, to which the institution tends to develop. In this context, 3/4 of the members of the BD express their agreement and 1/4 - the partial agreement that the institution has a clear, focused and relevant vision (fig. 1). However, out of the three strategies analyzed, no vision was foreseen in one.

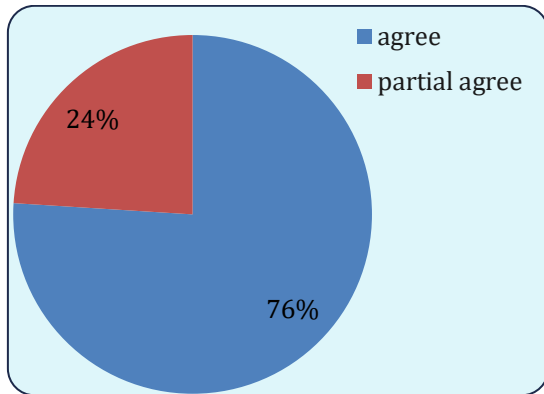


Figure 1. The hospital has a clear, focused, and relevant vision.

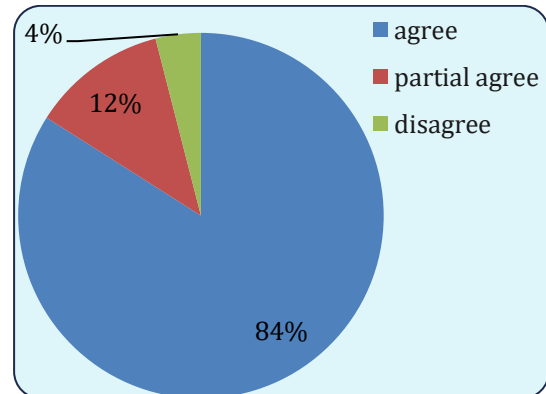


Figure 2. The hospital has a clear, focused, and relevant mission.

The mission is the reason of being the hospital and creating value for the community and for society. Most of the respondents (84%) say that the hospital has a clear, focused and relevant mission, 12% partially agree with this, and 4% disagree (fig. 2). The analysis of the strategic documents shows that only in one of the analyzed plan, the mission of the institution was established.

Values are the philosophy that the members of an organization are guided by and believe in. On the same subject, the respondents expressed their agreement (72%) regarding the fact that the

institution has a clear, focused and relevant vision, however around 1/3 of the BD members declare their partial agreement in this regard, and 4% - the disagreement (fig. 3). However, the analysis of strategic plans also demonstrates that not all hospitals have established a set of accepted values at the institutional level.

At the same time, more than half of the members of the Board of Directors (64%) consider that the mission, vision and values are the basis of the institutional strategies, policies and action plans of the hospital (fig. 4).

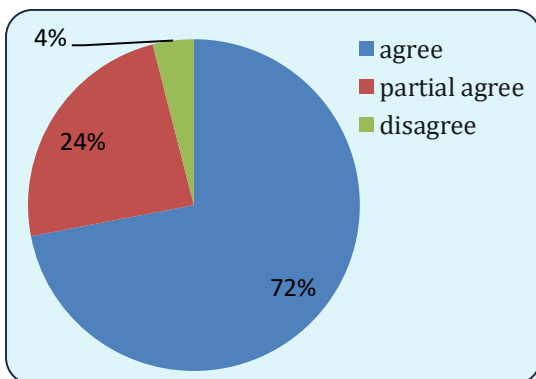


Figure 3. The hospital has a set of clear, focused and relevant values.

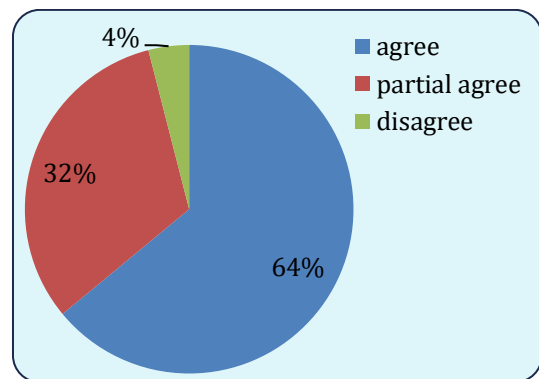


Figure 4. Mission, vision and values are the basis of the institutional strategies, policies and action plans of the hospital.

A superficial approach of the BD members also refers to the fact that 3/4 declares the agreement that the hospital administration periodically analyzes the factors in the external environment (e.g.: economic, social, cultural, demographic, etc.) that influence the activity of the hospital (fig. 5), however the institutional strategies, in most cases, do not contain such analyses, and if they contain them, the analysis is focused, mainly, on the internal environmental factors of the institution.

Also, 8 out of 10 BD members consider that institutio

nal strategies are based on national and local policy documents, and 12% show partial agreement and 4% - disagreement in this regard (fig. 6).

Being asked to determine the strategic areas, the performance of which BD is monitoring or should monitor, most BD members have indicated areas of major importance for the hospital's performance:

- human resources management, including staffing, professional development, "chang-

ing the attitude of the medical worker towards the patient", combating corruption;

- financial management, including compensation of employees, attraction of financial resources through the implementation of projects and the acquisition of services, goods and works, efficiency of allocation of financial resources
- development of the material and technical

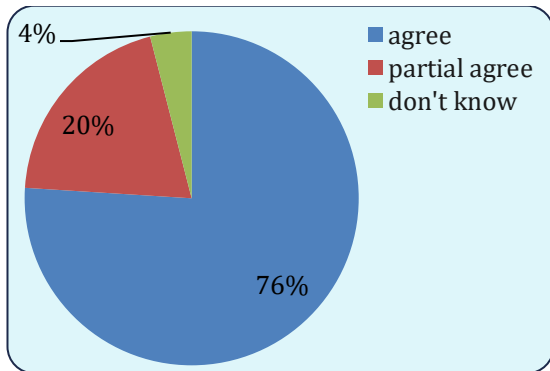


Figure 5. The hospital administration periodically analyzes the factors in the external environment (e.g.: economic, social, cultural, demographic, etc.) that influence the activity of the hospital.

base, including, the modernization of medical equipment supply of medicines;

- development of health services at district and national level;
- the quality of medical services;
- ensuring of the functionality of the institution according to modern requirements, including the improvement of the treatment and hotel conditions, the repair and renovation of the buildings.

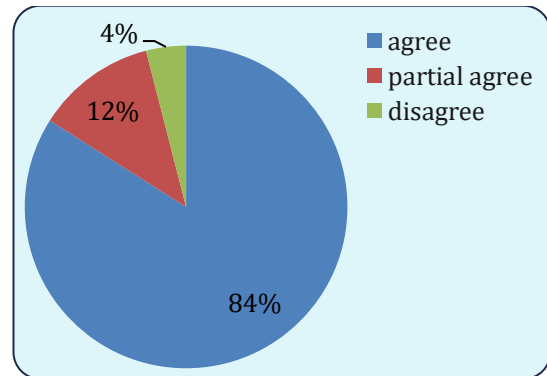


Figure 6. Institutional strategies are based on national and local policy documents.

Other members referred to some institutional instruments or activities, but not to strategic areas: the hospital budget, compliance with the rules and the Labor Code, the spectrum of medical services, the economic performance of each subdivision. This demonstrates that not all members understand the role of BD in the strategic process. Also, some members of this compartment indicated only those instruments, the approval/coordination of which are included in the BD's duties: the estimate of incomes and expenses, the organizational chart, the staff states, the staffing states, the staff pricing, the procurement plan, the activity plans.

The strategic plans analyzed did not provide for lists of stakeholders and how to communicate with them, however, 68% of the BD members agree that the strategic objectives of the hospital are clearly communicated to the board members, employees and stakeholders, 24% have expressed their partial agreement to do so, and 4% each have expressed their disagreement or stated that they do not know (fig. 7).

In the same context, 7 out of 10 respondents say that the Board supervises that the needs of stakeholders are taken into account when developing

strategic objectives (fig. 8).

Less than half of the respondents (48%) agree that the board monitors the achievement of the strategic objectives and has established a set of progress indicators for this, 32% - the partial agreement, 16% - the disagreement, and 4% - do not know (fig. 9). However, no progress indicators and procedures for monitoring them are foreseen in a strategic plan either. The indicators that appear in some plans are resources or product indicators and do not have targets to be achieved during the implementation period of the strategies.

The Council takes corrective action in a timely manner if the strategic objectives are not met – with this statement 48% of the BD members agree, 36% declare partial agreement, 12% - disagree, and 4% do not know (fig. 10). In the absence of indicators of progress on achieving the strategic objectives, this corrective action is difficult to achieve, sometimes impossible.

When asked what strategic changes within the hospital they have supported or intend to support during their term of office, the members mentioned the following:



- development of medical services in accordance with patients' needs.
- adequate facilities/ creation of a decent technical and material base.
- proper management of finances, project development and fundraising through local and international projects.
- promoting institutional values: professional

- ism, accessibility, care for the patient.
- optimization of layers after analyzing the needs of medical services.
- attracting medical staff and supporting the policy of rejuvenation of the staff.
- endowment with high-performance diagnostic and treatment equipment.

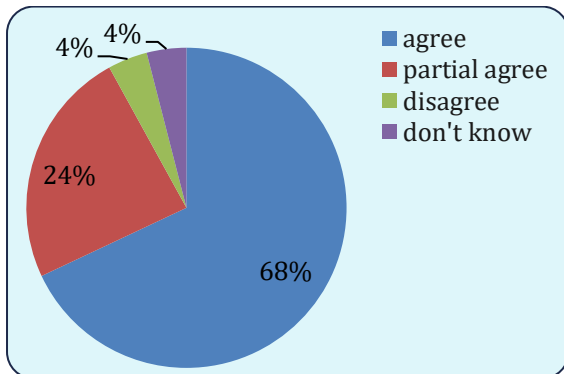


Figure 7. The strategic objectives of the hospital are clearly communicated to board members, employees and stakeholders.

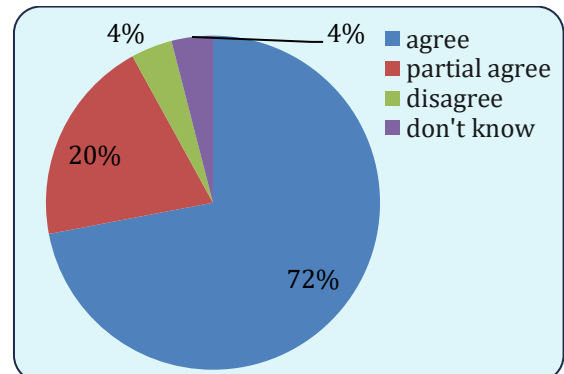


Figure 8. The Council shall ensure that the needs of stakeholders are taken into account in the development of strategic objectives.

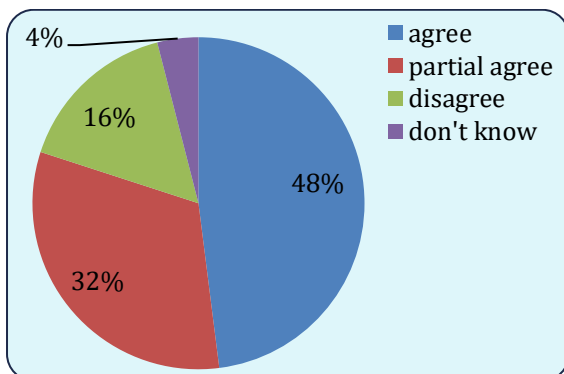


Figure 9. The Council monitors the achievement of the strategic objectives and has established a set of progress indicators for this.

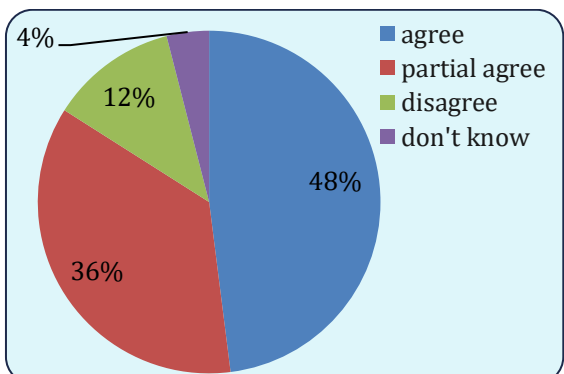


Figure 10. The Council shall take corrective action in a timely manner if the strategic objectives are not met.

**DISCUSSIONS**

The public hospitals involved in study have strategic plans for institutional development, but not all the strategic plans are approved by the BD. Also, not all these documents correspond to the recommendations for their elaboration, being omitted important components of them such as: mission, vision and values, the analysis of the situation, including the SWOT analysis, the strategic objectives formulated SMART, the indicators of progress, the process of monitoring and evaluating the strategy is not foreseen. However, most members of the BD consider that the mission, vision and values are the basis of the hospital's

institutional strategies, policies and action plans, but because in most cases they are missing in the strategic documents, these essential elements remain only declarative.

Awareness of the role of the BD in the institutional strategic process, allows the members of the BD to focus on the strategic areas of intervention. As some members consider that BD has a nominal or a passive role in the process of developing and implementing the strategy, it distorts the strategic approach to the areas of intervention. This means that the members vision is focused only on those limited duties specified in the

regulation, on operational activities, or on activities that are not within its competence, such as the economic performance of each subdivision (which is an internal audit activity), or the spectrum of medical services (in the public hospitals, the Board cannot change them independently).

Most respondents state that the needs of stakeholders are taken into account in setting the strategy, but this can only be said after determining the stakeholders and their needs. However, it is important to note that in the Republic of Moldova, no comprehensive studies are carried out on the needs of hospital services of the beneficiaries, as one of the concerned parties in the activity of medical institutions.

## CONCLUSIONS

1. Not all BD members perceive the role of BD in the institutional strategic process in accordance with the normative provisions, which can create impediments in the successful performance of its duties. Thus, although the majority of the members declare that the vision, mission and values are clear, focused and relevant, most institutions do not have these elements, and also others, included in the strategic plans, which demonstrates a superficial attitude of the BD members on the strategic process or the fact that they do not have the necessary competences to examine these documents and come up with proposals to improve them.

## CONFLICT OF INTEREST

Author has no conflict of interests to declare.

## ETHICAL APPROVAL

The article has not been approved by the Ethics

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**Date of receipt of the manuscript: 20/12/2021**

**Date of acceptance for publication: 26/01/2022**

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