
ORGANIZATIONAL CHANGES – CHALLENGES FOR THE MANAGEMENT OF THE ESTABLISHMENT

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Abstract: The ability of an entity to adapt to changes in the external environment is affected by the way it is organized, by the way the management structure is built. The organizational structure of the entity is a combination of links (structural units) and the relationships between them. Hospital units are almost always in a state of change, whether the change is continuous or episodic. The change generates tensions and strains in the medical system, and thus it is necessary that the management of a unit be adapted so that it can developed.

Key words: hospital management, hospital unit, organizational changes, change management, planned.

JEL Classification: I18.

In order to discuss the issues of change within a hospital unit, it is first necessary to define the concept of organization. However, the article will not put too much emphasis on this term, only a general idea of the issue will be presented. Thus, change management represents a comprehensive, cyclical and structured approach on the transition of individuals, groups and units from the status they currently hold, to a future one, that includes multiple benefits.

At the moment the hospital environment is characterized by rapid change. The forces of change come from external and internal forces. The external environment includes aspects such as rapid technology advancement, increasing globalization, political and regulatory trends, innovation, and so on and so forth. The internal environment of change includes issues such as reducing costs within the hospital unit by improving the efficiency and achieving higher levels of organizational agility. The adaptation and embracing of these forces of change requires a continuous change in the hospital unit.

Over the last few decades, the practice of change management within hospital units has been radically affected by a turbulent environment where hospitals operate, being characterized by a fast, fragmented, intensive global market, containing demographic information, electronically and individually personalized. For hospital departments, medical teams and patients, it has become increasingly necessary to determine their

ability to anticipate and adapt to a world in which flexibility is needed to activate and flourish. Thus, the current and future hospital environment, characterized by uncertainty, complexity and ambiguity, made the hospital units anticipate and take preventive measures to be able to cope with various threats.

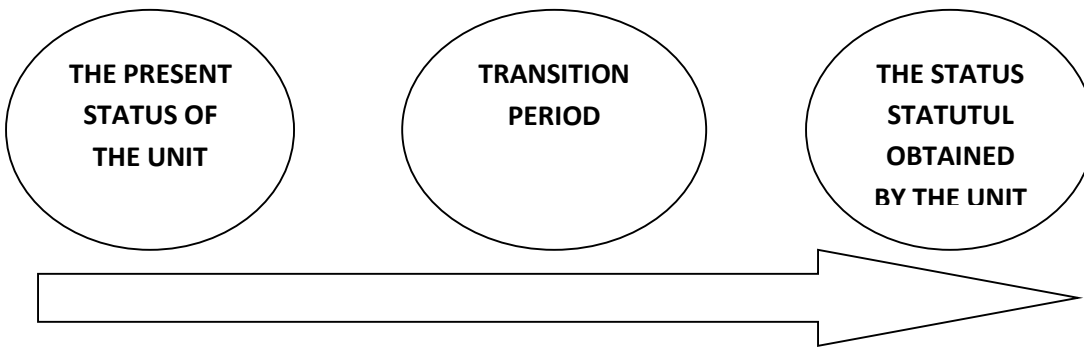


Figure 1. Transition model of the hospital unit

The objective of change management at the level of hospital units is to enable their members and others take holders to adapt to the new vision, mission and systems of unit management, as well as to identify the sources of changes resilience and to minimize their resistance to them. Theories like that encourage changes in hospital units, highlight their necessity and try to estimate the consequences these changes might bring. The theories are also based on the argumentation that understanding the theory and practice of change management is fundamental to achieve efficiency and success in hospitals. Thus, two approaches that have dominated theory and practice in recent years are presented, and the literature on changes has revealed problems on how to be ttermanage changes in hospital units.

Planned approach on hospital units change. The planned approach to changes has influenced and dominated the theory and practice of change management in hospital units. The planned approach includes the "three-step" model for hospital units changing, which claims that the old behavior must be eliminated before any new behavior can be successfully adopted and fully accepted. As the name „three-step” implies, the process of planned change of hospital units involves three stages – dismantling the current level, moving to the next level and restoring the new level. The planned approach was first developed as a theoretical framework, with a broad orientation to wards understanding the concept of change in general, spreading wider than only on the organizational aspects of the hospital units. However, the "three-step" model is considered to be the best-developed, best-supported, and best-documented model in addressing changes, and its conceptualization is mainly suggested for understand in ghow people and systems change.

Emerging approach on hospital units change. The planned approach to change has been widely criticized when it referred to its inability to adapt, at a rapid pace, to changes, and its focus on small and incremental changes has made it less applicable for large-scale changes situations. It was mentioned that the description of hospital units as frozen units that had to be restored was inadequate, and the metaphor was allegedly placed by portraying hospital units as liquidities. The emergent approach appeared as a series of unitary positions against planned change and became dominant due to its focus on complex, dynamic and non-linear systems and because of its understanding of the widerange of unpredictable problems facing modern hospital departments.

Although the emerging approach focuses on organizational structure and culture, organizational learning, managerial behavior, and policy influence, the new approach is criticized for lack of coherence, novelty, and offering fewer options than the planned approach.

Change management is unique for each and every hospital units, as a common approach for all departments has not been yet defined. Currently, all top managers are persistently trying to transform their hospital units, wishing to radically change their activities and improve their performance by modifying the hospital's behavior and capabilities.

Although the importance of management for the work of the unit is obvious, its direct impact on the professional satisfaction of doctors at the individual level is underestimated. Thus, the hospital manager, thanks to management behavior, plays an important role in the well-being of the doctors he leads.

Middle-level managers play an important role in applying changes at the hospital level, encouraging subordinates to adopt and facilitate changes at all senior departments in the unit. That means these managers should immediately receive support, including sufficient time and resources.

Changes made quickly at the hospital can lead to increased productivity, cost saving and boost employees' morale. In these circumstances, the management and administration of the hospital units are essential for the provision of qualitative health services. Although the two governing bodies are similar in some respects, they may involve different types of perspectives, abilities and behaviors. The performing hospital managers should strive to be good leaders, based on managerial skills that demonstrate their effectiveness.

Analyzing the state of healthcare and the circumstances the patients are in, it is easy to notice that they are constantly changing, and hospital managers must continue to acquire new skills in order to keep up with the new changes.

A significant part of the hospital management involves skills and competences, such as: staff motivation, communicating and negotiating with stakeholders, as well as maintaining certain attitudes and behaviors that maximize staff discipline and productivity. In addition, hospital managers must understand certain basic technical aspects specific to the services provided.

Ubiquitous organizational changes in the hospital industry began in the mid-1970s, and since then it has expanded to every corner of the industry, affecting every single hospital. The explosion of changes in hospital units was due to increased competition and uncertainty in the economic conditions faced by hospitals.

Recent changes in hospitals' ownerships and management models have transformed the traditional activities of independent, non-profit hospitals. Thus, in the specialized literature four aspects of property reconfiguration and management have been identified:

- consolidation of hospital facilities through mergers;
- the emergence of corporate restructuring of hospitals;
- extension of private, contractual management among non-profit hospitals;
- increasing the frequency of top management succession among hospitals.

Hospital units are currently facing a number of other threats, such as mergers 'increase and stronger competitors, which threaten and pose a constant and significant threat to hospital survival.

Most hospital units have an altruistic mission statement that focuses on serving patients, providing them with the best possible medical care. The culture, values and principles of a hospital determine to a large extent whether it will achieve its mission. For hospital units, it is important:

- to pay attention to the factors that influence their culture;
- to evaluate the ways of maintaining fresh value;
- periodically to analyze whether actions and values are respected.

It is important for managers to support small profits that reinforce changing profits, while energizing ongoing efforts. At the same time, to encourage subordinates to change their behavior, it is useful for managers to use multiple approaches, such as: explaining, encouraging or creating circumstances and systems that simplify the implementation of changes.

The need for effective implementation of changes at the hospital unit level is of strategic importance for healthcare managers, as they face constant pressure to change the healthcare system. However, this task is far from simple, because the most developed change plans can break up during implementation, disrupting the lives of people working in hospital departments, as well as disorganizing the provision of services they manage and provide.

Since change management in hospital units is a complex phenomenon (i.e. there are many processes and interdependent variables), it is difficult to develop a comprehensive change program in advance. Moreover, the hospital must be prepared for unforeseen events, while the employees are vulnerable and, in many cases, there is not enough time and resources to make the necessary changes. This description of change in hospital units underestimates the difficulty of managing change within units. Thus, the managers of the hospital units frequently face additional challenges because they are faced with disparate groups of stakeholders, and the hospital units have multiple missions (for example, they provide medical assistance to their communities, they continue to be fiscal and - frequently - an employer mayor in the community).

This description of the changes in hospitals underestimates the complexity of managing changes in the hospital units. Thus, hospital managers often face additional challenges because they encounter disparate groups of stakeholders, and hospitals perform several missions at the same time (for example, they provide medical care to their communities, they continue to be fiscal and frequently the main employer in the community).

Change managers should have:

- personal faith and motivation: a strong personal interest in implementing a program of changes;
- a wide range of perspectives: understand a wide range of technical issues that may arise during the change process and simulate the concerns of different stakeholder groups;
- high self-confidence: have the strength to withstand the opposition, often oriented towards changing managers.

Most managers in hospital units in Romania would agree that organizational changes are constant and change is one of the most difficult tasks of running a unit.

Within the hospital units, change management faces three major obstacles that need to be overcome. No wonder, that the first obstacle is change fatigue, an exhaustion that occurs when people feel pressured to make more changes at the same time. At the same time, changing initiatives is intimidating because hospitals do not have the necessary competences to ensure that changes will be sustainable over time. The third major obstacle that change management faces is that transformation efforts are usually addressed, planned and implemented with too little input from subordinates.

Hospital managers who are qualified and knowledgeable about best practices for managing changes, always take advantage of the existing culture within the unit they manage. Instead of trying to change the culture itself, they extract emotional energy from it. They capture how people already think, behave, work, and feel that they give an impetus to change. In order to use this emotional energy, hospital department managers need to look for change-oriented culture elements, bring them to the forefront and attract the attention of subordinates who will be affected by these changes.

Hospital units need more than a good strategy to get good results from changes. To ensure compliance, managers must help employees find meaning in their work, provide them with useful and effective tools, and standardize best practices.

Hospital units today must become more innovative and flexible in order to succeed. By their nature, innovation and flexibility lead to changes at the hospital unit level, and managing these changes is an integral part of achieving results. Finally, it can be stated that over time, hospitals will face various types of changes. No doubts that sometimes there are situations when internal or external problems arise, and they need to be solved. In conclusion, changes in hospital departments are triggered by internal or external elements. At the same time, in order to encourage the successful implementation of changes at the level of the septic units, managers should be clearly aware of the difference between the need for provincial standards and local variations, as well as the human efforts necessary to achieve change. To achieve the desired changes, it is

important that the heads of the hospital departments pay attention to the change work that is carried out every day, being less remarkable, less visible, but still significant and important work. This is a fact that involves taking advantage of opportunities, proving the value of change and changing or creating symbolic forms, such as classifications and principles that support change. In the face of social, political and economic changes, numerous hospitals - public, non-profit and for profit - have reconsidered their mission and modified their structures. Thus, corporate planning and strategy have become standard institutional practices for hospital management and many hospitals have been restructured to mimic the characteristics of economic enterprises.

The challenges of organizational changes in the hospital industry.

This subchapter provides a critical analysis of the existing literature and suggests useful instructions for investigating the results of organizational changes in hospitals. In what follows, a study on strategic decisions made in a hospital unit was extended to focus on the reasoning and the performance implications of the organizational changes in hospitals, highlighting the potential pitfalls that hospitals might encounter in their activities, and changes that would allow them to remain viable. Organizational changes may affect hospitals ownership, government structure, administrative mechanisms, operational capabilities, product / service areas, as well as the scope and composition of services offered by medical personnel.

Organizational changes in hospital units have started in 1970. Since then, the imposed changes have affected each hospital, regardless of its size. The intensity of the implementation of the organizational changes was caused by the increased competition and the uncertainty in the economic field that hospitals have been facing. Several forms of organizational change have been identified in the health service field. First of all, we have identified rapid changes in the structure of local markets, changing the payment system and the incentives. The new payment system offered hospitals the possibility to cover any cost that exceeded the price limit and exposed them to financial risks. Thus, those services that were no longer required by patients were eliminated forever, so they were no longer profitable.

The hospital environment is also influenced by the social sector, such as population aging, changes in disease patterns (for example, chronic diseases, AIDS epidemic), rising uninsured populations, advanced technologies, increased patient expectations, privatization of health services. In the face of these changes, many hospitals have re-consolidated their mission and modified their own structures, eventually realizing that they simply comply with professional rules and practices, although this no longer guarantees the survival of the unit.

In the specialty literature, organizational changes in hospitals were classified into three categories, as follows:

- development of new multi-institutional arrangements;
- change of the traditional configurations of property and management;
- the diversification of the organizational products / services and their consolidation on an organizational scale.

Recent changes in hospital ownership and management models have transformed the traditional functioning of an independent community and of non-profit hospitals.

Mergers. Increasing market share, exploiting economies of scale and eliminating competitors to improve patient volume and profitability are the main reasons for mergers in hospitals. Mergers can reduce costs and improve the quality of patient care services by putting an end to the lack of beds, eliminating duplicate health services and by initiating the administrative consolidation. Over time, new improved programs of medical services and physical facilities have been developed and implemented after the hospital units' merger.

Some experts argued that mergers could create economic efficiency in hospitals' departments, by improving the ability of hospitals to handle an uncertain demand for medical services, based on a small number of physicians. It was found that the price reductions, after the merger, were higher for hospitals that had a small number of patients.

In conclusion, it is possible to determine an increase of the economic efficiency after the merger, especially at the level of the small hospitals and those that operate in competitive markets, but this does not lead to the increase of the hospital unit profits. In contrast, some hospitals may experience financial recessions as a result of the merger. Thus, due to the incompatibility of organizational cultures and the diminution of jobs and medical services, the mergers could lower the morale and productivity of human resources, and could also destroy the connection between a doctor and his patient.

Corporate restructuring. It involves the segmentation of the hospital assets or functions into different corporations. It is identified when the hospital units respond to some constraints resulting from increased costs, decreased number of patients admitted, decreased supply, but also due to increased competition in the stock market.

Benefits of corporate restructuring include increased management efficiency, elimination of activities that would endanger the hospital's tax exemption status, avoidance of certification status regulations, reduced legal liability, and greater flexibility in health-market diversification.

Contract based management. Describes the situation in which an external organization enters into an agreement to take responsibility for the day-to-day management of the hospital. In the literature there are different studies on performance evaluation of the contract-based management hospitals. In general, it was demonstrated that the contract management significantly affects the functioning of hospitals. Thus, hospitals with a contract-based management offer a wider range of services, exemplifying lower costs for health care services per day, due to the reduction of expense ratios between employees and the number of beds, but also due to the small period of hospitalization of patients.

It is worth noting that no evidence has linked the management of contracts to the hospitals' long-term results.

While most of literature references assume that organizational changes produce positive results, the findings of experts at this point contrastingly differ. Some evidence has shown that hospitals that change their

structures outperform those that do not meet financial and operational indicators. Thus, an association between innovation and positive performance seems unjustified in healthcare organizations, where new technologies and treatments methods may be under evaluated, and their costs underestimated. The lack of clear relationships between organizational changes and hospital performance leads to the danger of "overcharging". The solution requires examining the factors that contribute to the success or failure of organizational change within hospitals.

Conclusion

Time is the essential element in the process of change, it is regarded as a transition from one state to another in the structure or behavior of the hospital. In other words, poorly experienced hospitals impose an unfavorable strategy, that leads to resignation from the very beginning of the game, thus generating a false impression that within a longer period of time, the manager, taking correct decisions, would lead to a higher performance. Organizational changes can positively influence the activity of the hospital, leading to the improvement of hospital structures and practices, as well as to their adaptation to environmental requirements.

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