Strategies in Brazilian Nonprofit Hospitals: Convergence of the Social Mission and Sustainability

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Nonprofit organizations provide undeniable benefits and contributions to society. However in recent years the performance of these hospitals as organizations has become the critical focus of organizational scholars (Bryson, 2004). According to many, sustainability is fundamental for the existence and health of nonprofit institutions (Murphy, 2007); reconciling sustainability with mission is the manager’s greatest challenge. This is especially true for philanthropic hospitals that, for their very survival, demand their managers review traditional and well-known welfare activities while pursuing organizational sustainability.

Hospitals have emerged as institutions whose mission and effectiveness have become increasingly important in society. They face constant and significant changes resulting from technological advances, legislation, and the consequent increase in operational costs (Porter & Teinsberg, 2006). These factors have highlighted the need for administration, using careful planning, to align the hospital with increasing external demands, needs and expectations of the various stakeholders with hospital resources. These are serious, new challenges for this type of social organization (Bryson, 2004). To remain in business and survive, some philanthropic hospitals become more private oriented thereby reducing their concentration on their social mission. Others search for alternatives to develop or survive. Thus, to better meet external and internal demands, hospitals have begun to adopt or enhance new management approaches such as strategic management.

The great challenge for hospitals is to carry out their social mission to provide quality health services with scant resources. The strategic priorities of nonprofit hospitals, mainly on rendering services for local government, tend to be imposed much more by fund providers than by service providers or the end user. In addition, scarce resources, politics and ideologies also restrain strategic choices of these institutions (Johnson et al., 2008).

Boards of directors, rather than administrators, control decision making in hospitals today more so than in the past. This comes about because of multiple sources of funds derived from various objectives and expectations of financial institutions as well as increases in political lobbying. Implicit values and ideology, so important for the development of strategies in nonprofit hospitals, are rarely considered by stakeholders even when making important decisions.

This study will analyze strategies implemented by philanthropic hospitals to reconcile social mission and sustainability. Strategy as a social practice (Jarzabkowski, 2005) contributes to identifying management practices used, identifies the real strategists, and how they express their passion, creativity and innovation for the activities they perform, and makes contributions toward institutional development without setting apart the values and principles that motivate them.

The focus of the study is the experience of one large, Brazilian social hospital that serves as a national reference point in its field. This study attempts to answer the question: what are the strategies adopted by the hospital to reconcile its social role and sustainability? As a qualitative case study (Yin, 1987), it is based on semi-structured interviews with middle and upper-level administrators as well as volunteers and founders of the hospital.
The premise of the study is that organizations do not elaborate strategies, but people do (Whittington, 1996). Hospitals are Complex Adaptive Systems (Stacey, 1996) by their ambiguous goals, the nature of their activities, shared power, and the plurality of professionals that work within them (Etzioni, 1961; Gordon, 1962). The hospital is a complex system where integrating elements are "loosely coupled" (Weick, 1979), meaning that they are weakly articulated units. Unlike the dominant related literature, strategic management in complex organizations is not the result of previously established rational intentions through a formally planned process (Simon, 1997). More often decisions and actions are much more the result of political, structural and symbolic factors rather than a rational and logical approach (Pettigrew, 1977).

Initial results indicate that the adoption of governance practices, transparency, business verticalization, and strategic alliances contribute to the reconciliation of the different interests in the management of the hospital relative to the mission, but in a more sustainable way. Initiatives of the hospital associate various components of society such as the third sector, government, and volunteerism on behalf of the cure and treatment of disease. Middle managers, leaders and volunteers play a critical role in the execution of strategies that emerge as result of day-to-day operations more in an incremental approach, than as a result of rational analysis.

References


