Experts Opinions of Tabriz University of Medical Sciences about Outsourcing of Hospitals at Iran: A Qualitative Study

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Hospital
Outsourcing

Abstract
Purpose: This study was conducted to investigate the views of experts in the field of hospital administration at Tabriz University of Medical Sciences about outsourcing of hospitals.

Methods: This study was qualitative and the data were collected through three focus group discussions that with twenty participants. These individuals were selected based on purposive sampling. Content analysis was used for data analysis after review by two university professors.

Results: Four main themes and fifteen sub-themes were identified during the content analysis. The main themes included outsourcing concepts, context and conditions for outsourcing, different aspects of outsourcing in hospitals, and challenges facing outsourcing of hospital services in Iran.

Conclusion: The participants believed that aim of outsourcing in hospitals was productivity and providing the best service for patients. However, implementation of this policy required appropriate rules and requirements. According to the obtained results, using professional managers, identifying units for outsourcing, determining steps of outsourcing process, and having strong regulations (as the most important factor) were the important and key points for outsourcing.

Introduction
Hospitals as the most important institutes for health care which are at first referral levels are strongly influenced by global changes [1, 2]. With growing costs and declining resources, the gap between the available and required resources is continuing to expand. Moreover, public hospitals, particularly in developing countries, are directly managed by the public sector [3, 4]. These hospitals have poor performance and efforts for improving their performance by implementing management reforms have not been very effective [3, 4]. So, it is seemingly essential to try to improve the efficient function of these organizations. Ministry of Health has allowed the use of outsourcing in health service organizations in order to rationalize the size of government, responsible for changing needs of customers, and in coordination with third law of development program, resources providing from external organization and increasing social participation of people [5, 6].

Outsourcing is transfer of some activities of an organization to other organization(s) with the assignment of right to decision-making based on a contract. In addition outsourcing of activities, factors of production (such as human resources, equipment, facilities, technologies, and other assets) are divested [7]. Benefits of outsourcing include increased competitiveness, reduced cost, organizational focus on the core activities, increased quality of products and services, saving time for internal processes, reduced risk in an uncertain business environment by being partnered with other organizations, reduced number of employees, and organizational downsizing (as the most important one) [7,8]. In fact, management of
governmental agencies is focused on their main affairs, instead of sub-affairs, while using outsourcing [5].

Outsourcing activities of some hospitals such as long-term contracts with private providers like provider units of medical equipment maintenance in Thailand, management services in South Africa, nutrition services, laundry, and security in Mumbai, nutrition and malaria control programs in Senegal, and reproductive health programs in Bangladesh along with significant increase in the autonomy and privatization of general physicians, dentists, pharmacists, and other health care workers in outpatient services in central and eastern Europe are obvious cases of outsourcing policies in health sector in the world [9].

According to previous studies, outsourcing has a positive impact on various aspects; e.g. stopping in annual increase of mental illness beds in the eastern states of United States led to 2.6 million decrease in costs, which was associated with geographical limits for reception of patients from other states and use of the private sector in providing outpatient services for psychiatric patients [10]. Studying outsourcing in Taiwan’s hospitals showed that the highest rate of outsourcing in non-clinical services was related to wastes elimination (94.6%) and the least rate was related to equipment maintenance (12.5%). In the clinical field, maximum outsourcing occurred in ambulance services (51.4%) and dialysis centers (50%) and minimum outsourcing was in nutrition services, pharmacy, and nursing services (3%). Outsourcing of Taiwan’s hospitals was associated with increasing stakeholder satisfaction after outsourcing [11].

Outsourcing strategy in the pharmacy of Tehran Firoozgar Hospital reduced costs to zero and also the hospital managed to obtain 100 million rials per month from renting the pharmacy building. Also, after outsourcing, the number of personal increased from 9 to 14, which doubled the amount of prepared prescriptions [12]. In another experiment in Iran, the study by Ferdowsi et al. about the results of outsourcing medical records at Kashani Hospital, Isfahan, represented 4.5% decrease in cost of any medical document, 37.2% reduction in defects of medical records, 76.2% improvement in medical procedures, 59% increase in internal customer satisfaction, and 70% compliance with legal requirements [5]. Hence in response to particular challenges and problems of Iran’s hospitals in the issues of quality, relevancy, and effectiveness as consequences of severely economic disruption, using outsourcing approach in hospitals and health care is inevitable [2].

According to previous investigations, Iran is at the early stages of outsourcing activities. Thus, proper planning of outsourcing has been proposed in implementation and monitoring domains [13-15]. Awareness from experts’ opinion is one of the main steps for planning. So, this study was designed and implemented to identify the opinions of experts about outsourcing.

This approach include four phases: 1. Transcription and meaning of the written words 2. The relationship between what is written and intent of author 3. Meaning of the text beyond the original intent of the author 4. Create new meaning and interpretation of words [16]. This study was designed and implemented to identify the opinions of experts about outsourcing.

Steps of study
Three focus group discussions have been conducted from hospital administrators, experts in hospital affairs, treatment, development, research, & students of health care management with aiming to know the views/ideas of the participants about outsourcing of hospital at Iran [16].

Participants of this study were selected based on purposive sampling. Inclusion criterion was holding at least a bachelor’s degree in hospital affairs, having at least one year of experience in administrative affairs, and scientific and administrative experience about outsourcing hospital units. This sampling was continued until information saturation; no repetitions were done.

In total, 3 focus group discussions were held with 20 participants (first focus group: 7 participants, second focus group: 7 participants, third focus group: 6 participants) in Department of Social Medicine, Faculty of Medicine, Tabriz University of Medical Sciences in 2011. These group discussions were administered by 3 people that included a coordinator, a scribe, and an observer. Each session lasted for 60 to 90 min.

At the beginning of each session, some information was provided about conducting the focus group discussions and the participants were assured that the obtained information from them will remain completely confidential. (Researchers will used obtained information for purpose of study and this information will remain confidential).

During the sessions, questions were asked by the coordinator from the participants. Comments were noted by the scribe and everything was recorded by a voice recorder. The coordinator also tried to follow all the participants and he participated those who were less involved in the discussions. Respondent validation was used in order to increase information consistency and integrity [16]. Thus, the researchers reviewed and interpreted the summary of notes and then returned them to the participants.

Data analysis
All contents of the focus group discussions were recorded, typed, and analyzed using content analysis. In order to analyze the data, the recorded information were listened several times and adapted with the manuscripts. Then, all the texts were read for understanding and extracting key concepts and sub-concepts. An abbreviated symbol or code was selected for each sub-concept and the related contents were classified accordingly. In the next step, the sub-concepts were classified into the main groups. This classification was based on the topics’ logical relation between the sub-concepts. Researchers requested 2 participants of the discussions to verify the accuracy of this coding relation and small changes were made after discussions with them. Because these two people were expert about qualitative studies, so we asked them to assess interpreted results and to examine classified information. We tried to add the validity of their study.

Methods
The present study was a qualitative study. Focus group discussions were used to data collection. This method requires an approach to the interpretation of the results [16]. Its approach was interpretive phenomenology. This approach checks meanings and relationships among the obtained knowledge and context and its basis is the interpretation of phenomena which have been written.
Respondent validation was used in order to increase information consistency and integrity [16]. Thus, the researchers reviewed and interpreted the summary of notes and then returned them to the participants. Participation of the study was voluntary in order for the compliance with ethical issues. The informed consent form was filled by participants at the beginning of each session. The form was simple. Participants stated that aware from the objectives of study and participate in focus group discussions freely and willingly. Then, participants signed forms. Also, researchers ensured the confidentiality of information. Codes, instead of names, were used in the study.

Results
In this work, 3 focus group discussions were held with the attendance of 20 participants. Characteristics of the participants are presented in Table 1.

Four main themes and fifteen sub-themes were identified after the data analysis. The main themes included outsourcing concepts, context and conditions for outsourcing, different aspects of outsourcing in hospitals, and challenges facing outsourcing of hospital services in Iran. Table 2 shows themes and sub-themes.

Describing main themes and sub-themes
1. Outsourcing concepts
   One of the main themes which were addressed during these sessions was related to the concepts of outsourcing in terms of definition, goals, and results.

Table 1. Characteristics of participants in the focus group discussions.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Male</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td>Age</td>
<td></td>
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</tr>
<tr>
<td>20 to 29 years</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>30 to 39 years</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>40 to 49 years</td>
<td>12</td>
<td>60</td>
</tr>
<tr>
<td>50 years and over</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Field</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health services management</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>General physician</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Nurse</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Employed in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Treatment and development Deputy of Tabriz university of medical sciences</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>Health management research center</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>School of management and medical informatics</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Participant in practical outsourcing of health services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>13</td>
<td>65</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>35</td>
</tr>
</tbody>
</table>

1. The first number is related to the focus group discussion and the second one is participant code.

A. General definition of outsourcing
According to the participants’ comments, outsourcing refers to assigning non-specialized services. Also, some participants believed that outsourcing is the assignment of costly services and the services that cannot be well performed by organizations.

(1-3) and (3-3): “Outsourcing occurs when organizations provide main services; but, other services are assigned.”

(1-5): “Outsourcing means more responsibility of specialized units for better enforcement actions.”

B. Outsourcing definition at macro level
Governments make some efforts such as outsourcing in order to be downsized at the macro level. According to the perspectives of the participants, the government has sought to use outsourcing policy for doing regulatory affairs, legislation, and policy making, instead of administrative tasks.

(1-7) and (2-2): “By outsourcing policy, the government removes operational works from its shoulder and spends further time on monitoring and stewardship as its main tasks.”

C. Objectives and outcomes of outsourcing
Experts expressed outsourcing in healthcare services increase accountability. Participants stated that quality, productivity, efficiency, and effectiveness could be improved by performing specialized tasks after assignment. Furthermore, managers could spend more time on strategic affairs.

(1-3): “The main objective of outsourcing is productivity improvement.”

(1-6) and (2-4): “Outsourcing is an attempt to increase accountability and efficiency and award more responsibility to units for administration.”

2. Context and conditions for outsourcing
Some conditions are required for the implementation of outsourcing; for example:

A. Regulatory and legal requirements for outsourcing
In this theme, participants pointed out the conditions that are crucial for the success of outsourcing as follows: It is better to determine legal obligation for any program (for example, outsourcing in hospital services) and define rules and regulations at all levels of management along with limits and authorities of all units. Also, it is necessary to support medical universities and specialized committees related to outsourcing of hospital services. According to the participants, it is true that some laws, including Article 44 of the Constitution, are related to outsourcing; but, it needs to define the relevant legislation, particularly in relation to outsourcing of health care services. Some laws were mentioned frequently during the focus group discussions that were related to supervision on the private sector.

(1-4) and (3-5): “Since health care organizations, particularly hospitals, are dealing with human lives, they may need to act with caution in outsourcing of services and rules and exceptions should be made clear.”

B. Necessary institutional background for outsourcing
The participants stressed that the necessity of outsourcing should be approved. In fact, attempts for outsourcing could promote the quality and quantity of services and facilities should be considered for outsourcing administration in hospitals.
Table 2. Main themes and sub-themes.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub-themes</th>
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</thead>
<tbody>
<tr>
<td>Outsourcing concepts</td>
<td>General definition of outsourcing</td>
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<td></td>
<td>Outsourcing definition at macro level</td>
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<tr>
<td></td>
<td>Objectives and outcomes of outsourcing</td>
</tr>
<tr>
<td>Context and conditions of outsourcing</td>
<td>Regulatory and legal requirements for outsourcing</td>
</tr>
<tr>
<td></td>
<td>Necessary institutional background for outsourcing</td>
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<tr>
<td></td>
<td>Defining price of service package</td>
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<tr>
<td>Different aspects of outsourcing in hospitals</td>
<td>Necessary requirements for implementation of outsourcing</td>
</tr>
<tr>
<td></td>
<td>Outsourcing of governance affairs</td>
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<td></td>
<td>Outsourcing, cost reduction, and profit saving</td>
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<tr>
<td></td>
<td>Available units for outsourcing and successful experiences of outsourcing</td>
</tr>
<tr>
<td>Challenges facing outsourcing of hospital services in Iran</td>
<td>Poor rules and requirements</td>
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<td></td>
<td>Difference of tariffs between the public and private sectors</td>
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<td>Lack of cross-sectoral view in management</td>
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<td></td>
<td>Covering weaknesses by outsourcing</td>
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<tr>
<td></td>
<td>Lack of documentation of outsourcing results</td>
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</table>

In addition, teaching and non-being, referral being, unique condition, reference rate to hospitals, and level of satisfaction need to be assessed before outsourcing.

(2-5): “When the nature of works is determined, we find out that some tasks are not major ones and specialized objectives of organizations are made clear. So, if they use outsourcing and the power of private sector, in addition doing specialized works, time and energy of managers save for specialized objectives.”

C. Defining the price of service packages

It is better to define price of service packages before using different policies on hospital services delivery. This issue leads to selecting not only the most cost-effective services, but also the best method among different methods of service delivery.

(1-6): “According to various articles, proper management of resources can save 30 to 40 percent of resources. So, defining the price of service packages is a good method for resource management.”

(2-3): “When the price of service packages is not specified, choosing the method of service delivery has some constraints; for example, managers are not certain about outsourcing clinical services.”

3. Different aspects of outsourcing in hospitals

Outsourcing and use of the interested private sector are performed in various forms in different countries.

A. Necessary requirements for implementation of outsourcing

Participants believed that assignment process steps should be done in a proper and normative manner; i.e. first, cost should be determined. Second, adequate supervision should be made so that better services can be provided through outsourcing. Also, it should be confirmed by experts.

(3-3):” Outsourcing should be confirmed by professionals who have practical and scientific experience and capability in the private sector”

B. Outsourcing of governance affairs

Participants agreed on identifying a group of experienced executives and assigning the administration of several hospitals to them. In fact, they believed that governance affairs can be outsourced.

(1-3): “I disagree with those who believe the governance affair cannot be assigned. I believe it is not important the nature of affairs (government and non-government) in outsourcing; supervision rules must be strong.”

C. Outsourcing; cost reduction and profit saving

Participants believed that some hospital services such as pharmacies make profit in Iran. So, if they are privatized, not only quality of services will not change and costs will be reduced, but also hospitals will also earn more profit.

(3-1) (and (2-2) and (2-5): “Some hospital units produce profit and income. After outsourcing hospitals, they earn even higher income and profit (units such as laboratories, pharmacies, and so on).”

D. Available units for outsourcing and successful experiences of outsourcing

Participants of the focus group discussions pointed to their successful experiences in terms of outsourcing hospital services. Additionally, they believed that outsourcing was more beneficial as far as support and para-clinical services were concerned in the current situation. Participants also introduced units as successful examples of outsourcing, which included assignment of non-professionals manpower such as cleaning agents, outpatient pharmacy, nutrition services, and nursery for the children of employees. Units that believed to have a strong potential for outsourcing included waste removal, guarding, laundry, radiology, CSR (central sterilization room), CT (computerized tomography) -scan, suppliers, laboratories, and MRI (magnetic resonance imaging).

(2-2): “I (administer of an eye specialist hospital) think our hospital has been successful in the use of private sector so that outsourcing vehicles and manpower of the clinic receptionists has increased quality and satisfaction based on available document.”

(2-3): “Examples of successful outsourcing at Children’s Hospital include daycare, outpatient pharmacy, and ambulance services.”

4. Challenges facing outsourcing of hospital services in Iran

Although outsourcing aimed to make reforms and more effectiveness, some problems can stop it achieving the desired results. These problems are mentioned below based on the participants’ viewpoints.

A. Poor rules and requirements

Participants believed that the main reason of policymakers in terms of not assigning health services is their lack of adequate
control on the market. In other words, to create the private sector, there is no law and also no program for the supervision and control of private sector. It means that the government does not clearly dominate the private sector. On the other hand, the conditions and manner of using the abilities of the private sector and laws are less clear. In fact, it is due to the short duration of the existing laws and new legislation that violates the previous cases and short life of manager responsibility.

B. Difference of tariffs between public and private sectors

Because some services do not create profit. In fact, prices of some hospital services are less than the actual price. So, Demand from private sector is low and outsourcing occurs low.

(1-2): “Price of some sectors such as MRI has not changed in recent 10 years, because the government gives their subsidies. However, their actual price is higher than the current value.”

C. Lack of cross-sectoral view in management

Some directors only think of benefits to their organizations and attempt to attract more resources; however, they could consider further exploitation of their existing resources. The participants believed that monopoly on some services by hospital administrators and opposition to outsourcing are due to the benefit of these services.

(1-2): “Sometimes delays in insurers’ payments to hospitals cause use of some services such as pharmacies and CT Scan (more than their capacity) by many public hospitals for making money for themselves.”

D. Covering weaknesses by outsourcing

Participants of the focus group discussions expressed that sometimes outsourcing is a means for covering up mistakes.

(2-3): “Sometimes managers perform outsourcing about services which are not properly implemented. But, the root cause of failure should be investigated.”

E. Lack of documentation of outsourcing results

Participants said that the process and results of outsourcing at university level and even hospitals are not registered. If documentation is done, in addition to benefiting from successful experiences, support, and funding from Ministry of Health, the private sector would be effectively attracted.

(1-5) and (2-4): “There is no unit in university for documenting the results of outsourcing. If results are reflected, in addition to gaining support of Ministry of Health, it will also be crucial in encouraging managers who perform outsourcing services.”

Discussion

In this study, views of experts about hospital outsourcing were collected using the methodology of focus group discussion. The main issues included outsourcing concepts, context and conditions for outsourcing, different aspects of outsourcing in hospitals, and challenges facing outsourcing in hospital services in Iran.

The first issue involved defining outsourcing, goals, and results. Participants believed that outsourcing was the assignment of non-professional services of organizations along with costly services and the services that cannot be properly done by organizations. Khodaverdi et al. stated that outsourcing is the assignment of certain activities of an organization to an external organization and assignment of the right to decide according to the contract [7]. Studies by Alvani and Ashrafzadeh showed that outsourcing could lead to a focus on key activities, downsizing, achieving better performance, and cost control [8]. Longfield et al. argued that organizations use outsourcing to hold the main activities that are valuable for them and assign other activities to specialist organizations [17].

Experts of this study expressed the goal of outsourcing as increasing accountability and proper task performance. They expressed works are done specialized and quality by outsourcing. Also, productivity, efficiency, and effectiveness could improve. Alvani and Bahrami and cheshmabereh in separate studies have expressed that outsourcing increases effectiveness due to a focus on core activities, improving services, taking advantage of specialized services of other organizations, improving performance, and increasing efficiency and flexibility of organizations [8, 18,19]. Outsourcing of pharmacy at Tehran Firoozgar Hospital led to reduction of costs to zero and also the hospital obtained 100 million Rials per month from the pharmacy renting. Moreover, the number of personnel increased from 9 to 14, which doubled the amount of prepared prescriptions and the amount of time spent by the hospital director on pharmacy affairs decreased from 2 h to 45 min per day [12]. Phoenix Organization reported that outsourcing in Walgreen Pharmacy significantly reduced costs and increased staff satisfaction from 77 percent in 2003 to 86 percent in 2007, representing process improvement [20].

The experts also asserted that, for implementing successful outsourcing, it is necessary to describe laws and infrastructure such as determining costs and tariffs and clarify the nature of activities. Maschurin and Kundayls suggested that two factors including cost reduction and customer satisfaction are important for decision assignment [12]. Beterland et al. described that the overall process of implementing outsourcing includes defining goals, assessing internal capabilities, evaluating external benefits, and determining help for outsourcing [21].

Other issues of these sessions included capabilities of the private sector for doing assigned affairs. Gressny expressed that outsourcing is sometimes defeated as a result of the absence of skills among managers on contracting and lack of a strong private sector [22]. The participants of this study believed that, in the current situation of Iran, outsourcing of support services and para-clinical services could be successful and profit-making. Kavoussi et al. showed that the highest trend of outsourcing was in food services (87%) and least one was about nursing services (43.4%) in their studied hospitals [23]. Hesya et al. investigated the outsourcing of Taiwan’s hospitals and revealed that propensity to outsourcing of clinical services is less [11].

Rointan’s investigation on the assignment of radiology and laboratory units of Aligoodarz Hospital of Imam Sadiq showed positive results in terms of reducing costs and increasing revenue [24]. Chandra’s study in India demonstrated that outsourcing ultrasound and MRI services not only reduced costs but also had a significant effect on increasing revenue [25].

In this study, participants discussed outsourcing in hospitals and stated some guidelines and recommendations
on its implementation, besides recounting the related challenges and problems. They also propounded the necessity of legislation at macro and medical university level before outsourcing. On the other hand, it was mentioned that outsourcing needed strong regulatory that could be defined in terms of laws and regulations. According to the participants of the present work, specifying the tariff of service package price, creating a wider view among managers, providing abilities in the private sector, and identifying hospital units for outsourcing were also introduced as the guarantee of success in outsourcing services. These experts also expressed that providing the best service at reasonable cost using methods such as outsourcing could lead to resources saving. They stated that documenting the processes of outsourcing and its results and showing successes could have a positive impact by encouraging the use of these methods by officials for providing the best service.

Outsourcing is one of the strategies that reduce cost and specialize of tasks. Using outsourcing need to legislation and adequate oversight. Specifying the tariff of service is necessary for contract with the private sector. Identify the criteria for determining hospital units for privatization and measuring outsourcing success is very important. Also, outsourcing success is related to implementing method and skill of managers.

Limitations of the study

Some limitations of this study were difficulty of forming and coordinating of focus group discussions because, many participants were busy. In addition understanding and extracting key concepts and sub-concepts was very difficult.

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