

A Perceptive Study of Factors Influencing the Entry of Ministry of Health Hospitals into Contract Management

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ABSTRACT. This study was carried out to determine the perceptions of health care managers and those who had direct contact with contract management companies regarding the factors that influence entering into contract management. The factors were categorized into environmental, health manpower and organizational factors. Data were collected from 368 respondents working in various Ministry of Health (MOH) hospitals from different parts of the Kingdom. Chi-square tests were utilized to determine if there were statistically significant differences in the perceptions of those who favored contract management and those who preferred self-management of MOH hospitals.

Results show that the pro-contract management and pro-self management respondents have statistically significant different perceptions on two of the four environmental factors, all four health manpower factors, and two of the four organizational factors. The two environmental factors concern the inflexible systems of the Ministry of Finance and National Economy, and the lack of clear administration systems in the health sector. On the other hand, the organizational factors relate to possible ability of contract management companies to enhance the effectiveness and efficiency of government hospitals, and to provide consultative services for health care management.

This study recommends the evaluation of the systems of both Civil Service Bureau and the Ministry of Finance and National Economy, and the adoption of independent recruitment and financial systems for the Ministry of Health. The results of this study also call for a rigorous evaluation of contract management companies, especially their recruitment and fiscal policies. It is also recommended that future studies be conducted in the area of contract management. This may include studies that will evaluate the performance of contract management companies based on measurable indicators.

Introduction

The contract management of hospitals has been one of the most rapidly developing forms of multi-institutional arrangements in the hospital industry for most of the last three decades. It has also become a well-established management option in the hospital industry and had been believed to help hospitals meet their organizational goals

(Wheeler and Zuckerman, 1984, pp. 515-516; Schneller and Williams, 1989, p. 61; White, 1994, p. 20). The growth and development of contract management of hospitals are probably a reflection of the strategies taken by board of trustees as they attempt to stabilize their organizations while at the same time coping with the intricacies of their external environment.

In the broadest sense, contract management can be defined as “a binding agreement between two independent parties where one party assumes responsibility for the direction or control of one or more facets of the business operations of the other party” (White, 1994, p. 20). Thus, a management contract exists when the hospital hires an outside organization to manage the hospital’s operations (Zinn, 1997, p. 68).

Therefore, the distinguishing characteristic of contract management is the institutionalization of dual lines of managerial authority and responsibility. At the minimum, the contract organization provides the hospital administrator and a management team to conduct the daily activities of the hospital. This administrative team is directly responsible to the board of trustees of the hospital, as well as the managing organization.

In the Ministry of Health (MOH) system, there are three general types of contracts for managing hospitals. These are complete operation and maintenance contract, comprehensive operation and maintenance contract, and partial operation and maintenance contract. In the complete operation and maintenance contract, all responsibilities for operating and maintaining the hospital are delegated to the contractor who is directly responsible and reports to the board of trustees of the managed hospital.

The comprehensive operation and maintenance contract is that type of contract wherein the contractor becomes part of the operating management of the hospital by appointing some of its employees to work together with the hospital employees, according to terms specified in the contract. This type of contract is usually utilized when there is a shortage of staff in the hospital or when the hospital staff alone is not enough to meet all the personnel requirements. Finally, in the partial operation and maintenance contract, the contractor provides the hospital with services for a period specified in the contract. Some examples of this type of contract include medical operation contract, general maintenance contract, laundry services contract, and security services contract.

Reasons for Entering into Contract Management

Generally speaking, there is no single most important reason for entering into contract management. There is a great variation in the reasons as to why hospitals enter into contract management. Among these reasons are the benefits derived from increased management expertise, specialized administrative services, access to joint purchasing and capital (Alexander and Rundall, 1985, p. 210). However, financial difficulties used to be the most often-cited reason for contracting with management organizations (Richards, 1982, p. 99).

Some of the general reasons why hospitals enter into exclusive contracts are: to ensure continuous availability of physician services; to allocate equitably the

responsibility for coverage of certain departments, to provide optimal patient care services, and to ensure the performance of necessary administrative functions to better control hospital operations (Koska, 1992, p. 38). Other reasons for entering into contract management include problems with professional staff recruitment, specialized reporting demands of complex regulations, need for outside management services during internal hospital disputes, planning for capital expansion and growth, and financial difficulties (Alexander and Lewis, 1984, p. 473).

Contract management firms that specialize in management of various hospital departments provide a hospital with options in addressing issues related to quality, management, or cost of services (Anderson, 1990, p. 27). Contract management also allows organizations to acquire scarce resources. It also allows for the provision of services in which organizations have no substantial experience. Furthermore, contract management permits hospitals to provide a service without costly investments in time, personnel and capital (Schneller and Williams, 1989, p. 57). However, it was noted that the primary benefit of contract management arrangements is not to streamline or improve the performance of hospitals but to enable these hospitals to cope better with external pressures. Thus, it was implied that contract management activities might have been more externally than internally oriented (Alexander and Rundall, 1985, p. 218).

A survey of US hospital executives revealed that the need to staff hard-to-fill jobs and obtain specialized expertise continues to drive the demand for clinical service contracts. Among the other reasons given for contracting services were: cost savings, to avoid cost of owning equipment, to take advantage of volume buying power, to increase profitability, to enhance hospital's image, to provide continuum of care, to establish a new service, to recruit or retain physicians and to enhance patient base (Taylor, 1993, p. 32).

Hospitals are also increasingly drawn to the advanced management skills that clinical contract management firms can employ to boost a department's productivity and improve its performance. Contract management firms may also have a better grasp of the complexities and logistics of certain clinical areas. For example, contract management firms can gather data comparing similar client hospitals, as well as concentrate on problems related to staffing, patient scheduling, billing or reimbursement within a focused area (Lumsdon, 1992, p. 44).

While the potential for improved financial picture remains important to hospitals, quality has become a driving force in clinical contracting. The problems of a department may not be readily apparent or bad enough to affect patient care, but administrators are usually convinced that changes are needed. The drive to be better strongly corresponds with hospitals' involvement in total quality management and its emphasis on work processes and relations between departments. There is a growing expectation among hospitals that contract firms should understand total quality management and how it is being implemented. In fact, hospitals that hire contract management firms to manage their hospitality service departments expect those firms to help meet total quality management goals (Hard, 1992, p. 56).

Some hospital trustees had turned to contract management because they were finding it increasingly difficult to attract and retain competent administrators and medical staff, cope with regulatory changes, plan for the future, and deal with internal conflicts (Nutt and Milter, 1992, p. 116). Hospitals also used to bring outside firms as a reaction to an existing problem or to fix a department, but they later used contract management as “a solution to non-apparent problems. They want to improve on what they’re already doing and make themselves more efficient” (Hard, 1992, p. 57).

Contract management also offers some “rewards” to the client. These include: contracting only for the specific services required, having on board experienced professionals, and continuing education. Furthermore, the managed hospital can benefit from the depth, experience and resources of the entire management organization, have access to consulting services from other professional staff of the management organization and collaborative sharing of systems and management techniques (White, 1994, pp. 24-26).

Objectives of the Study

This study was carried out with the general objective of determining the reasons why some MOH hospitals in the Kingdom are contract-managed. Thus, this study aimed to answer the question, “Why did some Saudi MOH hospitals enter into contract management?” Specifically, this study aimed to determine the perceptions of those who favored contract management and those who preferred self-management of hospitals with regard to the reasons for entering into contract management.

Methodology

For the purpose of this study, a self-administered questionnaire was designed through consultations with a number of faculty members at King Saud University in Riyadh and some experienced senior health care managers at the MOH. These faculty members and health care managers were also consulted concerning the validity and reliability of the questionnaire.

The final form of the questionnaire was randomly distributed to health care managers and personnel in various MOH hospitals throughout the Kingdom who had direct contact with contract management companies. Specifically, the respondents included those who were working in the supervision offices of the MOH, chief executive directors and their deputies and assistants, directors of financial affairs and of purchasing, and directors of the various support services (pharmacy, bio-medical engineering, catering, housekeeping, and security & safety). Data collection was carried out from January to March 1998. A total of 520 questionnaires were distributed. An average of 25 questionnaires was distributed to each of the 21 hospitals included in the study. Table (1) shows the geographical distribution of these hospitals and the exact number of questionnaires distributed to each hospital. Of the total number of questionnaires distributed, 368 were completed and included in the analysis. Thus, the response rate was 70.8%.

Table (1) Geographic distribution of hospitals included in the study and the corresponding response rates.

Region	Number of hospitals*	Number of hospitals included	Percent of hospitals included	Number of questionnaires distributed	Number of questionnaires completed	Response rate (%)
Riyadh	27	4	15%	100	70	70.0%
Jeddah	11	2	18%	60	38	63.3%
Qassim	15	3	20%	70	42	60.0%
Makkah	7	1	14%	20	15	75.0%
Taif	9	1	11%	20	16	80.0%
Madinah	15	3	20%	70	43	61.4%
Asir	16	3	19%	70	50	71.4%
Tabuk	9	1	11%	30	28	93.3%
Jizan	12	2	17%	50	42	84.0%
Al-Baha	8	1	13%	30	24	80.0%
Total	129	21	16%	520	368	70.8%

* Source: Annual Health Report of the MOH, 1416/1417H, p. 113.

Chi-square test was utilized to determine if there were any significant differences in the perceptions of the respondents regarding the various factors that were deemed to influence contracting with private companies for the operation and maintenance of hospitals. Significance level was set at $p < 0.05$. For analytical purposes, the respondents were classified into two groups: pro-contract management and pro-self management. The second group includes those respondents who did not favor contract management for their hospitals.

The factors included in the study were divided into three general categories: environmental factors, health manpower factors, and organizational factors. The environmental factors include government regulations and the health care system in general. The health manpower factors include issues related to administration, nursing and medical staff. Finally, organizational factors are those that directly involve the activities of the hospital. Although earlier studies include other variables, this study includes only factors that were considered most relevant to the realities of the Saudi MOH health care system.

The value of the Cramer's V indicates the strength of relationship between the respondents' preferred type of management and their perceptions regarding each of the various factors. As a "rule of thumb", an absolute value of at least 0.40 indicates a strong relationship; 0.21 to 0.39 means moderate relationship; and 0.20 or less means weak relationship.

Results

Environmental Factors

Table (2) shows the influence of environmental factors on contracting with private companies. The perceptions of the respondents were statistically significant on two of the four factors. These factors concern the systems of the Ministry of Finance and National Economy (MFNE) and the administration system in the health sector.

The vast majority (92.31%) of those who favored contract management agreed that the inflexibility of the systems of the MFNE contributed to the decision to contract with

private companies. Almost three-fourths (72.73%) of those who favored self management agreed that this is one of the factors that contributed to contracting with private companies. The Cramer's V value of 0.214 indicates a moderate relationship between the respondents' preference for the type of management and their perceptions regarding the influence of the inflexibility of the systems of the MFNE on contracting with private companies.

Table (2) Extent of agreement on the influence of environmental factors on contracting with private companies for the operation and maintenance of Ministry of Health Hospitals, Saudi Arabia, 1998.

Environmental Factor	Pro-Contract Management		Pro-Self-Management		Statistical Inference		
	Agree n (%)	Disagree n (%)	Agree n (%)	Disagree n (%)	Chi-square	Cramer's V	P-value
The Civil Service Bureau has inflexible systems which contribute for contracting with management companies.	80 (76.92)	24 (23.08)	224 (84.85)	40 (15.15)	3.262	-0.094	0.071
The Ministry of Finance and National Economy has inflexible systems which contribute for contracting with management companies.	96 (92.31)	8 (7.69)	192 (72.73)	72 (27.27)	16.813	0.214	0.001 ^a
Contract management companies have the ability to reduce the financial risks that may face health care organizations.	40 (38.46)	64 (61.)	80 (30.30)	184 (69.70)	2.260	0.078	0.133
Lack of clear administration systems in the health sector encourages entering into contract with private companies.	56 (53.85)	48 (46.15)	112 (42.42)	152 (57.58)	3.923	0.103	0.048 ^a

a = statistically significant

More than half (53.85%) of those who preferred contract management agreed that the lack of clear administration systems in the health sector encourages entering into contract with private companies. However, a greater proportion (57.58%) of those who favored self-management disagreed that the lack of clear administration systems in the health sector encourages entering into contract with private companies. The Cramer's V value of 0.103 means that the respondents' preference for the type of management had a weak influence on their perceptions regarding the influence of the administration systems in the health sector on contracting with private companies.

There was no statistically significant difference on the perceptions of respondents regarding the influence of the systems of the Civil Service Bureau (CSB) and the ability of contract management companies to reduce financial risk. The vast majority of those who favored contract management and those who preferred self management

agreed that the Civil Service Bureau has inflexible systems and this contributes to contracting with private companies. On the other hand, the majority in both groups disagreed that contract management companies have the ability to reduce the financial risks that may face health care organizations.

Health Manpower Factors

Table (3) shows that there were statistically significant differences in the perceptions of the respondents regarding the influence of the four health manpower factors included in the study. Concerning the contribution of contract management in obtaining valuable administrative experiences, 61.54% of those who favored contract management agreed that this is one factor that influenced contracting with private companies. On the other hand, 87.88% of those who favored self-management did not agree that contract management companies contribute to obtaining valuable administrative experiences. The Cramer's V value of 0.507 indicates that the respondents' preference for the type of management had a strong influence on their perceptions regarding the role of contract management companies in obtaining valuable administrative services.

With regards to the role of contract management companies in providing continuing medical education to staff, more than three-fourths (76.92%) of those who favored contract management agreed that this is one factor that influenced contracting with private companies. However, 69.70% of those who preferred self management disagreed that contract management companies provide continuing medical education to staff. The Cramer's V value of 0.423 means that there was a strong relationship between the respondents' preference for the type of management and their perceptions regarding the role of contract management companies in providing continuing medical education to the staff.

The vast majority (76.92%) of those who favored contract management agreed that the government agencies favor contract management companies in order to obtain excellent medical services. On the other hand, more than half (54.55%) of those who preferred self-management disagreed that government agencies could obtain excellent medical services through contract management companies. The Cramer's V value of 0.284 signifies a moderate relationship between the respondents' preference for the type of management and their perceptions regarding the role of contract management companies in obtaining excellent medical services.

Concerning the role of contract management companies in obtaining excellent nursing services, 61.54% of those who favored contract management disagreed that these services could be obtained through contract management companies. This perception was shared by 84.85% of those who preferred self management. The Cramer's V value of 0.254 indicate that the respondents' preference for the type of management had a moderate influence on their perceptions regarding the role of contract management companies in obtaining excellent nursing services.

Table (3) Extent of agreement on the influence of manpower factors on contracting with private companies for the operation and maintenance of Ministry of Health Hospitals, Saudi Arabia, 1998.

Health Manpower Factor	Pro-Contract Management		Pro-Self Management		Statistical Inference		
	Agree n (%)	Disagree n (%)	Agree n (%)	Disagree (%)	Chi-square	Cramer's V	P-value
Contract management companies contributes to taining valuable administrative experiences	64 (61.54)	40 (38.46)	32 (12.12)	232 (87.88)	94.494	0.507	0.001 ^a
Contract management companies contributes in obtaining excellent nursing services	40 (38.46)	64 (61.54)	40 (15.15)	224 (84.85)	23.828	0.254	0.001 ^a
Government agencies favor contract management companies in order to obtain excellent medical services.	80 (76.92)	24 (23.08)	120 (45.45)	144 (54.55)	29.778	0.284	0.001 ^a
Contract management companies provide continuing education for the staff.	80 (76.92)	24 (23.08)	80 (30.30)	184 (69.70)	65.985	0.423	0.001 ^a

a = statistically significant

Organizational Factors

Table (4) presents the perceived influence of various organizational factors on contracting with private companies. There were statistically significant differences in the perceptions of respondents regarding the role of contract management companies in enhancing operational effectiveness and efficiency, and on providing consultative services.

The majority (61.54%) of those who favored contract management agreed that government agencies favor contract management companies in order to enhance the effectiveness and efficiency in the operations of these agencies. On the other hand, 75.76% of those who preferred self management did not agree that contracting with private companies could enhance the operational effectiveness and efficiency of government agencies. The Cramer's V value of 0.353 means that there was a moderate relationship between the respondents' preference for the type of management and their perceptions on the role of contract management companies in enhancing the operational effectiveness and efficiency of government agencies.

With regard to the ability of contract management companies in providing consultative services for health care management, the majority (69.23%) of those who favored contract management agreed that this is one factor for contracting with private companies. However, 66.67% of those who preferred self management did not agree that contract management companies provide consultative services for health care management. The Cramer's V value of 0.326 means that the respondents' preference for the type of management had a moderate influence on their perceptions regarding the role of contract management companies in providing consultative services for health care management.

Table (4) Extent of agreement on the influence of organizational factors on contracting with private companies for the operations and maintenance of Ministry of Health Hospitals, Saudi Arabia, 1998.

Organizational Factop	Pro-Contract Management		Pro-Self Management		Statistical Inference		
	Agree n (%)	Disagree n (%)	Agree n (%)	Disagree n (%)	Chi-square	Cramer's V	P-value
Government hospitals favor contract management companies in order to enhance the effectiveness and efficiency of their operations.	64 (61.54)	40 (38.46)	64 (24.24)	200 (75.76)	45.750	0.353	0.001 ^a
Contract management companies apply preventive techniques for services.	16 (15.38)	88 (84.62)	56 (21.21)	208 (78.79)	1.610	-0.066	0.204
Contract management companies provide consultative services for health care management.	72 (69.23)	32 (30.77)	88 (33.33)	176 (66.67)	39.123	0.326	0.001 ^a
Contract management companies contribute to the application of total quality management concepts.	56 (53.85)	48 (46.15)	120 (45.45)	144 (54.55)	2.106	0.076	0.147

a = statistically significant

There was no statistically significant difference in the perceptions of respondents regarding the role of contract management companies in applying preventive techniques and total quality management (TQM) concepts. The vast majority of those who favored contract management and those who preferred self management did not agree that contract management companies apply preventive techniques for services.

Concerning total quality management, more than half (53.85%) of those who favored contract management agreed that one factor for contracting with private companies was that these companies contribute to the application of total quality management concepts. However, almost the same percentage (54.55%) of those who favored self-management did not agree that contract management companies contribute to the application of total quality management.

Discussion

It is stated earlier that this study includes environmental, health manpower and organizational factors that could possibly influence entering into contract management among MOH hospitals. Of the environmental factors considered by this study, the vast majority of respondents indicated that the inflexible systems of the Civil Service Bureau and the Ministry of Finance and National Economy were the most important considerations why hospitals turned into contract management. This was indicated not only by those who were pro-contract management, but also by the majority of those who preferred self-management of hospitals. These results support the findings of an earlier study that hospitals entered into contract management due to the bureaucratic government systems (Alexander and Lewis, 1984, pp. 473-475).

It should be noted that the hiring and firing of employees in government agencies are subject to Civil Service regulations. Thus, government agencies cannot easily hire or fire employees. On the other hand, the employees of contract management companies are not covered by Civil Service regulations concerning government employees. Therefore, these companies have more flexibility in recruiting employees and also in terminating their employment. With regard to financial matters, government agencies cannot disburse funds that are not specified in its budget without the approval of the Ministry of Finance and National Economy. However, private contract management companies are not covered by such regulations. Therefore, these companies also have more financial flexibility compared to the MOH.

The reduction of financial risk through contract management was another environmental factor considered by this study. The results of this study show that the pro-contract management and pro-self management respondents share the perceptions regarding the inability of contract management firms to reduce financial risks for the managed hospital. These contradict the findings of earlier studies, which asserted that contract management could reduce financial risks for hospitals (Alexander and Lewis, 1984, pp. 473-474; Mittermaier, 1992, pp. 350-353; White, 1994, pp. 24-25). These are rather interesting results considering that financial concerns have been the most common reason traditionally given for entering into contract management. In fact, fiscal considerations remain the primary motivation for the entry of government agencies into contract management (Dilger, et al., 1997). The results of the present study may be an indication that financial consideration or fiscal pressures are not important factors that influence the entry of MOH hospitals into contract management.

The last environmental factor concerns the lack of clear administrative systems in the health sector. The perceptions of those who were pro contract management support the findings of White (1994, pp. 24-26) that some hospitals enter into contract management due to the absence of clear policies and procedures in the health care sector. On the other hand, the perceptions of those who favored self-management contradict this assertion. These differences in perceptions show that the policies and procedures in the health sector do not have conclusive impact on the entry of MOH hospitals into contract management. However, the results of this study also suggest that the government should have well drawn-out health policies in view of the fact that various government agencies are involved in the provision of health care services. Therefore, these agencies should have implementing guidelines in order to minimize the duplication of services that they provide. This is very important because of the escalating health care costs.

One of the earlier studies in contract management noted that a contract firm provides the flexibility to bring in the necessary expertise to address a hospital's specific problems (Brown and Money, 1975, pp. 39-40). Chief executive officers also view contract management as an effective way of bringing in specialized expertise (Souhrada, 1991b, p. 18). It is therefore not surprising that health manpower considerations were often cited as important reasons for entering into contract management. In fact, the shortage of trained health manpower was one of the initial driving forces for the entry of MOH hospitals into contract management (Al-Harbi, 1990). Results of this study generally support the assertion that contract management

is valuable in obtaining manpower expertise.

Those who were pro contract management agreed that the arrangement was an important means of obtaining skilled administrators. This supports the findings of earlier studies by Alexander and Rundall (1985, p. 210) and White (1992, pp. 25-26). However, the vast majority of those who favored self-management were not convinced regarding the importance of contract management in obtaining skilled administrators. These respondents were clearly not convinced that management and administrative experts could be obtained through contract management companies. This perception may be justified by one specific case in the Kingdom wherein the executive director hired by the contract management company, and who was responsible for the administrative management of the hospital, admitted that the company lacked the necessary managerial expertise to effectively manage the hospital (Al-Barrak, 1998, p. 137).

With regard to nursing services, the results of this study indicate a widespread perception among the respondents that contract management did not facilitate the hiring of excellent nursing services. This is clearly seen in the responses of both those who were pro contract management and those who favored self-management. These results highlight one weakness of the current MOH policy on contracting, which is choosing the lowest bidder or awarding the contract to the bidder with the lowest cost. Contracts normally have a fixed budget and there is no mechanism for monitoring the disbursement of this budget. Thus, it is logical for contractors to hire employees and pay a salary that is lower than that stipulated in the contract. It is also logical that inexperienced nurses are more likely to accept low salaries than those nurses with more professional experience and higher educational qualifications. The most likely result is generally poor nursing services. This is rather unfortunate considering the important role of nurses in the caring process for patients.

Concerning clinical services, the results of this study present a more optimistic picture, as shown by the perception of the vast majority of pro contract management, that this arrangement provided a means for obtaining clinical expertise. This supports the finding of an earlier study that the demand for clinical service contracts was driven by the need to obtain specialized expertise (Lumsdon, 1992, p. 44) and that contract management can bring in excellent clinical services (Souhrada, et al., 1990, p. 66; Mittermaier, 1992, pp. 350-353).

The final health main issue addressed by this study relates to the role of contract management in providing continuing education for the staff. Those who were pro contract management seem to be convinced that contract management companies provide their hospital staff with continuing education. This supports the findings of White (1992, p. 26) regarding the importance of contract management in the continuing education of the staff. However, the majority of those who preferred self-management did not perceive that contract management companies provide staff with continuing education.

The above perception may be true because contract management companies normally hire expatriate staff. Contract companies may consider that there is not much

return on investment for providing expatriate employees with continuing education since the duration of their employment is subject to the duration of the contract. On the other hand, the situation will be different if the staff is predominantly Saudi. This is because even if the contract is not renewed, there is a high probability that these Saudis will be absorbed in the national workforce (Al-Barrak, 1998, p. 136).

This study also addressed the role of contract management in enhancing the effective and efficient operation of hospitals. This is because the fundamental rationale often cited to justify hospital contract management is that such arrangement would increase hospital effectiveness (Rundall, 1984, pp. 455-456). The perception of those who were pro contract management supports the findings of earlier studies that through contract management, the operation of hospitals could be more effective and efficient (Alexander and Rundall, 1985, pp. 215-216; Mittermaier, 1992, pp. 350-353). In fact, it was noted that the managerial resources provided by contract management to hospitals increase the operating efficiency of the managed hospital. Greater efficiency may be seen in improved nurse to bed ratio and reduction in the cost of providing a particular service (Wheeler and Zuckerman, 1984, pp. 510-513). The perception of the majority of those who preferred self-management supports the results of an earlier study which found that contract management companies failed to improve the operational efficiency of managed hospitals (Al-Zahrani, 1995, p. 56).

The above results call for a closer look into the ability of contract management companies to enhance the operational effectiveness and efficiency of government hospitals. However, it should also be noted that, although contract management companies can improve the efficiency of hospitals, it normally takes at least two years for concrete results to be seen (Lutz, 1994, p. 12). Another point that should be taken into consideration when evaluating the efficiency of public hospitals is the fact that there are two very different types of responsibilities in the management of these facilities: the hospital manager and the physicians. These two could both be focus of inefficiency (Pina and Torres, 1996, p. 21).

With regard to preventive techniques, the respondents were generally convinced that contract management companies did not apply preventive techniques for services. This implies that contract management companies did not help in cost containment through the prevention of unnecessary services. However, it was found by an earlier empirical study that contract management could be a mechanism for promoting cost control in hospitals (Nutt and Milter, 1992, p. 129). In another aspect, those who favored contract management were convinced that contract management companies provided consultative services for health care management. This supports the assertion of White (1992, p. 26) that contract management provides managed hospitals with "brain trust" in the form of consultative services and collaborative thinking for problem solving.

The results of this study also indicate that the respondents were divided in their perceptions regarding the role of contract management companies in attaining TQM goals. The respondents who were pro contract management believed that contract management companies could contribute to the application of total quality management activities. This supports the expectation of many US hospitals regarding

the role of contract management companies in attaining TQM goals (Hard, 1992, p. 56). On the other hand, those who preferred self management were understandably not so convinced that contract management companies can be instrumental in meeting the hospital's TQM objectives.

Many hospitals had been found to turn to contract management firms in their attempts to continually improve the quality of their services (Johnson, 1992, p. 2). However, the perception of those who preferred self-management underscores that current contracting policies may actually fail to facilitate the implementation of TQM activities (Al-Barrak, 1998, p. 136). One factor is the duration of the contract, which is normally three years. This period of time is hardly enough to effectively carry out TQM activities. Another constraint is the inability of contract management companies to provide continuing education and training, which are necessary to effectively implement TQM activities. Finally, the policy of awarding the contract to the lowest bidder is already a disincentive for the implementation of TQM activities.

Conclusion and Recommendations

The results of this study show that many respondents were not convinced of the importance of contract management in meeting their needs. Those who favored contract management naturally indicated a general optimism regarding the importance of this arrangement in the areas of health manpower recruitment, operational efficiency and effectiveness, and quality concerns. On the other hand, those who preferred self-management showed a general disagreement in most aspects considered by this study. This might be an indication that self-management can indeed be just as good as contract management. However, caution has to be taken in generalizing the findings of this study. This is because the respondents might not be representatives of the entire population.

At this point, it is also important to note that the success of any contracting arrangement has already been found to be largely dependent on how hospital administration was able to manage the contract (Souhrada, 1991a, pp. 57-58) and on the ability of hospital management to tailor the contract so that desired results could be achieved. Thus, it is imperative that the hospital management and the contractor should act as partners toward the achievement of the same goal (Taylor, 1994, pp. 67-68).

One of the important implications of this study concerns the evaluation of the performance of contract management companies. It is important to ensure that this performance is objectively measured to ascertain that management companies fulfill the expectations of the managed hospitals. The results of this study call for a rigorous evaluation of the recruitment policies of the contract management companies. This is highlighted by the general agreement among respondents regarding the failure of contract management companies to provide the managed hospitals with excellent nursing staff.

The results of this study also call for a more systematic evaluation of the fiscal policies of contract management companies. This is underscored by the agreement of

the majority of respondents that contract management companies are unable to reduce the financial risks of managed hospitals. Furthermore, there was a consensus among respondents that contract management companies did not apply preventive techniques for services. In effect, this implies that contract management companies failed to apply effective cost containment measures.

Another important implication of this study relates to the systems of the Civil Service Bureau and of the Ministry of Finance and National Economy. Their rules and regulations have to be evaluated in light of the findings of this study. All government sectors are subject to the regulations of the Civil Service Bureau and those of the Ministry of Finance and National Economy. However, these regulations may entail lengthy routine and bureaucratic procedures that can slow down the operations of the health care sector. In the light of this, it is recommended that the Ministry of Health be given the authority to implement autonomous financial and recruitment systems. These will facilitate the flexibility in providing health care services and will also enhance the quality of those services.

It is also recommended that further studies be conducted on the area of contract management. Such studies can focus on other factors or use other statistical techniques. One area that might be of interest to future researchers is the evaluation of the performance of contract management companies through objective and measurable indicators.

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دراسة استطلاعية عن العوامل المؤثرة على دخول مستشفيات وزارة الصحة السعودية في إدارة العقود مع القطاع الخاص

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المستخلص: تهدف الدراسة إلى تحديد العوامل التي تؤثر على دخول مستشفيات وزارة الصحة السعودية في إدارة العقود مع القطاع الخاص ، من خلال معرفة آراء وتوجهات مدراء المستشفيات ومساعدتهم وكذلك من لهم علاقة مباشرة بشركات عقود التشغيل والصيانة . وتم جمع البيانات من خلال استبانة مصممة لتحقيق هدف الدراسة ، حيث تم توزيعها عشوائياً على عينة شملت ٣٦٨ من المحييين في إحدى وعشرين مستشفى تابعة لوزارة الصحة في عدد من مناطق المملكة . وتم استخدام اختبار مربع كاي الإحصائي لتحديد ما إذا كانت هناك تبانيات معنوية بين آراء المحييين (المؤيدون للتشغيل الذاتي والمؤيدون للتشغيل من خلال شركات إدارة عقود) بالنسبة للعوامل المؤثرة على دخول مستشفيات وزارة الصحة السعودية في إدارة العقود مع القطاع الخاص ، وقد تم تقسيم تلك العوامل إلى ثلاثة عوامل : البيئية والقوى العاملة والتنظيمية .

ودلت نتائج الدراسة أن من أهم العوامل البيئية المؤثرة على دخول تلك المستشفيات مع شركات إدارة العقود تكمن في أن لوائح كل من الديوان العام للخدمة المدنية ووزارة المالية والاقتصاد الوطني تتسم بعدم المرونة من حيث الإطالة في الإجراءات الروتينية . كما دلت النتائج على أن هناك اختلافات إحصائية معنوية بين وجهات النظر لكل من المؤيدين للتشغيل الذاتي والمؤيدين للتشغيل من خلال شركات إدارة العقود ، من حيث عدم مرونة نظم وزارة المالية والاقتصاد الوطني ، وعدم وجود نظم إدارية صحية واضحة في القطاع الصحي ، والاعتقاد السائد بأن شركات إدارة العقود تسهم في تحسين فاعلية وكفاءة المستشفيات وتقديم خدمات استشارية لها . وتوصي الدراسة بإعادة النظر في مرونة لوائح الخدمة المدنية ووزارة المالية والاقتصاد الوطني، كما توصي بإمكانية تبني نظم مستقلة للتوظيف والشؤون المالية لوزارة الصحة، كما توصي الدراسة بإيجاد نظم تقييمية ورقابية دقيقة لمراقبة أداء شركات إدارة العقود . وتوصي الدراسة بالقيام بدراسات مشابهة في المستقبل مع اختلاف الطرق العلمية والإحصائية المستخدمة ، كذلك استخدام مؤشرات موضوعية لتقييم أداء تلك الشركات في القطاع الصحي .