Major Stakeholders in Health Care System: Government, Non-government & Other Professionals

* Dr. Amandeep Kaur & **Dr. Eilean L. Victoria

*Executive Editor, The Research Reservoir of Paramedical Sciences (An International Peer Reviewed refereed journal).

**Assistant Professor, Department of Adult & Critical Care, College Of Nursing, Sultan Qaboos University, Muscat, Oman.

Abstract:

A stakeholder is a person, group, organization or system who affects and can be affected by an organizational action. In the health care system stakeholders include external, internal and interface stakeholders. This article has listed the steps in management of stakeholders, diagnosis of key stakeholder relationship, types of stakeholder relationships, and generic strategies for management of stakeholders in the context of health care sector.

Key words: Stakeholders, health care system and stakeholder relationships.

Introduction:

The health care system intends to provide services and resources for better health. This system includes hospitals, clinics, health centres, nursing homes and special health programs in schools, industries and community. Health system operates in the context of socioeconomic and political framework of the country. Stakeholders encompass a wide sector of society; they include consumer or patients, community health care professionals, hospital health care professionals, pharmacists, non-governmental organizations, suppliers etc.

Definition:

Stakeholder is a person, group, organization or system who affects and can be affected by an organizational action.

Classification of Stakeholders:

Depending on their source of origin and site of operations, stakeholders may be classified into the following classifications –

1. External Stakeholders
2. Interface Stakeholders
3. Internal Stakeholders

A brief discussion on each of these classifications of stakeholders is as follows:

1. **External Stakeholders:**
   A health care organization must respond to large number of external stakeholders. They fall into three categories in their relationships with the organization
   a. Those that provide inputs to organization.
   b. Those that compete with it.
   c. Those that have particular special interest in how the organization functions.

   The first category includes suppliers, patients and financial community. The relationships between the organization and these externals stakeholders are symbiotic one, as organization depends on them for its survival. In turn, the stakeholders depend on the organization to tale their outputs. The relationship between the organization and stakeholders that provide necessary input are of mutual dependence. As such both the parties cannot or do not want to do without one another.

   The competitor stakeholders seek to attract the focal organizational dependence. The competitor may be the direct competitor for patients (for example: other hospitals) or they may be competing for skilled personnel. Competitor does not need one another to survive, though cooperation between hospitals and their competitor has increased in recent years.

   External stakeholders in third category are special interest group. These are the government regulatory agencies, private accrediting associations, professional associations, labor union, the media and political action groups. Because of special interest, conflict most often occurs. Compromise and in some cases, overt collaboration generally resolves the problems.

2. **Interface Stakeholders:**
   Some stakeholders function on the interface between the organization and its environment. The major categories of interface stakeholders include the medical staff, the hospital board of trusties. The organization must provide sufficient inducements so that these groups of stakeholders continue to make appropriate contribution. The organization may offer professional autonomy, institutional prestige or political contacts, special services and benefits etc.

3. **Internal Stakeholders:**
   These stakeholders exist almost entirely within the organization and typically include management, professional and nonprofessional staff. Management attempts to provide

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internal stakeholders and sufficient inducements to gain continual contribution from them. The stakeholders determine whether the inducements are sufficient for the contribution that they are required to make partly on the basis of alternative contribution offer received from competitors.

Steps in Management of Stakeholders:
The sequential steps to be followed for management of stakeholders are as follows-

- Identify all relevant external, internal and interface stakeholders.
- Diagnose each stakeholder in terms of potential for threat and potential for co-operation.
- Classify each stakeholder relationship as mixed blessing, supportive, non-supportive or marginal.
- Formulate generic strategies for the management of each stakeholder relationship: involve the supportive stakeholder.
- Collaborate with the mixed blessing stakeholder, supportive stakeholder and marginal stakeholder.
- Implement these generic strategies by developing specific implementation program for each stakeholder.
- Evaluate the managerial implications of effectively managing stakeholder relationship.

Diagnosis of Key Stakeholder Relationship:
The two vital steps for diagnosis of key stakeholder relationship are as follows –

a) **Stakeholder potential for threat:**
   A health care organization's managers need to anticipate and evaluate systematically the actual or potential threats in its relationship with stakeholders. These threats may focus on obtaining inducements from the organization that may or may not be provided. The desired inducements may include financial considerations, participation in decision making process.
   Stakeholder power and its relevance for any particular issue confronting the organization's manager determine the stakeholders' potential for threat. Power is primarily a function of the dependence of the organization on stakeholder. Generally, greater dependence of the organization, implies the presence of more powerful stakeholders.

b) **Stakeholder's potential for cooperation:**
   The stakeholder's dependence on the organization and its relevance for any particular issue facing the organization determine the stakeholders' potential to cooperate. Generally greater dependence of the stakeholder on the organization implies higher

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potential for cooperation. However, quite often it is seen that the organization and the stakeholders are independent.

Types of Stakeholder Relationships:

According to stakeholders' potential for threat and co-operation, the stakeholders' relationship can be classified into four types, which are as follows:

- **Type I: The mixed blessing stakeholder relationship**

  With the mixed blessing stakeholder relationship, the health care executive faces a situation in which the stakeholder ranks high on both type of potential: threat and co-operation. Physicians - hospital relationships probably are the clear example of this type of relationship. Although physicians can and do provide many services that benefit hospitals, physicians also can threaten hospital because of their general control over admissions, the utilization and provision of different services and the quality of care.

- **Type II: The supportive stakeholder relationship**

  The ideal stakeholder relationship is one that supports the organizations' goals and actions. Managers wish all their relationships were of this type. Such a stakeholder is low on potential threat but high on potential co-operation. For e.g. the relationships between well managed hospital with its board of trustees, its manager, its staff employees, local community and nursing homes.

- **Type III: The non supportive stakeholder relationship**

  The most distressing stakeholder relationship for an organization and its managers are non-supportive ones. They are high on potential for threat but low on potential for co-operation. Typical non supportive relationships for hospitals include competing hospital, employee unions, the federal government, other government regulatory agencies, the news media etc.

- **Type IV: The marginal stakeholder relationship**

  These are high on neither threatening nor co-operative potential. This type of relationship includes professional association for employees, volunteer groups within community etc. for a well-run hospital.

Generic Strategies for Stakeholder Relationship Management:

A discussion on some generic strategies in relation to stakeholder relationship management are as follows:

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- **<u>Strategy 1: Collaborate cautiously in the mixed blessing relationship</u>**
  The best way to manage the mixed blessing relationship, high on the dimensions of both potential threat & potential co-operation, may be cautious collaboration. The goal of strategy is to turn mixed blessing relationship into supportive relationships.

- **<u>Strategy 2: Involve trustingly in the supportive relationship</u>**
  As the supportive stakeholder poses a low potential for threat, they are mostly ignored by organization. However for maximizing the co-operation from this type of stakeholder, the health care executives can delegate authority to manager, involve in decision making and other plans. With this the manager will be more committed to achieve organizational objectives.

- **<u>Strategy 3: Defend proactively in the non-supportive relationship</u>**
  Stakeholder relationship with high threatening potential, but low co-operative potential is best managed by a proactive defensive strategy. Relationships with the federal government and indigent patients are non-supportive stakeholder relationships for most health care organizations. In stakeholder terms, a defensive strategy involves proactively preventing the stakeholder from imposing cost or other disincentives on the organization.

- **<u>Strategy 4: Monitor efficiently in the marginal relationship</u>**
  Monitoring helps to manage this marginal relationship in which the potential for both threat and co-operation is low. The marginal relationships are unstable; these can move into any one of the other three types of relationships.

- **<u>Strategy 5: Strategy implementation and outcome</u>**
  The fifth step of management of stakeholder relationship is implementation of planned and articulated strategies. With conscious and consistent relationship and management implementation strategy, a quite fully organized health care system can develop.

<u>Conclusion:</u>

Stakeholders in health care system encompass a wide variety; they can be governmental, non-governmental or other professionals which affect the system directly or indirectly. There should be proper planning and implementation of services according to needs of every person whether employer, manager, professional, nonprofessional, consumer, supplier etc. who have relation with the organization.

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