

**T.C.**  
**GEDİZ UNIVERSITY**  
**INSTITUTE OF SOCIAL SCIENCE**  
**MASTERS OF BUSINESS ADMINISTRATION**

**OUTSOURCING IN HOSPITALS**  
**FIELD SURVEY ON PUBLIC AND PRIVATE HOSPITALS IN İZMİR**

**SUPERVISOR:**  
**ASSISTANT PROF. BÜLENT A. EVİRGEN**

**CEREN HORASAN**

**İZMİR**  
**JUNE-2014**



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## DECLARATION

I hereby declare that this doctoral thesis titled as “**OUTSOURCING IN HOSPITALS FIELD SURVEY ON PUBLIC AND PRIVATE HOSPITALS IN IZMIR**” has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honour.

Date

.../.../.....

Ceren HORASAN

Signature

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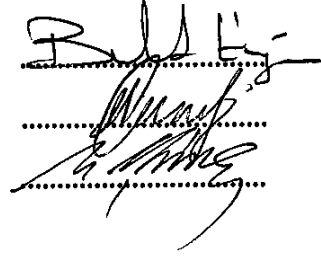
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## **ABBREVIATIONS**

AMA- American Marketing Association

USA- United State of America

CT- Computed Tomography

MR- Magnetic Resonance



## **ABSTRACT**

In this study, it was analyzed the scopes of outsourcing in public hospitals and private hospitals.

In the first section, service concept, service properties, classification of service process, marketing of services and service quality concepts were analyzed in detail.

In the second section, outsourcing concept, advantages and disadvantages of outsourcing, historical development of outsourcing and outsourcing concepts in hospitals were analyzed.

And finally, according to the survey results, conducted to public and private hospital managers in Izmir, the reasons of outsourcing were analyzed.

**Key words:** Hospital, Outsourcing, Service

## ÖZ

Bu çalışmada dış kaynak kullanımının devlet hastaneleri ve özel hastanelerdeki kullanım boyutları incelenmiştir.

İlk bölümde hizmet kavramı, özellikleri, hizmet sürecinin sınıflandırılması, hizmetlerin pazarlaması ve hizmet kalitesi kavramları detaylı olarak incelenmiştir.

İkinci bölümde dış kaynak kullanımı kavramı, avantaj ve dezavantajları, tarihsel gelişimi ve hastanelerde dış kaynak kullanımı kavramları incelenmiştir.

Çalışmanın son bölümünde ise İzmir ilinde hizmet vermekte olan devlet ve özel hastane yöneticilerine uygulanan anketlerle dış kaynak kullanım nedenleri incelenmiştir.

Anahtar Kelimeler: Hastane, Dış kaynak kullanımı, Hizmet

## **INTRODUCTION**

In today's competitive environment, businesses in order to maintain have engaged in the search for new management. This search has emerged as a result of outsourcing, which is one of management techniques. Enhance the competitiveness of enterprises turning to outsourcing due to factors such as the cost advantage, to respond more quickly to market conditions, technology watch, customer expectations and improve the quality of service. Outsourcing, as well as the manufacturing sector is widely used in the service sector.

Outsourcing is the process of contracting out a business process, which an organization may have previously performed internally or which the company deems necessary or important, to an independent organization, where the process is purchased as a service.

This thesis, as a service hospital, the differences in the use of outsourcing as private and public hospitals were examined.

The first section, models are examined that is the concept of service, service amenities, services marketing, quality concept, the concept of quality of service.

The second section, emphasized outsourcing in hospital. Examined that the concept of outsourcing, outsourcing causes, advantages and disadvantages, decision making process, types, uses, causes of hospital outsourcing companies and hospital establishments.

The third section, is part of the application. In the scope of our research public and private hospitals selected that activity in İzmir. These institutions are preferred because the dynamic and open nature of these establishments and business entity that benefit the most from external sources.

## SECTION 1

### SERVICE BUSINESSES AND SERVICE QUALITY

#### 1. SERVICE CONCEPT

The variability of service in a wide concept and its relationship with goods make difficult the definition of service. The reason why it is encountered with many variable definitions is proceeded from that the researcher's definition development according to the science of which the researcher depends on and the approach of which he is under the influence.

There are variable characteristic features distinguishing services from goods. These features are that there is no physical asset (intangibility), production and consumption are inseparable from each other (inseparableness), variability, heterogeneity and weakness (Ghobadian vd., 1994; Mucuk, 1994; Bergman ve Klefsjö, 1994).

Service is a product which does not have a tangible quality for the purpose of the satisfaction of consumer needs (Kuriloff vd., 1993). In other words, services are defined as the benefits which consumers purchase without property relations (Mucuk, 1994).

American Marketing Association (AMA) defines the meaning of service as an action, benefit or repletion presented for sale or provided with the sale of goods. However, this definition cannot separate goods and services from each other correctly. Later on, AMA defined service concept as the actions which provide desire and need repletion and which can be defined separately when it is marketed to marginal consumers and businesses without depending on sale of goods. This definition is inadequate because of the fact that it does not regard the benefits; such as maintenance, repair, guarantee and consultancy presented with the sale of physical goods as a service (Öztürk, 2007).

According to Philip Kotler and Bloom (2004), service is an activity or benefit of which a group provides to another, which does not end up with possession of something and which is not tangible in fact (Krishna M. and N., 2006).

Grönross (1990) described the meaning of service in the way that it is an activity or activity series which are provided as a solution to customer problems, which take part normally in the interactions among customers and service employees and/or physical sources or products and/or service provider system and which are more or less tangible inherently (Krishna M. ve N., 2006).

While Goetsch and Davis define service as to carry out a business for anybody else, Collier describes service as a work or an action, a performance, social event or effort consumed in the place where it is produced (Uyguç, 1998). Lovelock and Wright describe service as a performance provided from one side to another (Eser, 2007).

## **2. FEATURES OF SERVICE**

Determining the common features of services is an important helper in order to understand the service concept. There are some differences between the physical goods and services. These are:

- ❖ Intangibleness
- ❖ Simultaneous of production and consumption (inseparableness)
- ❖ Weakness (Indurable services)
- ❖ Possession
- ❖ Not being homogenous

### **2.1. Intangibleness**

Because of the fact that, while goods are intangible and visible, these features are not in question in services, services are intangible. The concept of intangibleness has also another extent: Indefinable, non-formulated and imperceptibility mentally in an easy way (Öztürk, 2003).

In order to minimize the existing uncertainty due to the incorporeity of services, the visible functions; such as, employees, equipment, communication tools, symbols and price are used (Karahan, 2006).

Thus, the enterprise providing service turns the abstract functions of service into concrete functions by revealing the tangible functions of services and directing these functions to customers.

The results which these features of service produced in terms of marketing are as the following:

- Services cannot be stocked; for this reason it is difficult to control the fluctuations in demand,
- The patents of services are difficult; hence, new concepts are imitated easily,
- Services cannot be exhibited easily,
- As they are not concrete, it is difficult to determine their qualities in terms of customers.
- The decisions about what to be involved in advertisements and other promotional efforts are difficult as pricing,
- To determine the actual cost of a unit service and price/quality relationships are complicated (Öztürk, 2003).

## **2.2 Simultaneousness of Production And Consumption (Inseparableness)**

Production, purchasing, usage and evaluation of service occur at the same time. The simultaneousness of production and consumption means that during consumption, also the service producer is present at service environment. Customer not only sees the service production; but also, takes part in the production process as well (Öztürk, 2007).

Services cannot separate from the person provided it; in this case, face to face relation and communication rise in importance. To analyze the inseparableness feature of service is possible in terms of consumers and in management practices;

In terms of consumers; they

- Take part in the production of service,
- Take part in the consumption of service with other consumers,
- Come to the place where the service is produced ( Eser, 2007).

In management practices; managers

- Try to separate production and consumption from each other,
- Manage the consumer-producer interaction,
- Develop their serving systems.

### 2.3. Weakness (Cannot be stocked)

As services do not have a physical asset, they cannot be stocked, stored, resold, and returned. It is encountered with demand fluctuations in service sector. Demand fluctuations become clear in certain hours of the day, certain days of the week and certain months of the year (Karahan, 2006).

#### *Weakness of service*

<i>Cause</i>	<i>Effect</i>
*Service cannot be stored	*Problems arising from irregular demand
*Inelastic supply in short term	*The condition of just in time production of services
*If they are not produced efficiently	*Congestions occur when demand is intense
*When there is no demand	*Capacity cannot be used.

**Reference:** Zeliha ESER, *Hizmetlerde Pazarlama İletişimi*, Siyasal Kitapevi, Ankara, 2007.

### 2.4. Possession

Due to the fact that services are intangible and they cannot be stored, the possession of services is not in question. In service sector, it can be benefitted from a convenience and a facility only for a length of time (Öztürk, 2003). The right of usage of service is granted for a length of time and it is obtained benefit from this usage. In spite of this, in physical goods, a possession is in question (Özgüven, 2008:654).

**Table 1.2.1:** The differences between physical goods and services are indicated by Grönross (1990) as a summary in this way:

<b>PHYSICAL GOODS</b>	<b>SERVICES</b>
Tangible	Intangible
Homogenous	Not homogenous
Production and distribution are parted from consumption	Production and consumption are simultaneous processes.
An object	An activity or process
Basic value is produced in factory	Basic value is produced in buyer or vendor interactions.
Customers do not join the production process generally	Customers join production
Can be stocked	Cannot be stocked
Possession can be transferred	Possession cannot be transferred

**Reference:** Grönross, 1990

## **2.5. To be heterogeneous**

Goods are homogenous, in other words, machine is used intensely in the production of goods and there is a possibility of standardization. However, in the production of service, services are accepted as heterogeneous as labor force joins to production intensely. That the services are same is seen impossible as the performances of services provided to consumers show a change according to people, time and place (Öztürk, 2007).

In order that service outputs are standard, enterprises spend money and time to the selection and training of employees significantly. In order to minimize this difference, the followings are recommended to service businesses (Barutçu, 2008):

- To select and train human resources
- To standardize service-performance process in whole business.



- To standardize service quality with the attempts; such as, client survey, complaint and suggestion systems which can reveal or improve poor service and to follow customer satisfaction in terms of the comparison with rival firms.

### **3. CLASSIFICATION OF SERVICE PROCESS**

There are different classifications in the subject of classification of services. These are;

#### **3.1. The First Approach in Classification of Services**

The classification in this approach is carried out according to marketability of services, availability of producer and consumer service, condition of service in total product presentation, level of dealing with a customer and presentation style (Eser, 2007).

Marketability/non-marketability of services can differ according to economic, social and technological reason.

Consumer services are provided for the individuals using services for the purpose of bringing a benefit to themselves. In the consumption of these services, an economic benefit cannot be created beyond this (Öztürk, 2003).

These services can be divided into groups as convenience services, preferential services and specific services as well. For instance, personal care services, insurance and car repairing services, healthcare and attorney services can be ranked as convenience services, preferential services, and specific services, respectively (Karahan, 2000). Producer services are the services provided to a business. Business produces a thing bringing an economic benefit. However, some services can be produced for both producers and consumers (Öztürk, 2003).

Services can be classified into three parts according to their roles in the presented total product. These are the service provided without having very few or any tangible element, the service provided for the purpose of adding value the goods and the service making prepared the goods by adding value.

For the high-involvement products, consumers are in a close relationship with the product and the used product has a capacity giving very deeply satisfaction to consumer. When we decide to purchase high-involvement products, we spend more time before purchasing these kinds of services in order that we do not get a bad experience as they are riskier with regard to their results (Eser, 2007).

As well as the presentation style of services can be intermittent and continuous, whether or not there can be a membership relation between service provider and customer.

### **3.2. The Second Approach in Classification of Services**

In this approach, services are classified according to the production based on manpower, the production based on machine, equipment without manpower and the condition requiring that customers attend, meeting personal requirements or the requirements of enterprise and having or not having profit motive (Eser, 2007).

It is possible to analyze the services needing labor force in 3 groups; the services requiring professionalism, the services requiring qualified labor force and the services not requiring qualified labor force.

It is possible to divide the services into two groups according to the roles of machines and equipment in service production; the services based on automatic equipment and the services dependent partially on labor force and machine.

### **3.3. The Third Approach in Classification of Services**

In this approach, services are classified according to the level of intangibility, the condition that consumer gets service directly, time and place of the presentation of service, standardization of service, the structure of relationship with customer, the condition that demand and supply are balanced and the level of taking part of equipment and people in service experiment (Eser, 2007).

When consumer gets service directly, they take part in service process as well. While planning time and place of the presentation of service; enterprises should reply the question that does the customer come to the place where the service is presented or does the service is taken to the customer location.

In the services which demand fluctuations are intense, enterprises have to regard this when they determine their marketing strategies. However, sometimes, fluctuations grow up beyond the control of marketing experts.

### 3.4. The Fourth Approach in Classification of Services

In this approach, services were divided into four groups as distributor services, producer services, social services and personal services (Eser, 2007).

**Table 1.3.1: The Classification of Services**

<b>1. Distributor services</b>	<b>2.Producer services</b>
Transport and storage services	Banking, financing services
Communication services	Real estate, purchase and sale services
Wholesale trading services	Engineering and architectural services
Retail trade services	Accounting services
	Various commercial services
	Legal services
<b>3.Social services</b>	<b>4.Personal services</b>
Healthcare services	Home services
Hospitals	Accommodation services
Education	Catering services
Religion services	Repair services
Associations/Foundations	Laundry-dry cleaning services
Postal services	Hairdresser and beauty centers
	Entertainment and holiday
Government services	services
Various occupational and social services	Various personal services

**Reference:** Zeliha ESER, *Hizmetlerde Pazarlama İletişimi*, Siyasal Kitapevi, Ankara, 2007

#### **4. SERVICE MARKETING**

Until 1970's it was considered that the necessary functions for service marketing needed to be similar with the marketing of goods. The conventional marketing mix, one of the basic functions in marketing (4P - price, place, promotion, and product) was used in service marketing (Öztürk, 2007).

Some features of services different from goods, caused that enterprises showed different approaches in marketing.

These characteristics are the following:

- Services are not tangible,
- Services cannot be stocked, packaged and transported. A service which is not consumed means that it disappeared,
- Production and consumption of services are simultaneous,
- The differences in every production of service can be in question. It is difficult to obtain a standard output.

It is possible to mention the three dimensions of service marketing which are internal marketing, external marketing and interactive marketing. External marketing is the conventional marketing practice regarding that an enterprise prepares, prices, promotes and distributes the object which will be marketed. Internal marketing is an education and motivation activity for personnels in order to provide that an enterprise offers a good service. Interactive service expresses that while service providers render service to customer, they make a good contact with customer and they show skill and expertness in this subject (Mucuk, 2001).

## 5. QUALITY CONCEPT

Quality means that the practices performed for the satisfaction of customer, employer and production staff. Quality is important for the enterprises producing both goods and services. That the quality level is enhanced increases enterprise's market share by creating a competitive advantage indirectly and brings prestige to enterprise. Except for this, the social dimension of quality raises the life standards of the societies and thus, quality reflects to life conditions (Barutçu, 2008).

Joseph M. Juran suggested a very significant systematic approach in the subject of control and continuous improvement of quality. He recommends a triple approach in the subject of quality planning, quality control and quality improvement.

Dr. Feigenbaum initiated the flow of total quality control. This flow influenced deeply the competition management strategy in world market with the approaches about quality and profitability.

Ishikawa simplified the statistical techniques for quality control. Pareto and Ishikawa using data collection and presentation for quality improvement emphasized their diagrams in the simplest technical level. Ishikawa developed his cause and effect diagrams (or Ishikawa diagrams) with the purpose of quality improvement.

Philip Crosby emphasized the importance of participation and motivation. Crosby uses the terms "appropriate or inappropriate" (useful or useless) rather than the expressions of "low quality or high quality". Crosby stated four new quality management items that he entitles as the absolute truths as the following:

- Quality is defined as the convenience for necessities instead of excellence.
- Quality is achieved with prevention instead of valuation.
- Quality achievement standard is zero error.
- Quality is measured with the price of conformity, not with indicators.

When all these definitions are regarded, quality is defined as "the degree of conformity of goods and services to customers' expectations and requirements or meeting these expectations and requirements most appropriately" (Barutçu, 2008)

That there are many definitions about quality results from the multidimensionality of quality and perception of quality in different ways. In 1987, the eight dimensions of quality was stated by Garvin as the following (Ardıç and Güler, 2000):

1. Performance: Primary features in a product or service ( For instance, the speed of a car or the image definition of a television),
2. Features (Sight): Key features providing an attractive view to product),
3. Reliability: During the use age, the durableness of performance features of product,
4. Conformity: Conformity to specifications, documents and standards,
5. Durability: Long lasting usability in technique and economic dimension,
6. Serviceability: Easy solvability of problems and complaints.
7. Esthetic: Charm and having an ability to satisfy the needs in terms of sense organs (sight, smell, taste and feeling)
8. Perceived quality: The quality that customer perceives (image).

## **6. SERVICE QUALITY**

Most of the time, service quality is closely connected with the performance of personnels. While setting some quality standards in services, although the circumstances; such as, the time spared to customer and waiting period can be expressed numerically; to measure and to standardize interpersonal relations and quality of communication (friendliness, interest) are much more difficult (Öztürk, 2003).

That services are intangible brings about service quality is intangible as well. Therefore, concerning service quality, the concept of “perceived service quality” is often used instead of “service quality” in literature (Uyguç, 1998).

### **6.1. Service Quality Models**

Due to the distinctive features of services, the non-measurability of services in an easy way, also the increasing importance of service sector direct us to new quests providing the measurability of services.

#### **6.1.1. Grönross’s “Perceived Service Quality Models”**

Christion Grönroos analyzed service quality under three elements and conceptualized as perceived service quality models. These elements are:

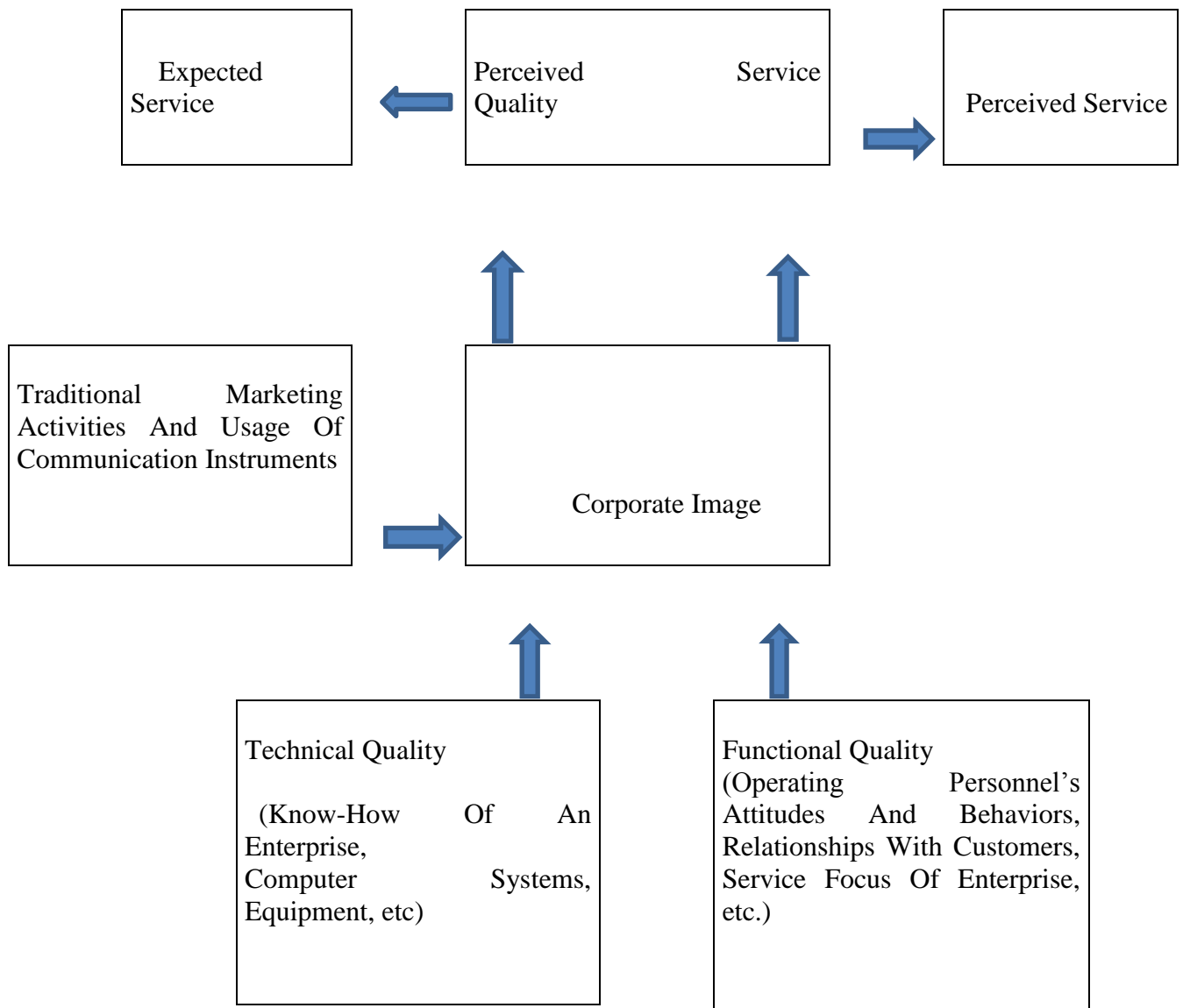
1. Technical quality
2. Functional quality
3. Image

Technical quality is described as the satisfaction that customer gets from service results. Technical quality is seen easily than functional quality and can be measured objectively by customer. Because, it brings technical solutions for customer’s any problem.

According to research results, while a high functional quality causes that the small defects in technical quality can be tolerated by customer, if technical quality of service is in adequate level; however, functional quality is not, the sense of dissatisfaction will generally have an impact upon the customer independently from the satisfying level of technical performance (Öztürk, 2003).

Image includes the factors affecting the image of enterprise; such as, external appearance, word of mouth marketing, price and public relations out of technical and functional quality and affecting perceived service quality. Image is very important for services and can affect customers' perceptions. If service provider has a positive image in customer's mind, minor mistakes can be forgiven; however, if the mistakes often occur, image can be tarnished.

**Table 1.6.1: Perceived Service Quality Model**



**Reference:** Grönroos, 1984, Aktaran Barutçu, 2008

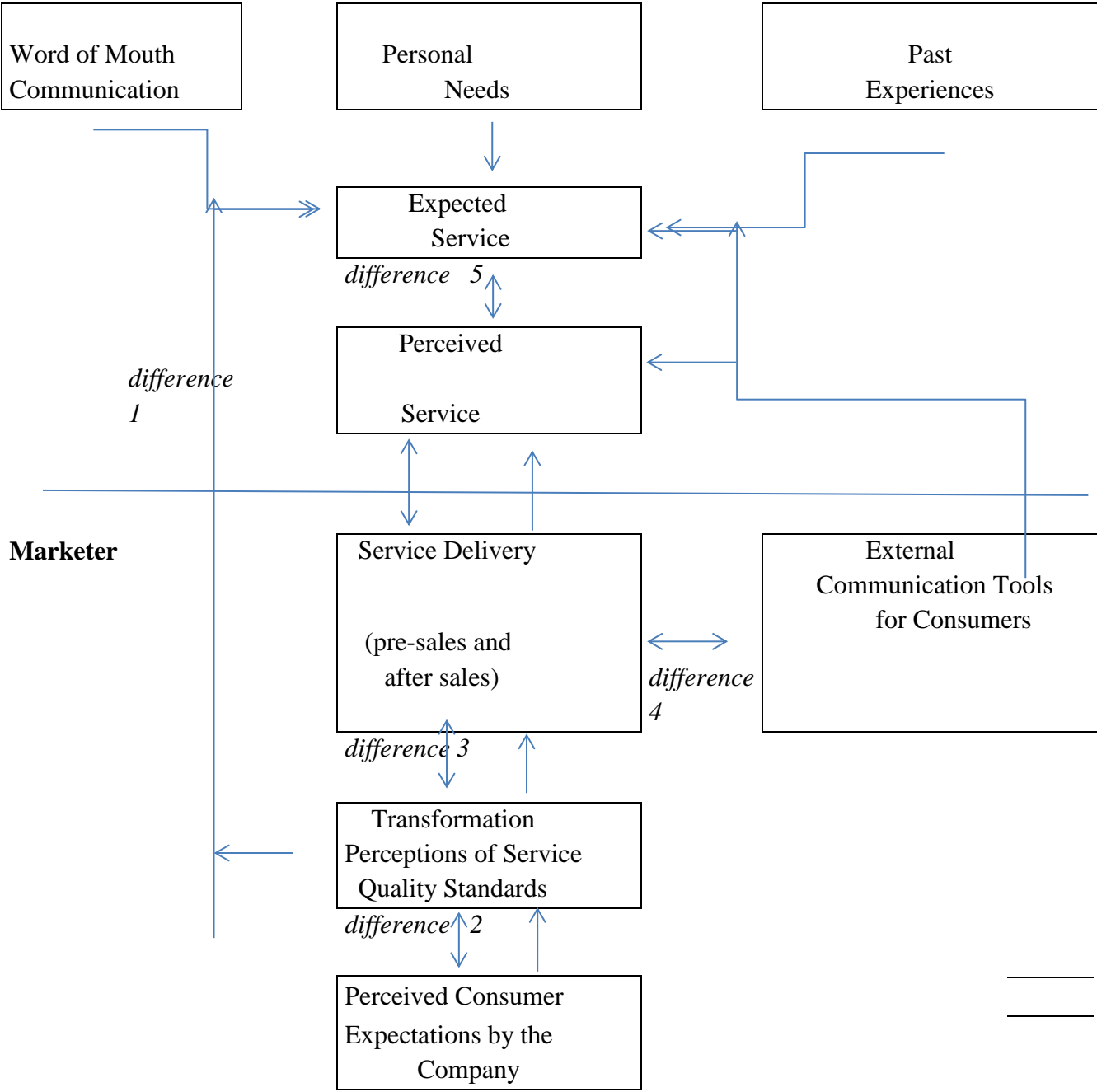
### **6.1.2. Parasuraman, Zeithaml and Berry's Service Quality Model (Gap Model)**

According to Parasuraman and his friends, service quality has five dimensions. These are: Reliability, to react (respond), assurance, empathy and physical assets. These five factor were derived from ten service components: Reliability, respond, competency, attainability, courtesy, communication, reputation, security, understanding customer and physical assets (Öztürk, 2003).



**Table 1.6.2 :Service Quality Model**

**Consumer**



Reference: Parasuraman, Zeithaml and Berry, 1985

In Service Quality Model, (Figure 10), the five gaps affecting customers' quality perceptions and the factors causing the formation of this gap are analyzed. The definitions of gaps are indicated below (Parasuraman, Zeithaml and Berry, 1985; Parasuraman, Zeithaml and Berry, 1988):

**The Difference between Customer Expectation and Managers' Perceptions in the Subject of Customer Expectation:** This difference arises that due to the lack of communication between service business and business customers and due to the fact that marketing research is not conducted, managers are not able to determine customers' quality expectations precisely and correctly.

**The Difference between The Perception of Customer Expectations by Management and Features of Service Quality:** Even if managers perceive customer expectations about service quality correctly, there can be a difference between the quality which customer expects and quality features of service provided. This difference arises that due to the inability in planning and standardization and due to the fact that management does not give support the quality adequately and set its objectives completely, customer expectations cannot be turned into quality standards.

**The Difference between Features of Service Quality and Service Provided:** It arises from that although service business determines the suitable service feature; it is not able to provide the services suitable for these features. When uneducated, non-motivated and alienated personnels are reluctant to provide the service in intended level or unqualified to provide service; the difference between the features of service quality and service provided grows.

**The Difference between the Service That Business Promises to Provide and the Service That Business Provides:** In the event that service businesses are not able to offer the service which they noticed via advertisements, personal selling and public relations, the difference in question grows.

**The difference between expected service and perceived service:** The difference between expected service and perceived service occurs as a result of the four differences arranged in order before and affecting customers' quality perceptions. Perceived service quality is the result of a comparison between the previous expectations which customer has not got the service yet and the real service experience which customer benefitted and is evaluated as the direction and extent of the difference (gap) between customers' expectations and perceived performance. The relation between expected service and perceived service can be explained in this way:

(Parasuraman, Zeithaml and Berry, 1985)

- If Expected Service > Perceived Service, perceived quality is far from being satisfactory and an unacceptable quality level consist.
- If Expected Service = Perceived Service, perceived quality is satisfactory.
- If Expected Service < Perceived Service, perceived quality is higher than the satisfactory one and ideal quality level consists.

### **6.1.3. Measuring Service Quality and SERVQUAL Method of Analysis**

Measuring service quality is very important for service businesses. If the quality of service which service business provides is not able to be measured, it is stated that quality cannot be enhanced. It is explained that quality needs to be measured absolutely, if quality cannot be measured, it cannot be evaluated and improved. (Parasuraman, Zeithaml and Berry, 1985)

SERVQUAL Scale which Parasuraman, Zeithaml and Berry (1985, 1988) developed is the most used method for the measurement of service quality. In this model, perceived service quality is evaluated by considering quality extents.

Parasuraman, Zeithaml and Berry (1985) prepared 97 questions intended to be measured service quality by benefitting from the extents of determined service quality. In these questions prepared by using 7 point likert scale, (1- Strongly disagree, 7- Strongly agree) in the first stage, there are the questions intended to measure consumers' expectations for a certain service sector and in the second stage, there are the questions intended to measure the quality level which consumers perceived from service.

With the calculation of the difference between the points that customers give in the subject of service expectations and perceived quality, average SERVQUAL result is determined. With the factor analysis carried out from the data acquiring from these researches, 97 questions were decreased 34, and later on 22.

(Parasuraman, Zeithaml and Berry, 1988)

**Table 1.6.3: Combined Service Quality Extents**

Extent	Definition
Physical features	The physical appearance of the tools, communication materials, personnel and the place where service is provided
Reliability	Perfectness, reliability, to keep a promise
Desirousness	Desirousness and helpfulness in order to provide service quickly and on time
Assurance	That employees are knowledgeable, polite and have a talent for gaining customers' trust
Sensitivity	That employees put themselves into customers' shoes and give consequence to customers personally

**Reference:** Süleyman ERSÖZ ve diğerleri, *Hizmet Kalitesinin Servqual Metodu ile Ölçümü ve Sonuçların Yapısal Esitlik Modelleri*, Int.J.Eng.Research&Development, Vol.1, No.1, January 2009.

To know these expressed extents and to learn the reasons of dissatisfaction of customers benefitting from service make possible that the necessary arrangements are made about running services in accordance with customers' necessities and requests and increase service activity.

SERVQUAL has variable potential fields of application. Service quality assists service and sales organizations in the evaluation of customers' expectations and perceptions. Also, it guides to management in the determination of the fields requiring improvement activity in order to improve service quality (Parasuraman, Zeithaml and Berry, 1988).

Service quality involves the all workings performed in order to meet, improve and enhance customers' requirements continually. This process involves the all activities starting from describing customer requirements to meeting these requests.

The customers, the propulsive power in improvement of service quality present the clues regarding that how an enterprise needs to produce a service by propounding their expectations. Customers' expectations, reactions, suggestions and complaints show an enterprise that how it needs to do what. It is reached qualified service by considering customers' opinions. In this sense, it is necessary to determine who the customers are and to put emphasis on customer concept.

## **7. Customer in Hospital Businesses**

In hospital businesses, customers have a heterogeneous structure. The thought that patients are the sole customer of hospital businesses lost validity considerably. In the past, while only patients came to mind, when it was said the customers in hospital businesses, at the present time, "all individuals and establishments attending the production process of healthcare services" are accepted as the customer (Kavuncubaşı, 2000).

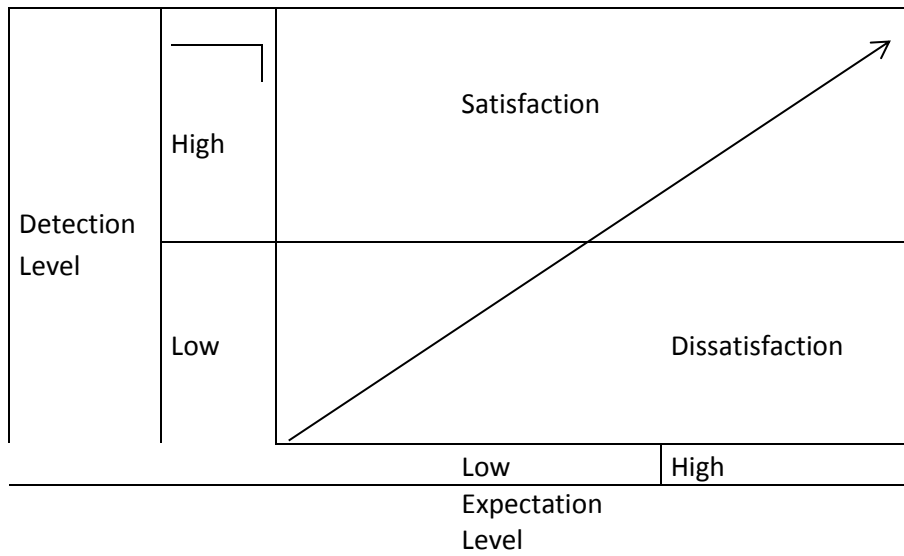
The individuals or groups working in hospital businesses or having a relationship with hospital businesses compose internal customers. Medical professionals (specialists, physicians, nurses, physician assistants, etc.) top executive and middle level managers, technical staff, support staff, stakeholders of business and consultants compose the internal customers of hospital businesses. Individuals and establishments benefitting from healthcare services directly or indirectly are the external customers of hospital businesses. In hospital businesses, patients are generally defined as primary customers and also compose a large external customer group.

### **7.1. Customer Satisfaction in Hospital Businesses**

Hospital businesses have a large and heterogeneous customer group that they need to satisfy. The succession of hospital businesses is based on their abilities that they can meet these customers' requests and expectations. As all customer groups' requests and expectations are different from each other, hospital managers need to develop different strategies in order to satisfy every customer (Kavuncubaşı, 2000).

In hospital businesses, the primary factor determining patients' satisfaction is customer expectations and the secondary factor is customers' perceptions relating to the service they get. Customer satisfaction is described in this way (Kavuncubaşı, 2000):

**Table 1.7.1: Measurement of Patient Satisfaction**



Reference: Kavuncubaşı, 2000

When customer expectations are met ( $\text{perception} > \text{expectation}$ ) customer can satisfy the service that he/she get. According to the figure above, the customer on the section of thick line satisfies, the customer under the section of line does not satisfy.

Hospital managers need to determine the factors affecting patient satisfaction in order to satisfy patients and meet their requests and expectations. Thus, managers can plan what need to do in order to raise satisfaction level. Patients' relationships with hospital employees, physical environment of hospital, cleaning, security services, catering, bureaucratic procedures during that a patient executes transactions in hospital, informing patient and his/her relatives, trusting in medical staff ( physician, nurse, etc.) and other staff members and patient's healthcare service fee according to his/her social security can affect patient satisfaction. Patient satisfaction causes that patient recommends hospital to his/her relatives and acquaintances, comes to hospital again and remains loyal to hospital (Kavuncubaşı, 2000).

In hospital business, one of the elements affecting service quality is providing employees' satisfaction. Employees are seen as an important organ in order that hospital business realizes its objectives. For this reason, in hospitals, the most complex structure among service businesses, personnel management and satisfaction needs a planned work (Sevimli, 2006).

In hospital businesses where personnel satisfaction is high, patient satisfaction in high level is expected. For this reason, the satisfaction level of patients and personnels needs to be measured periodically.

In order to increase the general performance of hospital business, the most pertinent data is acquired in this way. Evaluating results, identifying problems and planning improvement activities provide to increase the quality of healthcare service.

It is accepted that one of the factors affecting patient and employee satisfaction is the environment where service is rendered. That patients and employees are in a clean and hygienic environment, feel safe themselves, nutritious, qualified and hygienic catering is offered on time and in suitable conditions affect satisfaction level. Catering can be evaluated as the most important service affecting employees' satisfaction among security, cleaning, kindergarten and parking, etc. services that hospital businesses offer to employees.

## SECTION 2

### OUTSOURCING IN HOSPITALS

#### 1. THE CONCEPT OF OUTSOURCING AND HISTORICAL DEVELOPMENT

##### 1.1. Concept and Development of Outsourcing

The last quarter of the 20th century, one of the concepts based on the new approaches emerged as a result of the paradigm shift in management field is the concept of outsourcing. When the emergence of this concept and the organizational resources of this concept are analyzed, it will be seen that outsourcing is a strategic application focusing the business to major activity (Juma'h and wood, 1999).

The all functions of an enterprise may not carry a critical and strategical value. Some functions for an enterprise are more strengthless than their competitors and can create an incompetence field. The functions not having a strategic importance can prevent to develop the competencies which are in the own industry of enterprise and which can drive forward the enterprise compared to other firms by consuming the energy of it (Holcomb and Hitt, 2007).

At the present time, enterprises can focus on their major activities by transferring the functions not having a strategic importance to external resources. Also, they reduce costs by providing time and resource saving. Therefore, at the present time, outsourcing is accepted as a rational choice for most enterprises (Coşkun, 2002).

**Table 2.1.1: The Historical Development of Outsourcing**

<b>1989</b>	The example of Eastman Kodak
<b>1970's</b>	Adopting academic studies as a management approach
<b>18th century</b>	The maintenance of street lamps and roads, transporting prisoners, postal services, railway construction and management, administration of water containers.
<b>19th century</b>	Firearm production
<b>Roman period</b>	Tax collection



**Reference:** Atila KARAHAN, *Dış Kaynak Kullanımının Verimlilik Üzerine Etkisi; Hastane Yöneticileri Üzerine Bir Araştırma*, Balıkesir Üniversitesi, Sosyal Bilimler Enstitüsü Dergisi, Cilt 12, Sayı 21, Haziran 2009.

*To the outsourcing implementation in old meaning*, Romans applied outsourcing on the purpose of the collection of taxes effectively. In the 18th and 19th Centuries, in England, outsourcing was used in some fields, such as; collecting domestic sewages and industrial wastes, maintenance of roads, prison management, collecting taxes and maintenance of street lamps. In the long period of 19th Century, in USA and Australia, mail delivery was carried out by private corporations. In France, the works, such as; railway construction and management, water storage and distribution were exported (Kakadabse and Kakadabse, 2002). Therefore, at the present time, that outsourcing is a popular management thought underlies the economic stagnation and extremely competitive business environment starting in American economy and also spreading other countries in that period.

*In the outsourcing in modern meaning*, organizations go by the purpose of providing cost advantage. In 1980's, as a result of the ongoing economic stagnation, enterprises have begun to dispatch their support activities to the establishments in abroad by building consensus in the necessity of focusing on their core competencies strategically (Lonsdale and Cox, 2000).

*The outsourcing implementation in strategical meaning* is that enterprises have other firms do via outsourcing not only the activities used frequently in the previous period and the activities not having a critical importance strategically, such as; maintenance, repair, cleaning, distribution; but also, the activities providing a competitive advantage in their own markets; such as, design, marketing, human resources, finance, advertising, research-development and informatics (Öztürk and Özata, 2010). In 1990's, while the issues of quality and reliability became more important, enterprises regarded resourcing as a more valid reason than the justification of cost reduction in order to be improved these competencies (Kotabe and Murray, 2004).

### **Table 2.1.2: Meanings of Outsourcing**

	Outsourcing in old meaning	Outsourcing in modern meaning	Outsourcing in strategical meaning
Root causes	<ul style="list-style-type: none"> <li>-Productivity</li> <li>-Cost reduction</li> </ul>	<ul style="list-style-type: none"> <li>-Productivity</li> <li>-Focusing on core competencies</li> <li>-Providing complementary capability</li> </ul>	<ul style="list-style-type: none"> <li>-Productivity, innovation and adaptation</li> <li>- Flexible solutions for customers</li> <li>-Reconditioning business process</li> </ul>
Outsourcing activities	<ul style="list-style-type: none"> <li>-Secondary activities (peripheral)</li> </ul>	<ul style="list-style-type: none"> <li>-The activities near to core competencies (near core)</li> </ul>	<ul style="list-style-type: none"> <li>-Major activities</li> </ul>
Relational characteristics	<ul style="list-style-type: none"> <li>-Integration rate is low</li> <li>-Sole source provider</li> <li>-Strength and size assistance to parent company asymmetrically</li> <li>- Separating the activities implementing outsourcing from parent company. Just continuing the responsibility in a single point.</li> </ul>	<ul style="list-style-type: none"> <li>-Integration development</li> <li>-Strength and size assistance to parent company asymmetrically</li> <li>-More than one external source partner; however, the concentration is still on one partner</li> <li>-Significant resources are under the control of parent company</li> </ul>	<ul style="list-style-type: none"> <li>-Virtual integration</li> <li>-An ambiguous asymmetry</li> <li>-Forge closer ties with all partners individually</li> <li>-In order that parent company extend their limits and for virtual supply chain, real time information sharing with outsourcing partner</li> </ul>
Critical Success Factors	<ul style="list-style-type: none"> <li>- The subcontractor firm is more productive than parent company</li> <li>-Confidence factor in supplier choosing</li> <li>-Determining</li> </ul>	<ul style="list-style-type: none"> <li>-Creating an agreement flexibility for technological change and capital increase</li> <li>-Preventing information leakage about the competencies which an</li> </ul>	<ul style="list-style-type: none"> <li>-Supporting value increase, flexible and responsible consumer solutions</li> <li>-Determining core competencies clearly and transparently</li> </ul>

	hidden costs and making the stipulations about cost structure in agreement clear.	enterprise has in outsourcing processes -Standardization of agreements and technological issues.	-Standardization of outsourcing process -In the issues of business processes, while it is given more support to outsourcing partners, the parent company sustains its control in business processes
Performance Measure	-Cost reduction	-The effects of outsourcing on the whole business performance	-Business process change and success of achieving business purposes

Reference: Öztürk and Özata, 2010

## 1.2. Definition of Outsourcing

There are many definitions about outsourcing. A part of these definitions are herein below.

Outsourcing is the process of contracting out a business process which an organization may have previously performed internally or the company deems necessary or important, to an independent organization where the process is purchased as a service. Though the practice of purchasing a business function—instead of providing it internally—is a common feature of any modern economy, the term outsourcing became popular in America near the turn of the 21st century. An outsourcing deal may also involve transfer of the employees involved to the outsourcing business partner ("Terms and Definitions". [ventureoutsource.com](http://ventureoutsource.com)).

Outsourcing means that enterprises take over the works in which self or core competencies are not used, from other leading expert enterprises except for only the works which are based on enterprises' own competencies and abilities and except for the enterprise's own business(Özbay, 2004).

Outsourcing infers that the enterprises carrying on a business in different places, collaborate each other complementarily and perpetually in the variable processes of production of goods and services (Greenberg vd. 2008).

Outsourcing is the work that some enterprises have the outside organizations do their recurring internal activities and decision making mechanisms as written in contract (Greaver, 1999).

Outsourcing is defined as that enterprises perform their coordination and control functions substantially and appeal to the expertise of other enterprises in other business management activities; in other words, give the job to outside organizations (Koçel, 1995).

In the definitions for outsourcing in management literature, even if there is a definitional complexity as many disciplines, outsourcing is defined as “supplying a production or service from the resources except for one’s own business.”

Outsourcing is that an establishment transfers its activities which are not among their core competencies to a crackerjack and effective service provider (Elmuti ve Kathawala, 2000).

This implementation is an important step which provides saving substantially in terms of time and costs. In this way, an enterprise also attains the quality that it wants thanks to the experted supplier and the productivity capacity of establishment increases (Ecerkale and Kovancı, 2005).

In another definition, outsourcing is defined as “that an enterprise does not carry out the whole activities which it needs to do and transfers these activities which will be carried out to another expert enterprises in this subject or an enterprise has outside organizations do the businesses, except for its major field of activity instead of doing every businesses itself” (Budak ve Budak, 2004).

Outsourcing is a modern management strategy enabling that an enterprise focuses on the activities providing a competitive advantage and provides the activities which it does not specialize in its own professional field via the enterprises which are out of the expert organizations in this subject. In the most general expression, it means that enterprises have another firms produce goods and services that they can produce themselves and it is involved in literature as “outsourcing”.

## 2. THE CONCEPTS ABOUT OUTSOURCING

### 2.1. Strategic Management

Strategic management is an ongoing process evaluating and controlling the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i.e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment." <sup>[2][3]</sup> Strategic Management can also be defined as "the identification of purpose of an organization and plans and actions to achieve the purpose. It is that set of managerial decisions and actions determining the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals" (<http://en.wikipedia>) ((Lamb, 1984: ix) ^ Lamb, Robert, Boyden *Competitive strategic management*, Englewood Cliffs, NJ: Prentice-Hall, 1984)).

Within in the strategic management process, it is certain that even if outsourcing does not improve the skills about important works and activities, it improves strategic management skills. In other words, via outsourcing, an enterprise terminates its some activities naturally; however, it deals with core competencies and activities which are more important for it and gains strength by sparing much time and resource to them (Ülgen and Mirze, 2004).

### 2.2. Core Competence

Core competence expresses an information, skill and talent distinguishing an enterprise from other enterprises, playing an active role in which an enterprise achieves its vision and not being imitated by competitors easily (Koçel, 2001).

The features of core competencies are arranged as that they are mastership and information batch, are limited numbers and they are selected in the fields where they will fill the blanks and deficiencies in value chain (Gençyılmaz and Zaim, 2000). That enterprises determine their core competencies is quite important in terms of planning activities.

After enterprises determine their core competencies, they should decide whether it is required outsourcing or not. Via outsourcing, enterprises can provide competitive advantage in market by focusing better on these core competencies which are important for them.

### **2.3. Downsizing**

Downsizing expresses that business management reduces number of employees, costs and processes with the decisions they take and the strategies they implement consciously (Koçel, 2003). Downsizing indicates the tendency of organization structures from existing position to ideal position.

### **2.4. Vendor**

Vendor means that in any sector in a specific field, the firms which are equipped with the whole competencies of this field and which use their properties in order to produce goods and services. Thanks to vendor, parent company transfers its activities except for its own core competencies to this firm via outsourcing (Mieghem, 1999).

### **2.5. Sub-contracting**

The concepts of outsourcing and subcontract are the concepts completing each other; however, they are different from each other. Subcontract is that an enterprise transfers a part of its production processes to another enterprise in domestic or foreign within the contract. In this sense, subcontract is the contract which is signed between parent company and vendor. While outsourcing comprises continuous agreements being planned in long term, subcontract states short term and temporary agreements of two enterprises (Mieghem,1994).

### **3. ADVANTAGES AND DISADVANTAGES OF OUTSOURCING**

#### **3.1. Advantages**

The advantages that enterprises gain in outsourcing were determined with many researches. We can array them as following: (Lonsdale and Cox, 2000; Embleton and Wright, 1998; Kakabadse and Kakabadse, 2003; Emülzer Bilgi Notları, 2005; [www.emulzer.com.tr/download/outsourcing2005haziran.pdf](http://www.emulzer.com.tr/download/outsourcing2005haziran.pdf), 13.04.2008).

- Taking the opportunity of focusing on core competencies
- Decreasing costs
- Downsizing of organization structure
- Improving productivity with developing work processes
- Decreasing capital dependency by controlling capital cost
- Achieving in risk management by sharing risk with supplier firm
- Meeting changes in demand
- Providing an advantage from knowledge and skills of supplier
- Converting fixed costs into variable costs
- Bringing flexibility to establishment
- Following technology by benefitting from the specialties of supplier
- Gaining access to high quality and reliable service, qualified employee
- Expanding the capacity by providing source saving
- Taking the opportunity of focusing on strategic subjects

#### **3.2. Disadvantages**

For the purpose of transferring a function of an enterprise in any field to another establishment, however outsourcing has many advantages; it includes some risks about this subject.

These risks are generally that

- It is lost the skills of enterprise and developed wrong skills
- It is lost the flexibility of enterprise

- It is lost the control on the enterprise providing external source and become over dependent
- The regulations in number of employees disturbs employees
- Enterprises focus on short term economic targets
- Enterprise tends towards one-sided interest instead of sharing risk
- Enterprises do not trust each other
- In long term agreements, cost increases in an enterprise due to the fact that the fluctuations are not taken into account in the demands which can change cost elements
- Some critic knowledge can stay in external source
- Some problems about external source provider can reflect to establishment directly.

#### **4. THE REASONS OF OUTSOURCING**

Outsourcing is among the most preferred methods at the present time. These reasons are as the following.

##### **4.1. Technological change**

In order that enterprises realize their aims, technology are composed of machine, tools, knowledge and processes which are used for carrying out the necessary activities (Özgen, 2002). On the one hand, technological developments provide various conveniences and flexibility; on the other hand, high infrastructure expenditures and the requirement of the expert employees in data processing field become evident. This situation both increases choices and opportunities of outsourcing which are demanded by establishments and assists to be reduced the risks which will arise from outsourcing (Klepper and Jones, 1998).

##### **4.2. Supplier Advantage**

The suppliers having high quality, cheap workforce and good project management skills have important advantages in terms of both quality and costs.



As supplier companies have long term knowledge skill and talent in a business they do, employees are expert in this field, follow technological innovations and that enterprises carry out a business with lower cost than the cost they may bear by making a new investment; the demand for supplier companies increase ( Öztürk ve Özata, 2010).

#### **4.3. Reducing Costs**

Enterprises aim to make the best production and give the best service with the lowest cost in order that they can make profit creating main targets and compete with other enterprises.

By virtue of the fact that the activities except for core activities are transferred to the expert enterprises in its field, additional costs which will arise at the present time and future can be prevented and controlled (Embleton ve Wright, 1998; Lankford and Parsa, 1999).

#### **4.4. Improving Core Competencies**

Enterprises focus on doing the businesses they know well, providing other works except for the works they know well from the external sources which can know and do this business by far the best and making innovation perpetually. Therefore, enterprises direct their time, strengths, labors, sources, employees, knowledge, experiments and all other resources in order to do the core business only. As a result, enterprises increase their expertise in their core businesses by focusing on their core competency (Özbay, 2005).

#### **4.5. Flexibility Requirement**

Flexibility can be defined as to make change in order to achieve a certain goal, reply to unexpected changes perpetually and comply with unexpected results of change (Nemli,1998). In the periods in which demand is low, enterprises can increase their production costs as result of the fact that they work with low capacity. Therefore, especially in the conditions in which demand fluctuations are frequent, enterprises can gain speed and share risk on the subject of production flexibility and responding the demand by transferring processes to enterprises that can respond to variable demand. For this reason, outsourcing presents attractive opportunities to enterprises (Heikkila and Cordon, 2002).

#### **4.6. Increasing Competitive Power**

Outsourcing is seen as a practice providing competitive and differentiation advantage in recent years. Enterprises can increase their competitive powers thanks to the benefits of outsourcing; such as, reducing costs, providing flexibility, reducing variable cost structure and risks, improving quality, following technology, and increasing productivity. Hence, enterprises can get the edge over other enterprises in changing market conditions (Tanyeri ve Firat, 2005).

#### **4.7. Downsizing**

The reasons of downsizing of enterprises are; reducing costs, expediting decision process, generally working on a result-based basis, focusing on customer needs, increasing productivity, accelerating employee empowerment, providing the implementation of new ideas in short time, increasing synergy, monitoring personal responsibilities easily and reducing communication breakdowns. In order to achieve these goals, enterprises consciously decrease the number of employees working actively, position and hierarchy levels. In this sense, outsourcing provides downsizing (Özbay, 2005).

#### **4.8. Reducing Risk**

Another important reason in business level that enterprises prefer outsourcing implementation is the request of reducing risk. Risk means the possibility that the investments made by enterprises return to firm in a different condition from planned one. That the investments are made in variable fields, are sizable in terms of concept and financing or its variability increase risk ratio. Also, in realized investments, the reasons; such as, making mistakes in project management, wrong technology selection, lack of resources, not having target management increase the risks of enterprise in investment stage (Öztürk and Özata, 2010).

The enterprises entering into restructuring tend towards outsourcing implementation in order to share risk with surrounding firms and to reduce risk. Therefore, the risk pressure on an enterprise reduces gradually as it spreads to cooperative enterprises connecting each other with outsourcing (Öztürk and Özata, 2010).

#### **4.9. Providing Financial Resources**

There is a significant competition among enterprises for financial resources. Enterprises must use their financial resources optimally. Outsourcing provides this opportunity to an establishment. Outsourcing reduces the costs needing to be transferred from capital to the businesses except for our core competency. Thus, transferring more capital to the businesses about core competency is provided (Özbay, 2005).

#### **4.10. Improving Quality**

Many enterprises use outsourcing implementations as one of the techniques of total quality management. Enterprises can reach the quality level that they desire for any function by using external source with a selected supplier company. That the implementations of outsourcing can be successful as a quality system is possible when an enterprise finds supplier companies which will do the activities except for the enterprise's own core competencies with higher quality. For this reason, supplier companies need to be an expert in the business they do and to have a power fulfilling the needs of enterprise (Özbay, 2005).

Outsourcing can be used as one of the techniques of total quality management as well. Thus, the firms providing outsourcing from expert firms can reach the high quality level they aim (Olgun, 2006; Akbulut, 2000).

#### **4.11. Ranking among Successful Establishments**

That the enterprises can reach a leading position in their own sectors can be possible with necessary research-development opportunity and financial resource for the activities producing most value to them and qualified man power that they can have in this subject. In order that enterprises can be successful in this struggle, the implementation of outsourcing provides a significant convenience, enhances the quality of connections between enterprises and other collaborator subcontractor firms and thus source and technology transfer as well (Öztürk and Özata, 2010).

## **5. OUTSOURCING PROCESS**

Outsourcing is a process composing of interconnecting stages. In this process, the all factors which may affect an enterprise should be analyzed ideally; because, outsourcing is a strategic decision.

### **5.1. Determining Needs**

When enterprises need outsourcing, they should determine in which field they will use external source by evaluating their own organizations. The functions performed actively by the employees within an enterprise should be held in this enterprise and it should be resorted outsourcing for the functions not having a strategic importance and not performed actively by employees.

### **5.2. Taking Outsourcing Decision**

After the services which will be bought by an enterprise from other firms, these services should be evaluated in terms of meeting the needs, benefits for the customer group who it serves and for itself and the risks which will rise. This decision is of vital importance for an enterprise and affects quality and cost of service directly (Sağnak, 2010).

### **5.3. Determining Strategy**

While outsourcing strategies are determined, the points to consider are that

- The aims and objectives of an enterprise should not contrast with outsourcing strategy.
- Enterprises should determine their functions inside and outside of core competence.
- The quality level and standards desired to reach should be determined.
- The time benefitted from supplier firm should be determined.
- It should be created a suitable environment to be successful.
- The reliability of supplier firms should be researched.
- It should be clarified to technical subjects and conditions (Sağnak, 2010).

#### **5.4. Preparing Proposal Form**

Preparing proposal form properly, inclusively and broadly is a significant, difficult and time-consuming process.

Using proposal form is important because of the fact that it is provided information about scope, time, quality and cost of the service which the probable external sources will provide to enterprise, it creates a competitive environment among the enterprises which are active in market and gives a chance to enterprise for the purpose of carrying out the evaluation.

#### **5.5. Selection of External Source Provider**

While suppliers are evaluated, proposals and information on the form may not be sufficient. In addition to this, many factors; such as, supplier's know-how, cultural structure, capability, successes, certificates and financial condition should be regarded.

In general, required features in the suppliers that will be benefitted from are;

- Adequate knowledge and know-how about subject
- Experience
- Proper references
- Strong background
- Financial sufficiency
- Creativity
- Common culture and values
- Opportunities that they have
- Ease of doing business
- Employee capability
- Customer relationships
- Suitability of proposal form (Sağnak, 2010).

## **5.6. Creating an Active Relationship with Outsourcing and Continuing It**

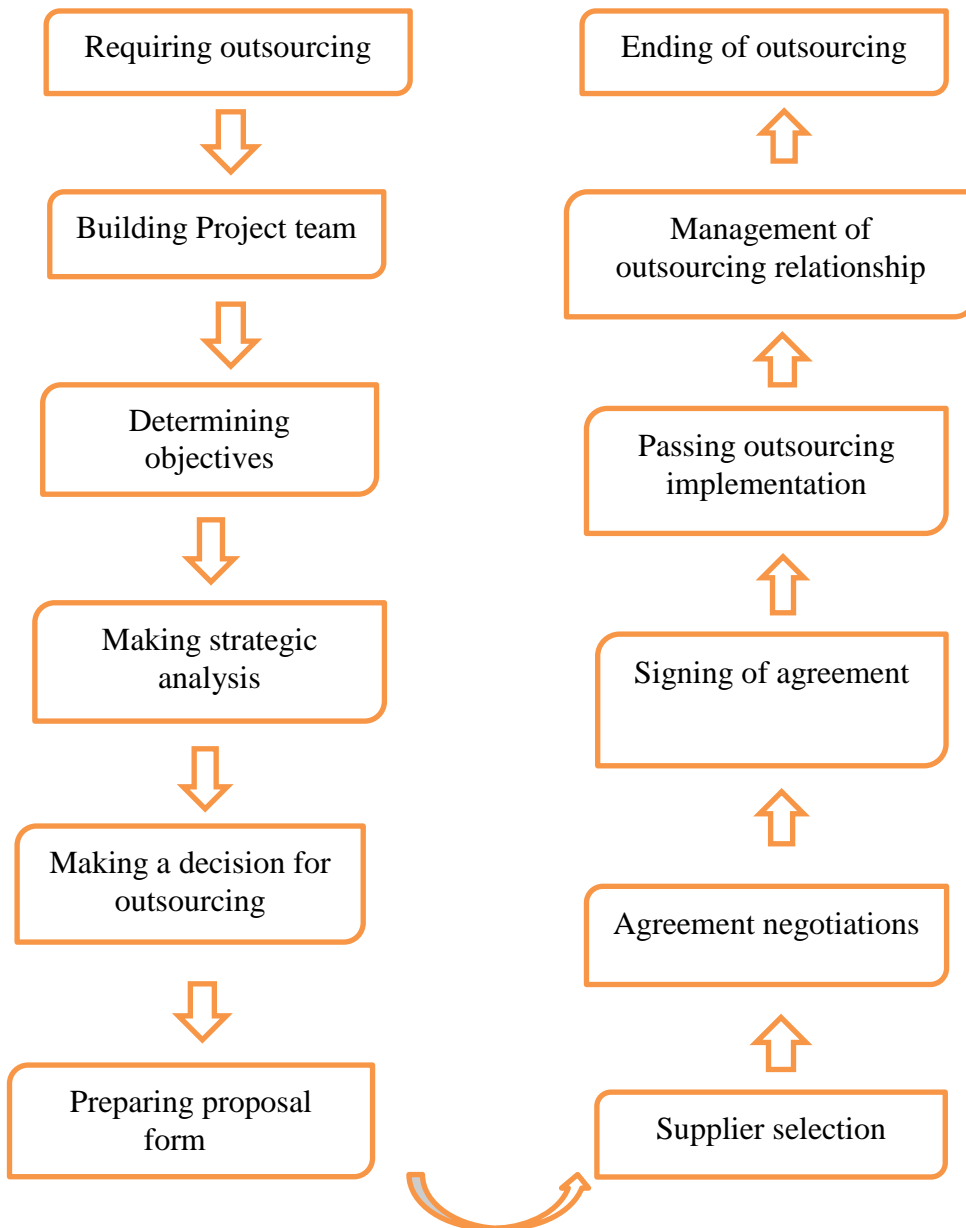
In terms of the continuation of relationship, some agreements become a part of this activity. An agreement is the result of meetings or objective product. Hence, contract should reflect common ideas of both of the two parties about all subjects.

While there are different organizations depending upon the company and the subject that the agreement involved, generally, the agreement compose of three main sections;

- General information
- Mercantile part
- Quality issues (Eğin, 2009)

Agreements should be prepared meticulously and should contain all kinds of detail for the avoidance of doubt. In order to benefit from successful external sources, coordination, control and communication should be complete. The matters defined in the agreement and the punishments in the event that matters are not put into practice should be remarked clearly.

**Table 2.5.1: The Process of External Source Implementation**



**Reference:** Öztürk and Özata, 2010

## **6. TYPES OF OUTSOURCING**

### **6.1. Pure/Hybrid Outsourcing**

Pure outsourcing is defined as performing an activity apart from an establishment completely. As for hybrid outsourcing is implemented in order to reduce cost in general as a new trend. In hybrid outsourcing, there is an intermediary corporation/firm ensuring coordination between enterprise and supplier firm. An enterprise determines an intermediary firm in order to carry out the activity it determines. Intermediary firm implements outsourcing, one of or some of the outsourcing types, such as, off-shoring, near-shoring, out tasking in order to perform an activity. Intermediary firm works with a supplier company chosen by it ensures coordination by reporting regularly the workings about supplier firm to establishment. In critical subjects about activity, intermediary firm can keep hold of control and can carry out these critical subjects itself.

### **6.2. Full/Quasi Outsourcing**

Outsourcing is used by many enterprises increasingly. Enterprises implement full outsourcing by drawing up an agreement with supplier firm or implement quasi-outsourcing by getting into a partnership with supplier firm in order to carry on their activities Quasi-outsourcing is seen as an alternative method in order that an activity is carried out within the structure of company or via full outsourcing. That the activity carried out in an enterprise is performed via quasi-outsourcing can save the enterprise from bureaucratic restrictions. Supplier firm is a part of the enterprise in quasi-outsourcing. However, establishments should conduct very tight supervisions for quasi-outsourcing upon the activities (Barthelemy and Dominique, 2005).

### **6.3. Tactical/Strategical Outsourcing**

Outsourcing is divided into two parts as tactical and strategical outsourcing depending on the level of decision analyses (Rodriguez and Robania, 2004). Tactical outsourcing is defined generally as the outsourcing including intuitive and cost-oriented decisions and ignoring potential benefits and risks. Tactical outsourcing involves shorter-term agreements compared to strategical outsourcing and it is implemented easily and fast. Tactical outsourcing involves the activities which service provider does not need to show special ability; such as, canteen and cleaning services (Rodriguez and Robaina, 2004).



#### **6.4. Outsourcing According To the Type of Relationship between Establishment and Supplier**

Outsourcing is separated into four groups in terms of the relationship between enterprise and supplier (Budak and Budak, 2004; Gençyılmaz and Zaim, 2000):

*Outsourcing as Peripheral Services:* Many enterprises give peripheral services; such as, refectory, cleaning, cafeteria services to another supplier and perform the other rest of activities within itself. Thus, enterprises do not hire employees for peripheral services and they can obtain a flexible structure by focusing on their own activities. The most significant reasons that enterprises benefit from outsourcing in their peripheral services are: Reducing fixed costs, increasing elasticity in labor supply, productivity and efficiency.

*Outsourcing as networks:* This is a method that large-scale enterprises prefer. This method contributes that management moves away from centralization and obtain flexible, active and innovative structure. Thus, as a result of reducing bureaucracy, enterprises comply with variable market conditions and provide competitive advantage.

*Outsourcing in the way of cooperating with competitors:* Enterprises need to strategic cooperations in order to exist in competitive environment and to grow. With these cooperations, enterprises minimize the risk and also obtain strategy and tactic richness.

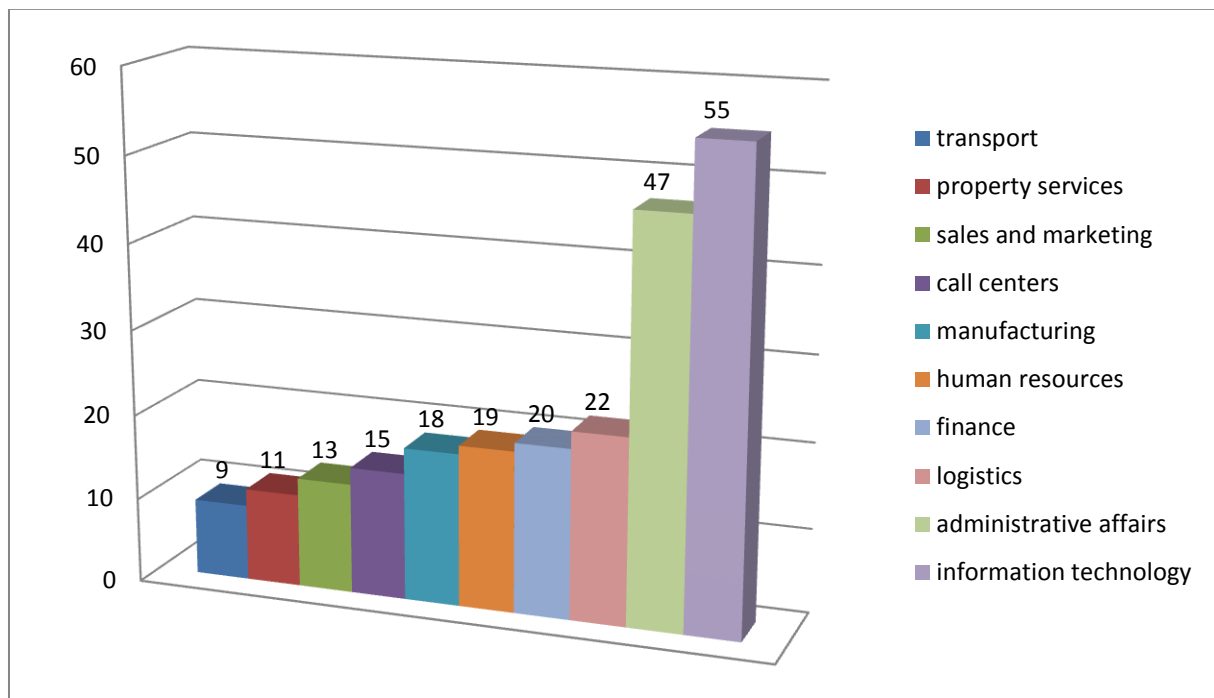
*Outsourcing in the way of cooperating with suppliers:* The strategic cooperations formed with supplier firms are one of the most important factors for the succession of outsourcing. Providing target unity with supplier firm increases the productivity of outsourcing. Within this structure, enterprises share benefits and losses with supplier firm.

## 7. DISTRIBUTION OF OUTSOURCING BY SECTORS

When we make an array respecting that on a global scale, big enterprises prefer which service for outsourcing implementation, it is understood that information services are the primary of this ordering (Outsourcing Institute, 2007).

At the present time, enterprises also provide critical functions; such as, human resources and finance via outsourcing. Because of the fact that, globally, the implementation of outsourcing becomes widespread and the current market extends gradually, it is foreseen that enterprises will increase the variety of services they demand (Aksu, 2006).

**Table 2.7.1: Distribution of outsourcing by sectors according to the research of Outsourcing Institute in 2007**



Reference: Outsourcing Institute, 2007

The reason why outsourcing ratio is very high in information services is the difficulties of finding expert employees in this service, high costs, obligation of following technological innovations all the time and increasing competitive power by removing renewal risk (Öztürk and Özata, 2010).

The second area which is mostly preferred is administrative affairs; in other words, management support services. The aim of outsourcing in administrative affairs is to reduce work load on management.

The third service area which is mostly preferred is distribution and logistics. At the present time, in distribution field, outsourcing grows increasingly in parallel with globalization and competitive intensity. Due to this, the most important reason why enterprises benefit from outsourcing on the subject of distribution is to render both costs and difficult distribution services inside the firm to customers by benefitting from expert firms (Öztürk and Özata, 2010).

It is also seen that enterprises tend towards outsourcing in finance field as well. Especially, the activities; such as, pay rolling, management of fixed values, accounting support, management reporting, inflation accounting, international reporting and taxation, purchasing and accounting services are provided via outsourcing (Currie vd. 2008).

Human resources is one of the field where enterprises tend towards outsourcing. In human resource management, we can sort outsourcing fields as following:

- Personnel selection and orientation
- Compiling personal information and keeping records
- Offering and evaluating education services
- Making wage researches
- Preparing job description
- Making job analysis
- Payroll services
- Performance management system
- Organizational culture and employee satisfaction survey

Call center services is also one of the outsourcing implementation that enterprises often prefer. To have information about customers and to transport their products to large masses as they want provide competitive advantage to enterprises.

## **8. OUTSOURCING IN HOSPITALS**

Hospitals are primary and one of the most important social institutions offering health services to society. Hospitals take some inputs from outside like the other enterprises, put these inputs through the process and present an output finally (Öztürk and Özata, 2010).

Hospitals are the structures in which the specialties are created. Hospital managements should find a solution against the situational variables that the chance of success is low in every specialty.

It is considered that with the method of benefitting from outsourcing, hospitals will become quality, affordable, active and productive health organizations using modern technology within modern management and organization principles. Thus, with the method of benefitting from outsourcing, competition will come to the forefront, therefore, hospitals will become special hospitals by purifying from some service departments; on the other side, it will be worked more with less employee (Kaplan, 2001).

### **8.1. DEFINITION OF HOSPITAL**

Hospital is an establishment where health service is offered and where the patients have inpatient treatment with this aim. Patients are treated for paid or free of charge. Hospitals are managed by public hospitals, private universities, associations and insurance companies for paid or free of charge. In the past, hospital services which were offered by religious organizations and volunteers are offered by healthcare professionals; such as, doctor, surgeon, nurse, midwife and pharmacist at the present time.

According to Management Regulations of The Ministry of Health for The Inpatient Treatment Services (1983), hospitals are the establishments where the people who are ill, wounded and who is suspicious of being ill and want to be controlled their physical conditions are examined, treated, diagnosed, rehabilitated, put under psychiatric observation with an inpatient or outpatient treatment and also where the people give birth.

According to World Health Organization, hospitals are defined as the organizations which are generally situated in one place or several places and which offer specialized treatment (diagnosis and disease healing) and care (except for levels of primary care) services

via healthcare professionals, technology and the inputs of other equipment for the purpose of providing some specific medical services.

## **8.2. FUNCTIONS OF HOSPITALS**

Hospitals have some duties that they should carry out in order to achieve their goals. These duties are gathered in seven groups which are medical, education, research, technical, fiscal, administrative and hotel management (Azaklı, 2005; Devebakan, 2002; Doğanay, 2008; Özdemir, 2007).

### **8.2.1. Medical Function**

Medical function which is the most basic function of hospitals includes treatment, diagnosis, observation, rehabilitation, clinic, polyclinic, operating room services provided to people who are ill, who feel ill and want to be controlled their physical conditions. Generally, the reason of the existence of hospitals and their basic functions are the production of medical service. The other duties except for this function are described as assisted support services. However, all duties carried out in hospital are the set of values that are tightly coupled each other and inseparable.

### **8.2.2 Education Function**

This function of hospitals turned them into educational establishments. The education function of hospitals includes education of medical students, in-service-training of employees, student teaching and education of public about health issues.

### **8.2.3. Research Function**

Diseases change all the time and therefore affect human body in different ways. For this reason, in the determinations of medical methods which will be used when diseases will be revealed and patients will be treated, research activities of hospitals come into forefront.

### **8.2.4. Technical Function**

The maintenance and repair of all kinds of tools and materials in hospitals are in the scope of technical function of hospitals. As a result of technological developments, while it is started to be used many new technical tools and electronic devices in hospitals technical services become important.

### **8.2.5. Fiscal Function**

Fiscal function involves the management of all income and expense transactions related to hospital. These are purchasing goods and services between the necessity of patients and employees and the production elements in medical service; such as, materials, tools, service, food, beverage, clothes, fuel, etc.; making payments; such as, employee's salaries, compensation, travelling allowance, etc. and budget adjustment.

### **8.2.6. Administrative Function**

The management functions, valid for all enterprise are also valid for hospitals. Carrying out the management functions; such as, planning, organizing, implementation, coordination supervision is included in the scope of administrative function in hospitals.

### **8.2.7. Hotel Management Function**

Hotel management function is the second important function after medical function for the enterprise providing medical service. The services, intended for fulfilling the needs; such as, sheltering, comforting, entertainment, food and security are handled in the scope of hotel management function.

## **8.3. CLASSIFICATION OF HOSPITALS**

Hospitals are divided into different categories according to their services, properties, average length of stay stay, vertical integration level and number of beds (Menderes and Ersoy, 1993).

### **8.3.1. Hospitals According to Number of Beds**

- 50 bed hospitals
- 50-100 bed hospitals
- 100-120 bed hospitals
- 200-400 bed hospitals
- 400 and above bed hospitals

### **8.3.2. Hospitals According to Properties**

- Public hospitals
- Private hospitals
- Foundation hospitals

### **8.3.3. Hospitals According to Average Length of Stay**

- Short length of stay ( shorter than 30 days)
- Long length of stay ( longer than 30 days)

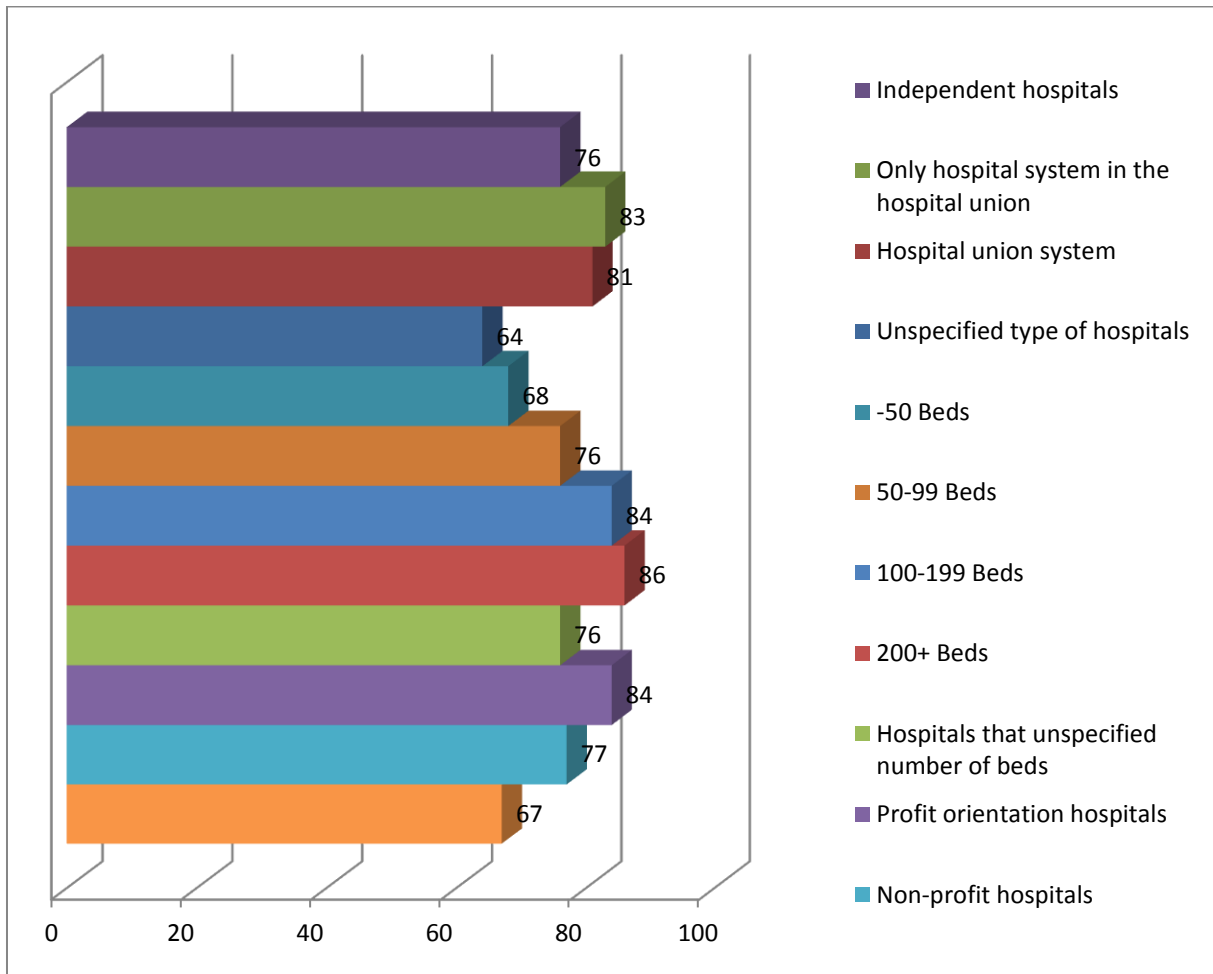
### **8.3.4. Hospitals According to Vertical Integration Level**

- Primary care hospitals
- Secondary care hospitals
- Tertiary care hospitals

### **8.3.5. According to Services**

- General hospitals
- Teaching hospitals
- Special hospitals;
  - Maternity hospitals
  - Children's hospital
  - Emergency and Traffic hospitals
  - Leprosy and Trachoma hospitals
  - Cancer hospitals
  - Osteopathic hospitals
  - Mental hospitals
  - Chest diseases hospital, etc.

**Table 2.8.1:Types of hospitals carrying out outsourcing implementation**



Reference: Outsourcing, 2008

#### 8.4. THE ROLES OF HOSPITALS

At the present time, hospitals are the establishments both offering treatment and medical care services; and playing in many roles as an establishment, a business firm, an educational institution and a research institute making medical researches and concerned with public health,. As of the tasks they take on, R.E Brown argues that hospitals can be expressed as different nine establishments. In this respect, at the present time, the roles that hospitals play are as the following (Köksal, 1997):



Hospitals are:

1. Medical institutions as they carry out treatment services,
2. Business firms for the reason that economic principles are valid in their managements,
3. Educational institutions for the reason that they play the roles in the training of medical personnels and doctors,
4. Professional organizations due to the fact that the people coming from different training groups and they have prerogative objectives,
5. Research institute by virtue of their contributions for researches,
6. Social institution for the reason that they provide services everybody without regarding ability to pay,
7. Social attempt for the reason that they provide services to a certain geographic region,
8. Public organization by virtue of the supervision of government on hospitals,
9. Charity organization for the reason that they carry on their activities with the contributions of society partially or completely.

## **8.5. CORE COMPETENCES OF HOSPITALS**

As all enterprises, hospitals should improve specific core competences as well. In hospitals, the works and activities, directly related to core competence should be carried on within the body of hospital management and other whole activities should be carried out by subcontractor firms by benefitting from external sources. Core competence for hospitals is that hospitals do the businesses which they know very well; in other words, focusing on medical services and that hospitals have subcontract firms do the all businesses which should be done except for medical services by benefitting from external sources. Hence, hospitals increase the satisfaction level of patients and personnels by improving service quality. Also, complex organization structure in hospitals will simplify organization levels will decrease and hospitals will provide opportunity to focus on their core competences.

## **8.6. THE REASONS OF OUTSOURCING IN HOSPITALS**

In order to benefit from outsourcing, the main subject that should be emphasized importantly is how hospitals will provide productivity while benefitting from outsourcing.

If a function or business not in the scope of the core competence of hospital is carried out by expert firms, benefitting from outsourcing comes into question. Hospital management will have increased their sourcing productivity by having expert firms do the services not in the scope of their core competences and benefitting from specialty and experiment of the firm.

As a result, in order to provide that health care services can be carried on efficiently, fast, economically and with a high quality in hospitals, there should be the subcontractor firms having core competences which hospitals benefit from external sources in the fields that they do not have core competences.

We can array the reasons of outsourcing of hospitals as the following:

### **8.6.1. Providing Flexibility in Management**

Hospitals should have a flexible structure which can make a decision quickly, can react immediately to changes in environment, can reply the necessities of patients and employees more quickly. Because, in our country, there are two reasons restricting the flexibility of hospital management. Firstly, in Turkey, the highest competent authority which is responsible for the management of all activities in hospitals dependent on The Ministry of Health is “Head Physician”. The authorization of daily activities which is carried out in hospitals is granted to head physician by The Ministry of Health (Özgen and Öztürk, 1994). The head physician whose main occupation is physician remains incapable in hospital administration which is an occupation on its own and which needs special expertise. Secondly, hospitals’ organization structures, budgets, purchasing limitations, material management policies, also the procedures which they follow are determined by The Ministry of Health with laws, bylaws and regulations (Tengilimoğlu, 1996).

### **8.6.2. Increasing Productivity**

When it is considered that healthcare services have scarce resources and are not substitutable, the irregularity of demands in healthcare services and the demands in these services increase day by day, that productivity and efficiency in healthcare services are

increased is compulsory (Öztürk, 1996). One of the most significant factors in the increase of productivity in hospitals is effective management and organization process.

In our country, that the all resources used in hospitals ( personnel, bed, equipment, etc) are determined to what extent they are used efficiently and that the performance of these sources is increased are crucial in terms of preventing waste of resources and increasing the activity of service (Ağırbaş, 1993).

### **8.6.3. Increasing Patient and Personnel Satisfaction**

One of the most important criteria which can be used in the evaluation of healthcare service quality is patient satisfaction. Patient satisfaction is defined as that patients or people benefitting from service are satisfied with service itself, presentation style of service and service environment or the service can make their expectations come true.

Hospital management has to regard patient preferences and social expectations in the workings of quality assessment and improvement and to provide that the service conforms to patients' wants, values and expectations (Ersoy and Kavuncubaşı, 1994).

Determination of patients' satisfaction level is significant with regard to increase service quality and to provide more qualified service in line with patients' expectations. (Kardeş, 1994).

Today, in USA, it is seen that many hospitals have modern marketing conception and have carried into Patient Focus Care practice. Thanks to this practice, patient satisfaction increases considerably, hospitals reach more competitive structure, clinical care level increases, average length of hospital stay and the costs rising from service duplications decreases and patient transactions increase (Tengilimoğlu, 1997).

### **8.6.4. Decreasing Costs**

Determining the resources used in hospitals in what manner they are used efficiently and increasing the performance are crucial (Kısaer,1991). In order to increase productivity in hospitals, that costs can be used as an effective tool can be carried out only if costs are determinable and controllable. Hospitals are the enterprises that are expected to produce the healthcare services at a certain level with minimum cost, in maximum quality. As all enterprises, hospitals have to use their resources rationally as well (Menderes, 1995).

### **8.6.5. Following the Developing Medicine Technology**

With the increasing of technology, the great progresses are made in terms of human health. However, developing technology makes healthcare services into an expensive product day by day. In recent years, in the studies carried on worldwide, it is researched that how healthcare services are provided in more economic and more qualified conditions and solution suggestions are put forward (Aya, 1998). As well as many of the service businesses are labor intensive businesses; healthcare services are capital intensive businesses.

In order to keep pace with the developments in medical technology and to supply the health care demands at a certain level, great investments are required (Menderes, 1995).

### **8.6.6. Improving Service Quality**

In the plans and arrangements intended for providing health care needs of the society which medical institutions offer service, it is clear that to prioritize the satisfaction or the pleasantness of service users is compulsory in terms of corporate success and competitive capacity. One of the most significant duties of medical institutions is to give efficient and qualified services to society (Akgün and Öztürk, 2002).

### **8.6.7. Providing Resource Allocation**

As well as in all establishments, effective sourcing is a quite important subject especially in hospitals. Resource shortage is one of the main factors encountered in healthcare services and causing conflict. The main source of this problem is the reasons such as; the misestimating of demand, delay in purchasing of materials, poor and unsuitable care services. Hospital management needs to find solutions for all these negative effects, to remove the conflicts arising from resource shortage. In addition to this, they should use resources efficiently. Every hospital has limited resources. For this reason, hospital management wants to utilize these limited resources most properly. Benefitting from outsourcing gives an opportunity to hospitals in order that they use their limited resources most properly. Therefore, hospitals obtain an opportunity that they change over their resources from insignificant functions to critical functions rendering service to patient. Hence, hospital management finds an opportunity focusing on patient satisfaction completely by directing their resources to the functions creating value to themselves (Hayran and Sur, 1997).

## **8.7. ADVANTAGES AND DISADVANTAGES OF OUTSOURCING IN HOSPITALS**

### **8.7.1. Advantages of Outsourcing in Hospitals**

- Subcontractor firms present the newest technologies without having hospital management make investment for the services they provide.
- Hospitals can be more flexible; can reply quickly to requirements and environmental changes while benefitting from outsourcing.
- Benefitting from outsourcing is more effective. Because, the employees coming into face to face contact with service receiver can propound their problems and opportunities better (Saltman, 1998).
- While benefitting from outsourcing, higher morale, motivation and productivity occur in hospital (Saltman, 1998).
- Benefitting from outsourcing provides an increase towards higher productivity and quality in hospitals (Saltman, 1998).
- In hospitals, while benefitting from outsourcing, common and strong public control mechanism was established.
- That hospitals send support services to subcontractor firms in benefitting from outsourcing disburdens the complex hospital management and provides that the hospital specializes in medical services.
- Thanks to the services sent to subcontractor firms, hospitals will save time by controlling all services merely rather than organizing them. Therefore, long waiting times will also decrease as patients' dissatisfaction from bureaucratic conditions is prevented.
- While benefitting from outsourcing, decrease in cost amounts spent in support services in hospitals is in question.
- Hospitals have a flexible structure that can make a decision quickly, can react immediately to changes in environment, can reply the necessities of patients and employees more quickly by benefitting from outsourcing.
- While benefitting from outsourcing in hospitals, the personnels doing businesses not related to their own job will engage in their own businesses.
- The hospitals benefitting from outsourcing transfer the risks consisting of competition, financial and technological conditions in marketing conditions to subcontractor firms.

- While hospitals benefit from outsourcing, their organizational structure become smaller and they become the institutions that can make a decision, can react and can comply with patient's request and the developments more quickly.

### **8.7.2. Disadvantages of Outsourcing in Hospitals**

According to healthcare organization administrators, the biggest risk of benefitting from outsourcing is control and loss of flexibility. Establishments are afraid of losing the control on the delivery of services purchased from outside and being over-dependent to subcontractor (Meral, 2006).

In accordance with, as part of the rights of patients, the right of privacy under the legal responsibility of healthcare organizations, that the information belonging to patient, especially confidential information are inspected by subcontractor makes difficult the control of security of confidential information in question (Meral, 2006).

For hospital businesses, also in the condition of new cost elements that may be emerge in the future, benefitting from outsourcing can become a negative management application (Castella, 1999).

Due to the low cost proposals for award of contract, that the subcontractor firms cannot carry out the activities as required and cannot be successful create a problem as well. Low price offers provide extra saving to user; for this reason, in order to perform a service, visible costs should be set off, the additional costs that can arise should be tried to be foreseen as well. Thus, that the user is damaged seriously because of the subcontractor's failure can be prevented (Williamson, 1981).

Benefitting from outsourcing is seen as an abuse of cheap workforce in developed countries. For the corporate image, it can be very counterproductive (Roberts, 2001).

## **8.8. FIELDS OF OUTSOURING IN HOSPITALS**

In hospital businesses, outsourcing should be handled as the modernization of a department rather than making the system into a subcontractor. If increasing the productivity of a unity which cannot be used efficiently and productively is handled as a method in the

recondition of worn equipment and old devices without using external source, the thought of outsourcing plays the role of light achieving the goal; otherwise, it forms a basis for conflict of interests and instigates destructiveness instead of providing opportunity.

At the present time, benefitting from outsourcing in modern hospital management increases. As well as private hospitals are pioneer in this subject, public hospitals put this method into practice. The services given to expert firms via outsourcing in order of priorities are as the following:

1. Cleaning services
2. Security services
3. Food and beverage services
4. Laundry services
5. Information technology services
6. Repair and maintenance services
7. Ambulance services
8. Office services
9. Tailoring services
10. Call centers
11. Other services ( the unities; such as, parking, cafeteria, kindergarten and infant school, tea house, canteen) ( Çakır)

**Table 2.8.2: Usage Rate of Outsourcing in Clinical and Nonclinical Services in Hospitals**

<b>Nonclinical Hospital Services</b>	<b>Rate (%)</b>	<b>Clinical Hospital Services</b>	<b>Rate (%)</b>
Insect control	85.6	Medical device maintenance	58.1
Laundry room	62.0	Dialysis	44.7
Patient satisfaction measurement	60.9	Anesthesia	38.4
Medical waste management	57.7	Pathology	33.7
Waste collection	47.0	Emergency services	32.4
Biomedical engineering	45.5	Durable medical device	25.1
Garden care	37.0	Electroencephalography ( EEG)	21.1
Refectory services	31.6	Treatment of occupational disease	21.0
Lodging services	27.4	Physical therapy and rehabilitation	19.2
documentation	24.6	Nuclear medicine	15.7
Routine/standard services	24.6	Pharmacy	14.8
Security	21.6	Cardio-pul	11.0
Facility equipment maintenance	15.7	Mental and neurological disorders	10.2
Internet-intranet services	14.4	Radiology	10.2
Souvenir selling	11.9	Laboratory	7.1
Information system	11.9	Neonatal care	6.5
Patient transfer	11.4	Drug addiction treatment	5.2
Management of building arrangement	10.4	Nursing services unit	4.9
Other knowledge systems	10.0	Respiratory therapy	4.4
Property management	7.5	Home care	4.3
Data processing	7.4	Pediatric intensive care	2.1
Child care	6.9	Long term care	1.6
Complaint processing	6.9		
Energy provision	6.9		
Energy management	6.8		
Account follow-up	6.0		
Parking management	5.3		
Material management	4.5		
In service training	3.0		
Human resources-job placement	3.0		
Medical record	1.5		

**Reference:** Sunseri, 1999



## **SECTION 3**

### **A STUDY ON THE USE OF OUTSOURCING OF STATE AND PRIVATE HOSPITALS IN IZMIR**

#### **1.THE IMPORTANCE OF RESEARCH**

Outsourcing is defined as enterprises focus on their core businesses and they carry out their activities, except for their core businesses with the help of other enterprises, expert in that field. Outsourcing is implemented for the purposes; such as, reducing costs in the reorganizing processes of enterprises, providing competitive advantage, providing the flexibility of activity, following the technology, increasing productivity and quality.

At the present time, in hospital establishments, one of the most complex business structures, outsourcing is implemented in the nonclinical support services, such as; food, laundry, security and data processing services. The increase of importance of cost and competition element caused the increase of importance of quality in hospital establishments as well. (SAMPLE THESIS)

#### **2.THE AIM OF RESEARCH**

The aim of this research is to analyze to what extent outsourcing, expressed that it gives particular importance to quality and customer satisfaction and reduces costs is implemented in hospitals desiring to have more flexible and dynamic structure and to analyze the reasons of outsourcing implementations and the revealed advantages and disadvantages.

#### **3.THE RESEARCH METHOD**

In our research, it was preferred survey application as a knowledge acquisition method. The surveys were conducted talking face to face with company executives; however, a great majority of executives stated that they did not want to participate in our survey by making various excuses. For this reason, the number of our survey could not reach the desired level.

#### **4.THE SCOPE OF RESEARCH**

Within the scope of our research, public and private hospitals in Izmir were chosen.

#### **5. ANALYSIS AND FINDINGS OF THE RESEARCH**

##### **5.1.Demographic Features of Participants**

###### **Age**

Age distribution of participants: 2% is 30 ages and below, 7% is 31-35 age range, 16% is 36-40 age range, 27% is 41-45, 30% is 46-50 age range and 18% is 51 ages and above.

###### **Gender**

52% of participants are male, 48% of participants are female.

###### **Appellation**

14% of participants are head physician, 23% of them are deputy chief physician and 63% of them are manager.

###### **Status of Management Training**

51% of participants received management training; however, 49% of them did not receive management training.

###### **Educational Status**

Distribution of educational status of participants:

1% is associate degree

40% is bachelor's degree

34% is post graduate

18% is doctor of philosophy

7% is other (specialty)

### **Corporate Seniority**

Distribution of professional seniority of participants:

6% is less than 1 year

22% is 1-5 years

10% is 3-10 years

29% is 11-15 years.

7% is 16-20 years

26% is 21 years and above.

### **Professional Seniority**

Distribution of professional seniority of participants:

3% is 1-5 years

14% is 3-10 years

15% is 11-15 years

12% is 16-20 years

56% is 21 years and above.,

### **Working Status in Public Hospital or Private Hospital**

43 participants are public hospital staffs and 30 participants are private hospital staffs.

## 5.2. Analysis

The answers and importance level related to the reasons of outsourcing in public hospitals and private hospitals are analyzed in below.

**Table 3.5.1: X1- To reduce fixed investment costs**

Public/Private	1	2	3	4	5
Public	2	3	12	14	12
Private	1	2	9	9	9

r	M2	pvalue
0.02097078	0.03166369	0.85876780

Reducing fixed investments costs, one of the reasons of outsourcing is an important factor for public and private hospitals. As is seen in table as well, both in public hospitals and in private hospitals, reducing fixed investment costs as the reason of outsourcing takes an important place for managers. With regard to reduce fixed investment costs, the importance levels of both public and private hospital managers are linearly independent.

**Table 3.5.2: X2- As hospital administration, to find opportunity of focusing better on treatment services.**

Public/Private	2	3	4	5
Public	2	4	21	16
Private	2	4	10	13

r	M2	pvalue
-0.007971642	0.004511843	0.94644166

To find opportunity of focusing better on treatment services takes an important place among the reasons of outsourcing. In public and private hospitals, there was not a manager who gave “completely unimportant” answer to this question. P value is greater than 5% and hypothesis is irrefutable.

**Table 3.5.3: X3- To improve service quality**

Public/Private	1	2	3	4	5
Public	1	1	6	6	29
Private	1	1	1	9	18

r	M2	pvalue
-0.009507206	0.006507862	0.935703346

64% of public hospital managers and 60% of private hospital managers participating in research thought that improving service quality is a completely important reason in terms of outsourcing. P value is approximately 0.94. As a result, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.4: X4- To obtain additional resources for primary objectives**

Public/Private	1	2	3	4	5
Public	2	2	0	24	15
Private	1	0	10	10	9

r	M2	pvalue
-0.1263334	11.491.291	0.2837315

Obtaining additional resources for primary objectives is important at the rate of 55% for public hospitals and is important at the rate of 33% for private hospitals.

Also 33% of private hospital managers were undecided on this question. P value is greater than 5%. The answers of public and private hospital managers are linearly independent. Hypothesis is irrefutable.

**Table 3.5.5: X5- To reduce risk**

Public/Private	1	2	3	4	5
Public	2	1	8	13	19
Private	1	0	6	10	13

r	M2	pvalue
0.03058535	0.06735338	0.79522997

Also reducing risk takes an important place as the reason of outsourcing for managers. The answers of public and private hospital managers show similarity about this question. P value is 79% and hypothesis is irrefutable.

**Table 3.5.6: X6- To bring modern technologies in hospital**

Public/Private	3	4	5
Public	1	15	27
Private	1	9	20

r	M2	pvalue
0.02614936	0.04923280	0.82440368

In order to benefit from modern technologies, hospital managers think that outsourcing is quite important. Actually, 62% of public hospital managers and 66% of private hospital managers gave “completely important” answer to this question. With respect to this question, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.7: X7- To increase overall performance of establishment**

Public/Private	2	3	4	5
Public	1	2	14	26
Private	2	3	4	21

r	M2	pvalue
-0.02779278	0.05561556	0.81356496

Among the reasons of outsourcing, increasing overall performance of establishment for public and private hospitals is important in close ratios. While the answers of public hospital managers were divided into two options as “important” and “completely important”, 70% of private hospital managers gave “completely important” answer. P value is greater than 5% and hypothesis is irrefutable.

**Table 3.5.8: X8- To reduce the number of personnels on the permanent staff**

Public/Private	1	2	3	4	5
Public	8	8	12	9	5
Private	5	6	10	8	1

r	M2	pvalue
-0.03299851	0.07731203	0.78097366

Reducing the number of personnels on the permanent staff is not regarded as an important reason of outsourcing for managers. With respect to reduce the number of personnels on the permanent staff, the importance levels of hospital managers are linearly independent.

**Table 3.5.9: X9- To reorganize**

Public/Private	1	2	3	4	5
Public	2	1	16	16	8
Private	1	2	10	12	5

r	M2	pvalue
-0.01430431	0.01473216	0.90339315

P value is greater than 5% and hypothesis is irrefutable.

**Table 3.5.10: X10- To enhance capacity and innovations**

Public/Private	2	3	4	5
Public	1	6	17	19
Private	0	4	14	12

r	M2	pvalue
0.007208493	0.003741291	0.951226933

Benefitting from external sources with respect to enhance capacity and innovations takes an important place for hospital managers. According to survey results, public and private hospital managers almost agree with each other on this subject. With respect to this question, managers' answers are linearly independent.

**Table 3.5.11: X11- To make progress in financial indicators**

Public/Private	2	3	4	5
Public	3	7	16	17
Private	0	4	11	15

r	M2	pvalue
0.1596468	1.8350715	0.951226933



In order to make progress in financial indicators, managers consider that outsourcing is important. P value is approximately 17% and hypothesis is irrefutable.

**Table 3.5.12: X12- To increase productivity**

Public/Private	2	3	4	5
Public	1	2	16	24
Private	3	2	7	18

r	M2	pvalue
-0.07860319	0.44484922	0.50479118

Increasing productivity is quite important for managers. According to the survey results, obviously, it is understood that 56% of public hospital managers and 60% of private hospital managers consider that outsourcing is completely important in order to increase productivity. With respect to this question, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.13: X13- To activate human resources management**

Public/Private	2	3	4	5
Public	3	6	19	15
Private	2	7	14	7

r	M2	pvalue
-0.1151378	0.9544826	0.3285809

According to survey results, hospital managers consider that human resource managements is an important factor for outsourcing. P value is greater than 5% and hypothesis is irrefutable. The importance levels are linearly independent.

**Table 3.5.14: X14- To remove resource shortage**

Public/Private	1	2	3	4	5
Public	1	0	7	12	22
Private	0	1	2	14	13

r	M2	pvalue
0.008378548	0.004984205	0.943716984

P value is greater than 5% and hypothesis is irrefutable. The importance levels of public and private hospital managers with regard to this question are linearly independent.

**Table 3.5.15: X15- To fulfill the personnel needs of hospital.**

Public/Private	1	2	3	4	5
Public	3	3	11	9	17
Private	1	3	6	11	9

r	M2	pvalue
0.003912042	0.00110893	0.973519263

P value is greater than 5% and hypothesis is irrefutable.

**Table 3.5.16: X16- To reduce investment expenditures**

Public/Private	1	2	3	4	5
Public	5	11	7	15	5
Private	1	1	9	8	11

r	M2	pvalue
0.323685204	7.543592034	0.006022386

P value is 6% and hypothesis is irrefutable.

**Table 3.5.17: X17- To promote innovations**

Public/Private	1	2	3	4	5
Public	1	1	5	18	18
Private	0	1	6	7	16

r	M2	pvalue
0.04431233	0.14137792	0.70691500

Promoting innovations is an important reason of outsourcing for both public and private hospitals. This ratio is 41.8% in public hospitals and 53% in private hospitals. With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.18: X18- To improve the quality of healthcare services provided**

Public/Private	1	2	3	4	5
Public	0	1	2	11	29
Private	1	0	2	5	22

r	M2	pvalue
0.009351553	0.006296512	0.936753791

As well as for all establishments, improving service quality is also quite important for hospital establishments. For this reason, hospital establishments pay attention to outsourcing in order to improve the quality of healthcare services. As well as in other questions, the importance levels of hospital managers are also linearly independent in this question.

**Table 3.5.19: X19- To facilitate the growth of hospital**

Public/Private	2	3	4	5
Public	3	12	12	16
Private	0	6	6	18

r	M2	pvalue
0.23717806	4.05024721	0.04416488

P value is less than 5% and hypothesis is refutable. The importance levels of public and private hospital managers with regard to facilitate the growth of hospital are linearly dependent.

**Table 3.5.20: X20- To increase competitive power with other medical establishments**

Public/Private	1	2	3	4	5
Public	3	2	4	17	17
Private	1	1	2	10	16

r	M2	pvalue
0.01775428	0.02269543	0.88025179

P value is greater than 5% and hypothesis is irrefutable.

**Table 3.5.21: X21- To simplify the organizational structure of hospital**

Public/Private	2	3	4	5
Public	9	13	13	8
Private	4	11	11	4

r	M2	pvalue
0.01775428	0.02269543	0.88025179

On the subject of simplifying the organizational structure of hospital, both public and private hospital managers almost agree with each other and for this option, with regard to benefit from external sources, the importance levels of managers are linearly independent.

**Table 3.5.22: X22- To provide the continuity of rendering services**

Public/Private	1	2	3	4	5
Public	0	2	10	11	20
Private	1	1	4	11	13

r	M2	pvalue
0.0031937311	0.0007343941	0.9783802084

Providing the continuity of rendering services is considered as one of the most important reasons of outsourcing for hospital managers. As its P value is greater than 5%, hypothesis is irrefutable.

**Table 3.5.23: X23- To recruit more qualified personnel into hospital**

Public/Private	1	2	3	4	5
Public	1	1	8	20	13
Private	1	2	0	10	17

r	M2	pvalue
0.1716630	2.1217105	0.1452243

To recruit more qualified personnel is always quite important for every kind of enterprise. Hospital managers also prefer to meet their requirements via outsourcing by attaching importance to recruit qualified personnels. The importance levels of hospital managers with regard to this question are linearly independent.

**Table 3.5.24: X24- To increase patient satisfaction**

Public/private	1	2	3	4	5
Public	0	0	4	12	27
Private	1	2	0	6	21

r	M2	pvalue
-0.04045509	0.11783622	0.73139324

Increasing patient satisfaction is very important for each of the two hospitals and they benefit from outsourcing considerably. This ratio is 62.7% in public hospitals and 70% in private hospitals. P value is greater than 5% and hypothesis is irrefutable.

**Table 3.5.25: X25- To steer away from political impacts**

Public/private	1	2	3	4	5
Public	4	5	6	9	19
Private	3	0	6	9	12

r	M2	pvalue
0.0412576	0.1225577	0.7262769

Finally, as the political impacts prevent that hospital manager achieve their goals, managers head towards external resource providers in order to steer away from these impacts. Thus, the existing political impacts are removed by external resource provider. The importance levels of hospital managers are linearly independent.

**Table 3.5.26: MR**

Public/Private	Completely satisfied	Satisfied	Unsatisfied
Public	11	24	2
Private	6	18	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.27: Cleaning**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	3	2	3	30	3
Private	5	0	1	17	3

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to hospital cleaning, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.28: Automation**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	4	1	5	28	3
Private	8	0	5	12	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to automation, the answers of hospital managers are linearly independent.

**Table 3.5.29: Security**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	5	0	4	28	3
Private	10	1	1	14	0

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to security services, the importance levels of hospital managers are linearly independent.

**Table 3.5.30. Food services**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	3	1	9	17	10
Private	5	1	7	9	4

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to food services, the importance levels of hospital managers are linearly independent.

**Table 3.5.31: Secretary services**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	4	10	23	3
Private	9	3	13	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780



With regard to this question, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.32: Pest control**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	5	1	4	23	5
Private	7	0	6	11	3

r	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to pest control services, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.33: Technical maintenance**

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.34: Laundry services**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	6	2	10	16	7
Private	10	0	4	11	2

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to laundry services, the importance levels of hospital managers are linearly independent.

**Table 3.5.35: Medical equipment**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	7	8	19	6
Private	9	7	10	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.36: Garden care**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	4	4	26	3
Private	6	6	12	2

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to garden care in hospitals, the importance levels of hospital managers are linearly independent.

**Table 3.5.37: Invoicing**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	4	5	27	1
Private	9	5	11	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to invoicing services, the importance levels of hospital managers are linearly independent.

**Table 3.5.38: Cafeteria**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	3	6	8	14	8
Private	5	2	4	12	3

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.39: Tailoring services**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	4	1	9	23	1
Private	10	1	1	13	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to tailoring services, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.40: Transfer services for personnel**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	5	6	5	14	0
Private	6	2	8	6	2

R	M2	Pvalue
0.02097078	0.03166369	0.85876780

With regard to the personnel departments of hospitals, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.41: Parking**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	3	7	2	20	5
Private	4	2	6	8	6

R	M2	Pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.42: Transfer services for hemodialysis patients**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	4	0	7	12	3
Private	1	1	11	8	0

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to transfer services for hemodialysis patients, the importance levels of hospital managers are linearly independent.

**Table 3.5.43: Ambulance**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	9	2	23	1
Private	5	1	20	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to ambulance services, the importance levels of hospital managers are linearly independent.

**Table 3.5.44: Patient consulting**

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.45: Heating**

Public/Private	Comp. satisfied	Undecided	Satisfied
Public	17	2	19
Private	18	0	8

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to heating services, the importance levels of hospital managers are linearly independent.

**Table 3.5.46: Sterilization**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	20	3	12	3
Private	18	0	8	0

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to sterilization in hospitals, the importance levels of hospital managers are linearly independent.

**Table 3.5.47: CT**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	12	1	24	1
Private	6	2	17	1

r	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to computerized tomography services, the importance levels of hospital managers are linearly independent.

**Table 3.5.48: Biochemistry Laboratory**

Public/Private	Comp. satisfied	Undecided	Satisfied
Public	11	1	25
Private	7	6	12

r	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to biochemistry lab services, the importance levels of hospital managers are linearly independent.

**Table 3.5.49: Microbiology Laboratory**

Public/Private	Comp. satisfied	Undecided	Satisfied
Public	11	3	23
Private	6	3	17

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to microbiology lab services, the importance levels of hospital managers are linearly independent.

**Table 3.5.50: Radiology**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	10	1	4	21	1
Private	9	0	5	11	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.51: Nuclear Medicine**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	4	1	6	8	0
Private	4	0	11	5	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to nuclear medicine services, the importance levels of hospital managers are linearly independent.

**Table 3.5.52: Pharmacy**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	12	5	16	4
Private	11	3	12	0

r	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.



**Table 3.5.53: Nursing services**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	11	5	21	1
Private	20	1	4	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to nursing services, the importance levels of hospital managers are linearly independent.

**Table 3.5.54: Medical services**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	10	7	20	1
Private	15	3	8	0

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to medical services, the importance levels of hospital managers are linearly independent.

**Table 3.5.55: Bone densitometry**

Public/Private	Comp. satisfied	Undecided	Satisfied
Public	12	4	19
Private	7	2	17

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.56: Mammography**

Public/Private	Comp. satisfied	Undecided	Satisfied
Public	11	3	19
Private	9	1	16

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to mammography services, the importance levels of public and private hospital managers are linearly independent.

**Table 3.5.57: Ultrasound**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	13	4	19	2
Private	10	2	14	0

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to ultrasound services, the importance levels of hospital managers are linearly independent.

**Table 3.5.58: Dental services**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	4	10	16	3
Private	3	8	14	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With respect to dental services, the importance levels of hospital managers are linearly independent.

**Table 3.5.59: Pathology**

Public/Private	Comp. satisfied	Comp. Unsatisfied	Undecided	Satisfied	Unsatisfied
Public	10	0	4	19	4
Private	6	1	5	15	0

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to this question, the importance levels of hospital managers are linearly independent.

**Table 3.5.60: Doppler**

Public/Private	Comp. satisfied	Undecided	Satisfied	Unsatisfied
Public	9	1	19	1
Private	11	1	11	1

R	M2	pvalue
0.02097078	0.03166369	0.85876780

With regard to Doppler services, the importance levels of hospital managers are linearly independent.

## **CONCLUSION AND RECOMMENDATIONS**

In the market conditions changing with the emerging alterations in world economies since 1980's, firms embarked on new quests. Sometimes, the fields of activity of the firms trying to develop new strategies; especially in order to extend their markets were restricted due to the crisis arisen in world economies and cyclical fluctuations. On the other side, the problems in question begin to raise a question mark in minds regarding whether the firms can carry on their businesses or not. For the solution of these problems, firms had to gain flexibility by downsizing and to carry on their activities by specializing in certain fields. These similar developments and processes forced the firms to develop new strategies and as a result of these quests, outsourcing implementations have begun to be found acceptable and to be adopted especially in developed economies since 1980's.

For the solutions of the problems encountered in today's economies that markets and economies begin to become integrated and depending upon these developments, competition intensifies day by day, more practical and easy-to-implement strategies should be developed. In this sense, the foremost essentialness is to ensure customer satisfaction by improving quality of service. The strategies aiming unplanned growth by carrying on a business in all sectors perpetually obstruct that firms can satisfy their own customer groups depending upon global tendencies. As well as customer satisfaction, also increasing competition, changes in customer profile and differentiating demand patterns promote that firms think more flexible. It can be stated that the firms expanding their horizons by comprehending these conditions can be left standing for a longer time in comparison with the firms, in tendency to imbalanced growth and so on and thinking inside the box. These developments point out the importance of outsourcing in terms of firms. The developments in globalization and information technologies intensified competition.

That the organizations have flexible structures and processes require flexible workforce. Outsourcing is one of the significant methods in terms of creating flexible workforce for enterprises. In this respect, outsourcing occurs in two primary methods. Firstly, goods and services are received from an enterprise and in order to use goods or offer services, the employee of the enterprise providing these goods/services works in the enterprise that these goods/services are received. At the present time, this method is implemented in order to get the services, such as; cleaning, security, consultancy services from other enterprises.

Secondly, the employees of private employment enterprises work temporarily in the enterprise getting the service. In both of the two methods, the employer is both the enterprise providing goods/services and private employment enterprise. Their working orders are enforced according to the agreements between them.

The reasons why outsourcing is increasingly become important is very much: It is the fastest way to offer professional service in complex markets moving quickly. On the other hand, reducing costs by coming to an agreement with the producers working with lower cost is also another important factor. As a result of the fact that information and communication technology develop rapidly, great advantages are gained as outsourcing method is preferred in cosmopolitan fields and routine works.

There are many factors orientating hospitals to outsourcing. Basically these factors are: To bring flexibility in management, increase productivity, increase employee and customer satisfaction, improve service quality, time and cost saving, provide organizational downsizing. The increasing service quality in hospitals makes a positive contribution to customer and employee satisfaction. Hence, outsourcing can be an important tool that hospitals will benefit from it in many fields.

That the patients are pleased with assisted and support services during the duration of hospital stay affects their satisfactions about everything in hospital. For this reason, as well as in other sectors, when appropriate outsourcing methods are used in health sector, it is possible to obtain expected results.

The subjects, such as; the ease of transportation of hospital, working hours of hospital and the quality of cafeteria, parking, food services of hospital involve environmental and institutional factors. As the duration of hospital stay of patients lengthens out unless it is of vital importance, while their expectations from medical services which are the basic services decrease, their expectations from other peripheral services increase. The suitability of physical and social conditions except for medical services enables that patients feel at home and increases the satisfaction levels of patients.

With this implementation (outsourcing) enabling to head better towards quality and basic services providing via outsourcing in assisted and support services, the satisfied customers make positive contributions to hospital in long term with word-of-mouth advertising and their positive behaviors after they bought the service.

Hence, with the increase of demand, this provides opportunity that hospital protects and increases its market share in the competition environment in sector. (Sample thesis 2)

Some of the survey results, I conducted are as the following:

The majority of participants are hospital managers. Head physicians and deputy chief physicians did not want to participate in survey by making various excuses.

The satisfaction levels of public and private hospital managers with regard to outsourcing they use are mainly independent from each other.

The reasons why the hospital managers participating in survey implement the outsourcing they are currently benefitting are as the following:

To reduce fixed investment costs

As hospital administration, to find opportunity of focusing on treatment services better.

To improve service quality

To obtain additional resources for primary objectives

To reduce risk

To bring modern technologies in hospital

To increase overall performance of establishment

To reduce the number of personnels on the permanent staff

To reorganize

To enhance capacity and innovations

To make progress in financial indicators

To increase productivity

To activate human resources management

To remove resource shortage

To fulfill the personnel needs of hospital

- To reduce investment expenditures
- To promote innovations
- To improve the quality of healthcare services provided
- To facilitate the growth of hospital
- To increase competitive power with other medical establishments
- To simplify the organizational structure of hospital
- To provide the continuity of rendering services
- To recruit more qualified personnel into hospital
- To increase patient satisfaction
- To steer away from political impacts

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## ADDITIONS

### Survey

Appellation	1) Head physician	2) Chief physician	3) Manager
Gender	1) Female	2) Male	
Age	1) 30 ages and below	2) 31-35 age range	3) 36-40 age range
	4) 41-45 age range	5) 46-50 age range	6) 51 ages and above
Status of Management Training	1) Received management training	2) Not received management training	
Educational Status	1) Associate degree	2) Bachelor's degree	3) Master degree
	4) Dr of philosophy	5) Sertificate	6) Others
Professional Seniority	1) Less than 1 year	2)1-5 years	3)6-10 years
	4) 11-15 years	5) 16-20 years	6) 21 years and above
Corporate Seniority	1) Less than 1 year	2)1-5 years	3)6-10 years
	4) 11-15 years	5) 16-20 years	6) 21 years and above