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**THE APPLICATION OF BALANCED
SCORECARD FOR PRIVATE HOSPITALS IN
SHANGHAI**

(CONFIDENTIAL)

BY

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Summary

Purpose: The intent of the paper is to identify the main objectives and measures that will contribute to build a model of performance measurement system using balanced scorecard (BSC) for private (for-profit) hospitals in Shanghai.

Design/methodology/approach: The design and methodology of this paper is based on an extensive literature review on the applications of balanced scorecard in various healthcare organizations. The primary research was carried out in three private hospitals in Shanghai. The research and data collection was done by interviews/discussions/surveys with the Senior Executives, doctors & staff of these hospitals and the residents of Shanghai. Based on the findings an adaptation of Balanced score card is suggested for the private hospitals in Shanghai.

Findings: The literature review reveals that balanced scorecard was found effective for performance improvement in healthcare sector. The secondary research and the primary research conducted in Chinese private hospitals explore various performance objectives and measures used by these hospitals. The outcome of the research identifies the need for adopting a Balanced scorecard system in the private hospitals of Shanghai and reveals the need for aligning the vision of the hospitals to their operational strategies.

Originality/value: The contribution of this paper is in identifying the key objectives and measures to implement the balanced scorecard for private (For-profit) hospitals in Shanghai.

1. Introduction/Purpose:

The current situation of the healthcare industry is dynamic with involvement of many forces demanding changes in the way the industry functions. Some of these forces are increased competition, increased customer expectation, free flow of knowledge workers and intensified government pressure & regulations. To meet these challenges the healthcare industry has to undergo major changes and constantly pursue new ways to create future value. In such a volatile business situation, organizations should ensure proper strategic initiatives and performance measurement system for sustenance and growth. Studies show that the traditional financial indicators are insufficient to assess the performance of an organization (Kaplan and Norton, 1996a). The Balanced scorecard creates a combination of performance measurements with both financial and non-financial indicators (Kaplan and Norton, 1996a). Bible et al (2006) suggests that Balanced scorecard can be used in company's annual report to assess if the company's financial results are in accordance with the firms overall strategy. Researchers have found that 'balanced scorecard' can be used by healthcare organizations to meet the challenges faced by healthcare sector. There had been many researches on the implementation of the balanced scorecard system in the healthcare industry over the last two decades. While these researches provide some templates for scorecard development and implementation, it is suggested that each organization must engage in the full range of activities, from defining its mission to the selection of goals and strategies, and develop its own unique scorecard to assist progress toward the selected goals. (Chow. et. al, 1998)

This paper focusses on identifying the major objectives and measures which will contribute to create a customized balanced scorecard for private hospitals in Shanghai. The idea behind the research is to identify the goals and strategies for private (for-profit) hospitals in Shanghai and develop an initial model of balanced scorecard which can be implemented to help the private hospitals face the different challenges in the current environment.

2. Literature Review:

Chow et. al (1998) defines Balanced scorecard as a customer-based planning and process improvement system aimed at focusing and driving an organization's change process. The most integral part of the Balanced Scorecard is identifying the mission, formulating a strategy and planning the execution with the aim of translating strategy into a cohesive set of financial and non-financial measures. The main aim of the balanced scorecard is to communicate the organizational strategy to working level instructions and guidance, helping the employees to attain the objectives of the organization. The scorecard can be used at different levels throughout the total organization. The main activities in framing a Balanced scorecard involves identifying the key components of operations, setting goals for them and then finding ways to measure progress toward achieving these goals. The balanced scorecard is directly linked to mission and strategy of an organization which makes the components and measures of the scorecard vary across organizations depending on their explicit goals and situations. (Chow. et. al, 1998)

2.1. The requirement for strategic focus in healthcare industries

A research conducted by Butler et. al (1996) concludes that the hospital performance can be enhanced by integrating the development of operating strategies and policies with the hospitals mission, business strategy and existing resources. Douglas and Ryman (2003), states that each hospital should consider the relevant industry forces as it positions itself competitively to achieve competitive advantage. It is very important for a firm to determine its internal and external situations while framing a strategy. According to McAdam and O'Neill (1999), the Balanced scorecard remains a means of effectively measuring strategy rather than a means of deciding strategy. To overcome this shortfall, the research done by Lee and Ko (2000) suggests linking the SWOT analysis with the Balanced scorecard which helps an organization to balance their strengths against their competitors weaknesses and optimise the opportunities within the market. Identification of the organizational strengths and weaknesses also enables the firm to choose the right objectives for development which is aligned to their corporate strategy. Porter (1980) says that formulating competitive strategy should consider factors that limit its accomplishments. Understanding an organizations business and environment helps the

firm to clearly determine its vision and strategy. A research by Kumar et. al (1997) concluded that the structure of hospital industry favours organisations that follow Porter's generic strategies. The strategic typology developed by Michael Porter (1980) explains three types of strategic positioning for a business: cost leadership, differentiation and focus which are termed as Porters generic strategies. The focus strategy is a subset of the other two strategies (Hlavacka et. al, 2001). Kumar et.al (1997) examined the application of Porter's generic strategies to US hospital industry and identified the existence of five main strategy types: focused cost leadership, cost leadership, stuck in the middle, focused differentiation and differentiation. Research done by Lamont et. al (1993) concludes that in a discontinuous environment, a differentiation strategy will be associated with higher performance than other strategy types. The research also finds that organizations with a proper strategy-environmental fit will outperform organizations without a proper fit. Akan et.al (2006) made a great contribution in this area by creating guidelines to the managers to better tailor their strategies for effective implementation using a defined generic strategy. The research also concludes that an organization may be successful following any of the generic strategies as long as they stick closely to their chosen strategy and do not move towards a 'stuck in the middle' position of trying to provide all things to the customers. Akan et. al (2006) also reveals that a firm pursuing a narrow set of customers must pick either a cost focus or differentiation focus strategy. The previous researches in this area reveal that hospitals following a specific generic strategy are able to define focussed targets and goals. This makes it clear for them to align their vision and mission to their strategic initiatives.

2.2. The fundamental components for framing the Balanced scorecard

The balanced scorecard was developed as a result of an extensive research by Robert Kaplan and David Norton (1992). The research identified that the traditional performance measurement systems focussing on financial measurements were insufficient to analyse the success of an organization. Over dependence on the financial indicators may lead to a short-term focus and can serve as a barrier to adopting long-term opportunities. "In general, the balanced scorecard would include the following four components: Customer perspective, internal business perspective, Innovation and learning perspective & financial perspective"

(Chow. et. al, 1998). The balanced scorecard is a customized performance measurement system that is based on organizational strategy. It is considered balanced as the performance measures are grouped into four perspectives that are considered equally important for organizational success. “The system strikes a balance between financial/operating and other measures and provides a set of forward looking performance indicators linking strategy to specific actions” (Voelker et. al, 2001). The four typical balanced perspectives mentioned by Kaplan and Norton (1996a) can be illustrated as mentioned below.

2.2.1. Financial perspective:

The financial measures are valuable in summarizing the readily measurable economic consequences of actions already taken. It indicates whether a company’s strategy and initiatives are contributing to the bottom line. Financial objective of an organization can vary considerably depending on their stage of business’s life cycle. These stages can be classified as *Growth, Sustain* and *Harvest* stages. The businesses that are at the early stage of their life cycle are in the growth stage. They have products or services with great growth potential. In this stage, the future investments consume more cash than that is currently generated from the revenue on existing products and services. “The overall financial objective for growth-stage business will be percentage growth rate in revenues and sales growth rates in targeted markets”. Maximum number of companies are found to be in the sustain stage, where they still attract investments and reinvestment to maintain growth. These businesses are expected to maintain their market share and earn considerable returns on the capital invested by the shareholders. When business reaches a mature phase of their life cycle the company prefer to harvest the investments made in the growth and sustain stages of life-cycle. The main goal in this stage is to maximize the cash flow back to the corporation. “The overall financial objectives for harvest stage businesses would be operating cash flow and reductions in working capital requirements”. This shows that the financial objectives differ at each stage of the business life cycle. Typical scorecards combine traditional return on investment (ROI) and net income measures with more unique measures found in healthcare organizations such as in-patient/outpatient revenue mix. (Kaplan and Norton, 1996a; Voelker et. al, 2001)

Leaders in today's healthcare industry are under great pressure to meet their financial goals. A research conducted by Cleverley and Harvey (1992) on US urban hospitals revealed some of the performance measures which has a positive relationship with the financial performance in the US hospitals. The study discovered that the measures of 'cost control' through enhancing labour productivity and reducing overhead cost plays an important role in increasing financial performance. The research states that the reduced 'Length of stay' which results from effective medical staff relationships and better communication, reduces cost of operation. The study also mentions a positive relationship between greater market share and improved financial performance. Some of the measures to understand the past financial performances are 'return on equity', 'return on assets', 'net income', 'revenue growth' and 'cash flow information'. (Kocakulah and Austill, 2007)

2.2.2. Customer perspective:

This perspective monitors how well the business satisfies their customer's needs. Typical measures may include customer satisfaction surveys and customer retention. The customer perspectives should include measures of value propositions that the organization can deliver to its customers. The customer perspective enables business managers to formulate customer focused and market based strategy that will generate favourable financial returns in the future. (Kaplan and Norton, 1996a)

According to Kocakulah and Austill (2007), some of the measures to analyse what qualities or values the customer expect from the hospitals includes 'customer satisfaction and loyalty surveys' and 'market share analysis'. The clinical quality and patient satisfaction can be measured by the metrics for 'infection rates', nurses-to-patient index' and 'patient complaints'. Other measures in these perspectives are 'employee turnover' which measures the employee satisfaction. (Kocakulah and Austill, 2007)

Various researches have been conducted in the past to analyse the customer satisfaction and staff satisfaction in hospitals. Research conducted by Garcia and Val Prado (2004) identifies that some of the strategies used in Spanish hospitals like 'training and staff promotion schemes' increase employee satisfaction. A case study on Brigham and women's hospital conducted by

Edwards (2008) revealed that the hospital adopted 'Press Ganey Survey' as an efficient measure to track customer complaints and provide feedback reports to physicians. The analysis from Press Ganey survey also revealed that improvement in 'pain management' and 'satisfaction with the room services' improves patients' satisfaction with the overall hospital experience. The research by McLean and Walsh (2003) summarizes the main finding of the Douglas enquiry at King Edward Memorial Hospital as the importance of 'involving patients and families' by effective systems of involvement and informing them through communications on healthcare options and associated risks. Research by Godiwalla and Godiwalla (2002) about the service excellence provided in Shouldice hospital, a private hospital outside Toronto explains the 'Shouldice experience' which includes high quality surgery and rapid recovery by excellent post-operative care. This exceptional service is provided through a concentration strategy of 'specializing in a particular medical treatment' and at the same time providing its service in a cost effective way without compromising the patient experience. The research states that the staff costs are lowered by Shouldice through 'involving patients in their recovery' as they are informed about their own recovery process beforehand and from other patients who interact in an relaxing natural ambience provided by the hospital.

2.2.3. Internal Business process perspective:

This perspective ensures identification of critical internal processes in which the organization must excel. The internal business process perspective incorporates objectives and measures for both the long-wave innovation cycle as well as the short-wave operations cycle. Effective internal business processes are critical to providing products and services to satisfy our customers' needs in a fiscally responsible manner. Examples in business may include capacity utilization, length of stay etc. (Kaplan and Norton, 1996a)

As the healthcare industry needs better management, communication and control, Shorb (2006) suggested introducing the electronic medical record-keeping systems which provides physicians a real-time access to data. Kocakulah and Austill (2007) assessed the implementation of Balanced scorecard in a regional Healthcare system and found that re-admissions were considered as a critical process indicator, which conveys the hospital how many patients were

readmitted within 15 days after the discharge. Watkins (2003) suggests incorporating some of the operational & productivity improvement measures which were identified by a research conducted by the University of Strathclyde on US hospitals into the Balanced scorecard system. The research shows that the operational efficiency in terms of hospital labour availability was best measured by full-time-equivalent employees per number of occupied bed (FTE/BED) metric. Edwards (2008) mentions the importance of 'multidisciplinary collaborations', particularly among physicians and nurses to improve patient experience and the involvement of the hospital leadership to reinforce such initiatives. The study also explains that 'streamlining room turnover', 'discharge processes' and 'the transporting of mothers and babies to waiting vehicles' are ways to improve patients' postpartum experiences. McLean and Walsh (2003) mentions the need of 'Good clinical governance' to focus on building a positive culture of trust and inquiry aimed at meeting the needs of patients through good safety and quality systems.

2.2.4. Learning and growth perspective:

These measures relate to an organization's more intangible assets and the ability to excel in the future. The financial, customer and internal business process objectives on the Balanced scorecard generally reveals the gap between the existing capabilities of people, systems and procedures and that which will be required to achieve the intended target. To fill this gap, the business will have to invest in employee development, enhancing the systems and aligning the organizational procedures. These objectives are mentioned in the learning and growth perspective. (Kaplan and Norton, 1996a)

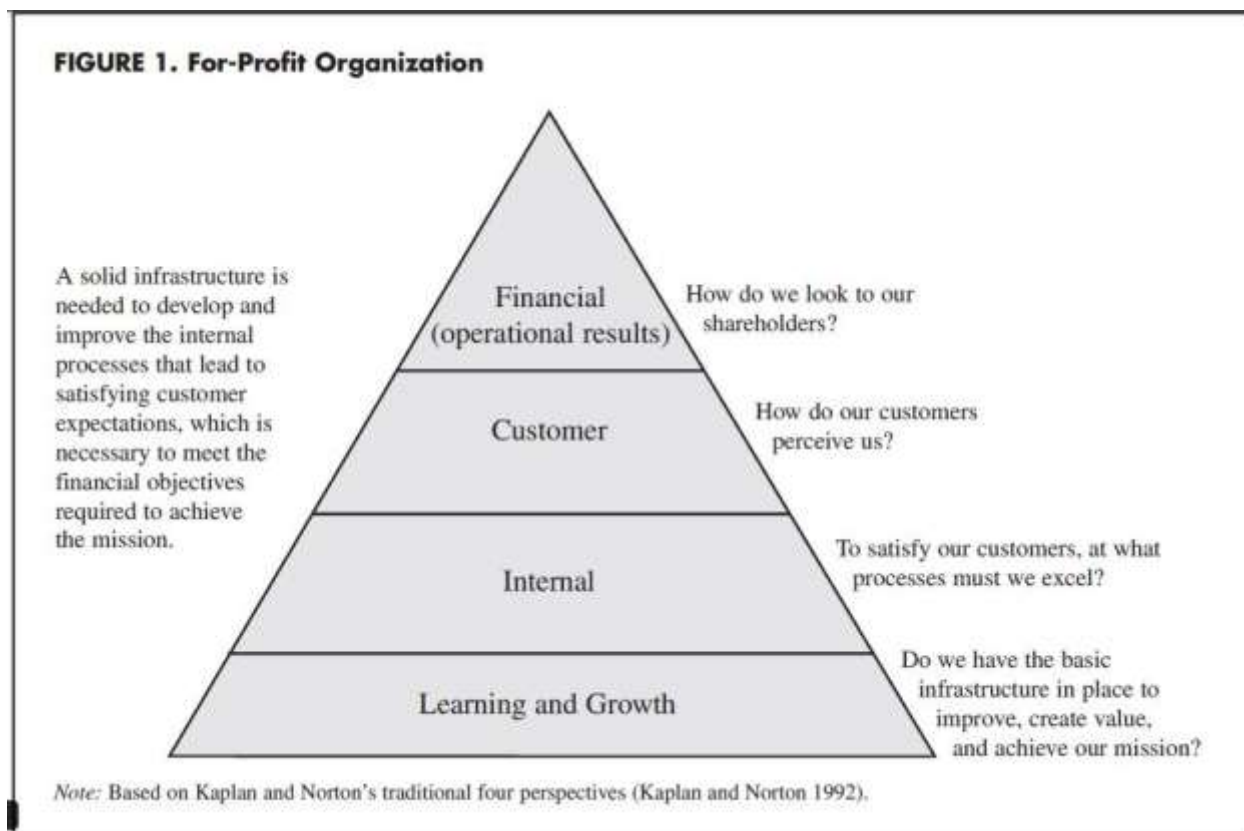
The research by Kocakulah and Austill (2007) mentions some of the major objectives for Innovation and learning as 'enhancing technology infrastructure', 'Promote research and development' and to 'boost employee motivation and empowerment'. The main employee related objective in this perspective is hiring the best talents, training them and maintaining the productivity and satisfaction of those employees. Some of the common measures to understand the employee learning and growth are 'productivity', 'number of training hours',

'number of employees attending education and training sessions' and 'job satisfaction'. (Kocakulah and Austill, 2007)

A study by Blizzard (2003) revealed that only about 26 per cent of health care workers were engaged in their jobs. This disengagement of the healthcare workers increases the probability of errors and hospital accidents. The study also revealed that with an increased employee involvement, improvements can be brought to employee retention rate, customer satisfaction, safety, productivity and profitability. Douglas and Ryman (2003) convey the advantage of linkages between hospitals and physicians. The research states the relationship as mutually beneficial with hospital gaining access to patients through physicians and physician's gets access to broad range of hospital services. The importance of hospital-physician integration is analysed in depth by Shortell et. al (2000). A case study on Brigham and Women's Hospital (Edwards, 2008) revealed that the hospital implemented trainings for the frontline staff and departmental supervisors on communication methods and ways to interact with patients and their family members which will eventually improve the hospital experience of the patients.

2.3. The Perspective pyramid

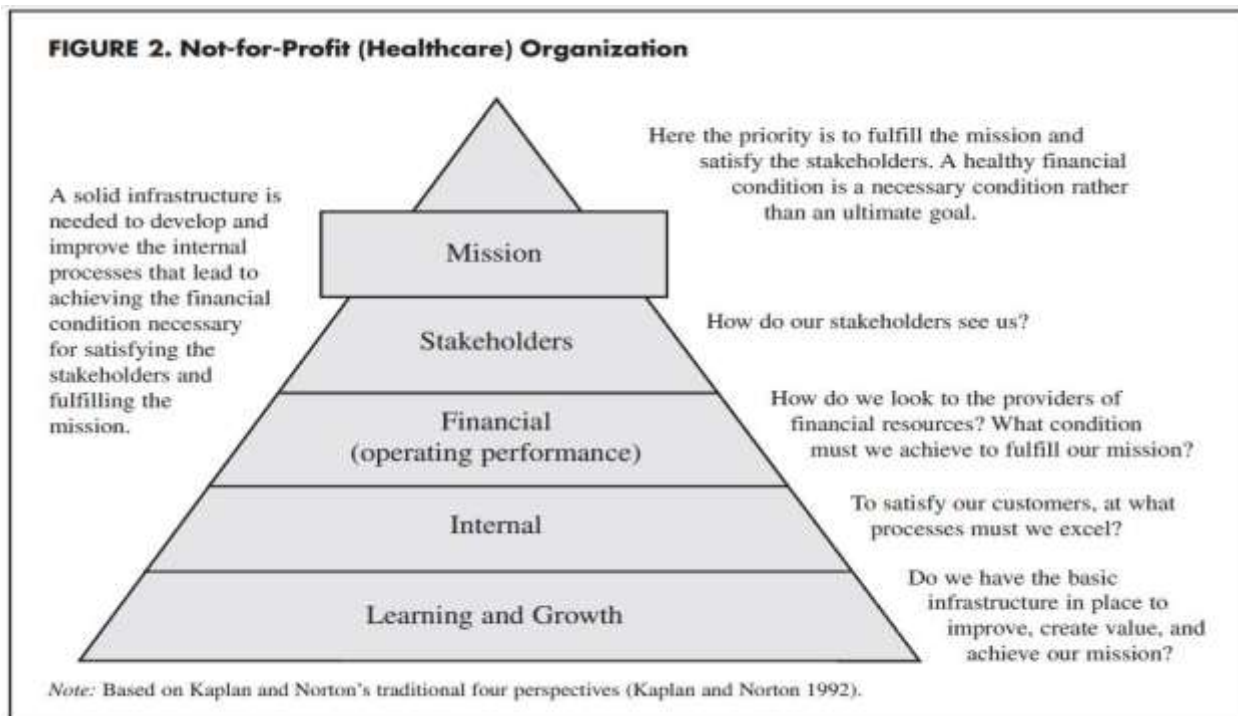
According to research, many for-profit firms have found the 'balanced scorecard' a vital instrument for directing and supporting their revival and continuous development efforts (Hoffecker and Goldenberg, 1994; Kaplan, 1994; Kaplan and Norton, 1996b). Voelker et. al (2001) have arranged the traditional four perspectives mentioned by Kaplan and Norton (1992) in the form of a pyramid on basis of their hierarchy which is consistent among most organizations. The figure-1 mentioned below represents the pyramid of priorities framed by Voelker et. al (2001) for profit oriented organizations.



According to Voelker et. al (2001), the learning and growth perspective constitutes the base of the Balanced scorecard perspectives. It focusses to build foundation of all future success – the organization's people, information systems and infrastructure. Long term success can only be attained with sufficient investment in the base. The next level is the internal business perspective which focusses on the internal processes that motivates current operations of the organization. Improvement in the internal processes ensures future financial and operational

success. The customer perspective which is about anticipating and satisfying customer needs forms the third level of the for-profit pyramid. In profit oriented organizations, the main aim of the business is to generate returns to the shareholders. Financial perspective is therefore considered to be on the highest level of the pyramid for private for-profit organizations. “The hierarchy of the perspectives on the balance scorecard, as well as the perspectives themselves may vary among different types of organizations and the environments in which they exist”. (Voelker et. al, 2001)

The healthcare organization whether for profit or non-profit has a social element attached to their performance. To account for the difference in healthcare organization which is generally categorized into the not-for-profit sector, Voelker et. al (2001) suggests a typical priority pyramid which is mentioned in the figure-2. It was observed by them that even in the not-for-profit organizations, a healthy financial requirement is a major criterion to ensure the sustenance of the organization. A healthy financial position helps the not-for-profit firm to obtain the resources necessary to provide its services, satisfy its stakeholders and fulfil its mission. (Voelker et. al, 2001)



In the perspective pyramid for non-profit healthcare organizations the 'customer' perspective was replaced by a 'Stakeholder' perspective. This is done as a variety of stakeholder groups are identified to exert pressure on the healthcare providers to deliver performance in quality and patient satisfaction while reducing the cost of service (Griffith and King, 2000). "The key stakeholder group may include patients and their families, employers, health plans, physicians, employees, administrators, shareholders, communities (and the public in general) and regulators" (Voelker, 2001). As stated by Zelman et. al (2003), the primary purpose of a healthcare organization's balanced scorecard effort is long-term adaptation and survival and to achieve this, efforts are focussed on attaining the organizations mission, strategic management, program and service improvement, and quality management.

Kaplan and Norton (1996a) suggested the four traditional perspectives for the balanced scorecard, which was later customized by different healthcare organizations as revealed in various researches (Rimar, 2000; Radnor and Lovell, 2003). This is because; each organization adopts the perspectives that are relevant to how they measure success (Voelker et. al, 2001). This is supported by Zelman et. al (2003) in their research which concludes that "the theory and concepts of the balanced scorecard are relevant to healthcare, but modification to reflect the industry and organizational realities is necessary". According to a research by Chesley and Wenger (1999), customizing the scorecard triggers the conversation for implementation and results in initial consensus to the entire initiative. The customized scorecard reflects the organizations strategy.

2.4. Identifying the key indicators for developing a Balanced scorecard system for Hospitals

The key performance indicators for developing a Balanced scorecard is closely linked to the organizational strategy. The achievements which an organization has to target in the medium term are agreed upon in the form of strategic objectives or priorities (Cobbold and Lawrie, 2002). Kaplan and Norton (2000) suggest the number of objectives to be in the range of 20-25, each objectives allocated to one of the perspectives in the Balanced scorecard. After setting the objectives, measures can be identified to support management's ability to monitor the

organization's progress towards achievement of the objectives (Olve et. al, 1999). The Balanced scorecard system provides a set for forward-looking performance indicators linking strategy to specific actions. "These measures and indicators when correctly developed, provide a comprehensive view of the organizational performance"(Voelker et. al, 2001).

There were many researches done to study the implementation of Balanced Scorecard system in hospitals over different part of the world. Each research helped to identify a set of objectives and measures used by these hospitals in monitoring the performance using the Balanced scorecard system. Kaplan and Norton (1996c) elaborated the idea on the traditional perspectives by linking them to strategic objectives and measures. Chow et. al (1998) interviewed the top administrators and the laboratory administrators in five Southern California hospitals and compiled a list of objectives and measures which can be used to create a Balanced scorecard for hospitals in similar environments. Research by Veillard et. al (2005) outlines a comprehensive list of objectives and measures identified as part of a WHO (World Health Organization) project known as 'PATH' which aimed to develop a performance measurement tool for hospitals. Urrutia & Eriksen (2005) conducted a research on the application of Balanced Scorecard in a Spanish private hospital and identified a list of objectives and measures for framing a Balanced scorecard for the hospital. Chen et. al (2006) conducted a research to compare the hospital performance of two public hospitals in Japan and China using Balanced scorecard. This research identified a list of objectives and measures common to the subject hospitals in both the countries. A research was conducted by Kocakulah and Austill (2007) to study the implementation of Balanced scorecard system in a regional Healthcare organization using various objectives and measures. The objectives and measures identified by these researches can be used as a preliminary guide to create the Balanced scorecard for healthcare organizations by adopting the relevant key indicators and identifying newer ones which is pertinent to the new situation.

This table serves as a guide for the private hospitals planning to develop a balanced scorecard system in Shanghai. There are lots of researches carried out since the inception of the balanced scorecard concept to study and understand the adaptation of balanced scorecard as a

measurement and strategy management system in different countries. The majority of these researches were concentrated on the American and European healthcare systems (Kazemek et. al, 2000; Wachtel, Hartford and Hughes, 1999; Meliones, 2000; Yee-Ching Lilian Chan, 2009), while the researches in Asian continents were limited (Kumar et. al, 2005; Chen et.al, 2006). Some of the major objectives and measures which are relevant to the private hospitals were extracted from the previous researches on the implementation of the balanced scorecard and is summarized in a table (See Appendix-1). The results published by previous researches help the aspiring healthcare organizations in these regions to adopt or refine the balanced scorecard system for effective implementation in their environment. A need for more researches on the adaptation of balanced scorecard was identified in the Asian countries, especially for the fast developing cities in China. The previous researches for balanced scorecard in the healthcare industries focussed on organizations which largely operated in the public sector or in a not-for-profit system. There hasn't been much focus on the performance measurement system to be implemented in a for-profit private healthcare organization. This research aims to contribute to these voids and concentrates on identifying the need of balanced scorecard system for private hospitals in Shanghai. As the framing of objectives and measures are found to be the building blocks of the balanced scorecard, this research tries to compile a list of the objectives and measures that will aid to create a balanced scorecard for private hospital in Shanghai. Kaplan & Norton (1996a) suggested that companies can develop an initial Balanced scorecard with narrow objectives to gain clarification, consensus and focus on their strategy. The framework can then be communicated throughout the organization for further refining and implementation.

3. Research methodology and assumption:

To develop a model of balanced scorecard relevant to each hospital units, it is found essential to have an understanding of the industry environment and the strategic priorities suitable for the business. Further, a detailed analysis has to be made to identify the key perspectives relevant to the business and measure the weightage/priority of each perspective. It is also found essential to understand the key objectives and initiatives relevant to the healthcare industry to develop an effective Balanced scorecard. To explore these aspects, this research study was conducted in two parts. Initially, a secondary research was carried out from the available websites and the internet resources of selected private hospitals in Shanghai to gather details about their general operations and functions. Secondly, to understand the key factors in the Chinese urban private hospitals, a field research was conducted in selected private hospitals. The research conducted by Chow et. al (1998) to gain an understanding into the potential applicability of the balanced scorecard by interviewing the top administrators of five Southern California hospitals was taken as a guide to the field research.

The data collection in the field research was done by un-structured detailed interviews/discussions with the senior executives of three private hospitals in Shanghai, namely 'American Sino OB/Gyn hospital' (ASOG), 'Shanghai United Family Hospital' and 'Parkway Health Speciality & Inpatient centre, Shanghai'. The reason for restricting the research to these three hospitals are because they are the most popular 'for-profit' private hospitals located in Shanghai and all of them focusses on affluent Chinese citizen and the expatriate population in Shanghai. So the research focussed on a homogenous business segment of hospitals was expected to provide consistent results which will aid the analysis of the outcomes to identify key features that are common to these hospitals. The interviews were open structured as it was observed that some executives were unwilling to share sensitive information's on their hospital strategy in which case the interview was refocused to collect general overview on their perception of each area in strategy formulation and performance measurement of the hospitals. The interviews were conducted through a combined mode of face-to-face/ telephonic conversations and paper questionnaire based on the time and access to the senior executives of these hospitals. In all the three hospitals, the interview participants from the

Senior Management were the Operations Directors as they were assumed to be the right source for explaining the performance measurement systems in the hospitals. The interview was conducted with the help of a bilingual Shanghai resident to identify valuable information from Chinese speaking executives and staff of the subject hospitals. A questionnaire was framed to identify the need of implementing balanced scorecard system in these private hospitals based on the methodology suggested by Niven, (2003). The questionnaires were shown in a five point Likert scale showing varying intensity of agreement with the statement, where point-5 denotes the absolute agreement with the statement and point-1 the least. The points marked for each questions were then totalled to reach a score for each hospital which determines the need for implementing the balanced scorecard system in the hospital. A score from 20 to 30 indicates that the organization has a strong performance measurement system in place and the program is properly communicated throughout the organisation, linking it to the key management processes. A score from 31-60 indicates the presence of a performance measurement system in the organization but not yielding the anticipated benefits. In this case the use of Balanced scorecard would be highly beneficial. A score from 61-100 suggests a business which faces difficulty in executing their strategy. A balanced scorecard system is strongly recommended for these organizations to focus on the implementation of strategy and align the goals. (Niven, 2003)

The main aim of the field research was to understand if the subject hospitals already adopted any kind of strategy formulation and performance monitoring tool similar to the balanced scorecard system and to identify their major areas of concentration. To identify these facts, the questions were mainly directed to gain knowledge on the strategy formulation and performance measurement techniques adopted by each hospital mainly based on the four perspectives of balanced scorecard system namely, the financial perspective, internal business processes, customer satisfaction perspective & organizational learning and growth as explained by Kaplan & Norton (1992). Efforts were made to understand if these private hospitals have a clear vision and mission and the extent to which their strategic action are aligned with their visions. To obtain an in-depth understanding of the internal processes which includes the human capital, it was believed that the key factors for improvement can be suggested by the

most critical resources in the hospitals, the physicians and other medical staff. With this objective, interviews/discussions were conducted among physicians and staff working in these private hospitals to understand their perspectives on the internal processes, employee motivation and the customer satisfaction. To get a genuine understanding of the community perspective about the service offered by these private hospitals interviews/discussions were also conducted with selected residents in Shanghai. The residents were categorized into citizen residents in Shanghai and the expatriate population. To obtain genuine responses based on their personal experience, the local residents with duration of stay in Shanghai greater than ten years and the expatriates residing in Shanghai for more than five years were only selected for this study. These interviews were conducted through a guided questionnaire method providing guidance to the participants about some of the possible answers for each question which were derived from the information's in the literature review and then encouraging them to contribute their opinions and thoughts. This method was adopted as the initial attempts of open ended interviews failed to yield any output as the staff and the residents in Shanghai found either the interview questions too complex to answer or lacked time to dedicate for a detailed discussion. Interviews with the hospital senior executives included questions to understand the strategic positioning and initiatives of each hospital. This was to understand if their current strategies are aligned to their vision, mission and the environmental requirements which is a prerequisite for effective implementation of Balanced scorecard system. The interview questions were formulated based on the sixteen common tactics that the organizations use when developing a strategy, which was derived from the research conducted by Akan et. al (2006) to identify the positioning strategies used in different organizations. Questions were also asked to understand the hospitals priorities in improving the four traditional perspectives mentioned in the balanced scorecard and the common objectives and measures adopted by the hospitals for performance measurement. Based on the outcome of this interview a 'perspective pyramid' is created for the private for-profit hospitals in Shanghai, altering the typical models framed by Voelker et al (2001). Finally a list of measures and objectives are framed based on the literature reviews and the outcomes of the interviews with the hospital executives, physicians and the residents of Shanghai.

4. Results and analysis of research:

This section will explain the detailed report, analysis and outcome of the secondary data gathered from the websites of the three private hospitals in Shanghai and the primary research through interviews and surveys carried out with the senior executives, physicians of three private hospitals and the residents of Shanghai. The research will explore the need of implementing balanced scorecard in private hospitals of Shanghai and identify the key objectives and measures for hospitals. The results from the research will enable to identify and list the main operational factors in the private hospitals which have to be considered while implementing the strategies and to ensure that the operational efficiencies are achieved as per their mission and vision statements.

4.1. Strategic orientation of the Hospitals and need of implementing balanced scorecard:

From the secondary research and the interviews conducted with the Operations Directors of the three private hospitals a general perspective of their strategic orientation was identified to understand the business lifecycle and the strategic positioning of the hospitals.

The senior executives at ASOG were clear about their strategic orientation as they mentioned that they are following a 'focussed differentiation' strategy (Kumar et. al, 1997) with 60% of their target customer group consisting of affluent Chinese and 40% the expatriate population in Shanghai. ASOG has a clearly defined vision and mission statements but their operational strategies are less aligned to the vision or mission of the hospital. ASOG executives find themselves in the 'growth stage' of the business with recent business plans of substantial investments under consideration.

The senior executives at Shanghai United Family Hospital were found to improve different aspects of the business, but their main attention remains the 'focussed differentiation' strategy (Kumar et. al, 1997) with 85% of their main target customers consisting of expatriate population and 15% the affluent Chinese in Shanghai. United Family hospital has a defined mission statement, even though they are less considered while formulating their operational strategies. Their vision and mission were found to be very abstract and not linking to the overall

business strategy. Currently the Shanghai United Family hospital offers a wide range of services to its customer segment. Overall, the Shanghai United executives observe their business to be in the 'sustain stage' where the businesses are expected to maintain its market share with a strong focus on the returns on investment and expand the number of services offered at the existing hospital campus.

The senior executives at Parkway Health Centre – Shanghai, stated their strategic initiatives were to improve every aspects of business with a range of specialities which would be done through adopting a combination of different strategic aspects and hence initially thought to be in a 'stuck in the middle' position as explained in Porters Generic strategies(Porter, 1980). However on further analysis it was understood that Parkway has the main concentration on the OB/Gyn services which shows that they are following a focussed differentiation strategy with a defined target customer group of 70% expatriate population and 30% Chinese citizen in Shanghai. They have a defined vision and mission statements. The strategic initiatives adopted were found to lack alignment with the vision and mission of Parkway hospital. The Parkway executives observe their business to be in the 'growth stage' where investments are made for rapid expansion.

The need for implementing the Balanced scorecard system was assessed in all the three hospitals using a questionnaire mode (Niven, 2003) which were answered by the senior executive of each hospitals. The results of the questionnaire generated a score of 31-60 for the three hospitals which indicates the presence of a performance monitoring system in these organizations. But these existing systems failed to yield the anticipated benefits. This revealed that adopting a Balanced scorecard system will be highly beneficial to these hospitals. From the outcome of the questionnaire, it is understood that all the three hospitals have maintained some or the other kind of performance monitoring measurements but they had concerns about the effectiveness of their internal systems to monitor the performance. In spite of a defined corporate strategy, the hospital found difficulties in implementing them in the operating level. The vision and mission of the hospitals was not properly conveyed to the working levels, leaving the employees to adopt quick fixes to current problems which may impact the long-term value

creation. The financial measures used by the hospitals were of basic nature and often overstretched due to increased pressure from the investors to demonstrate financial results. The most common performance measurements used by the private hospitals in Shanghai were to monitor the 'revenue growth', 'quality control', 'customer satisfaction' and 'number of research articles published by the medical staff of the hospitals'.

From the above discussions, it is understood that a lack of strategic focus and a nonaligned vision and mission statements leaves the organizations in a difficulty to identify its critical objectives to success. In this situation the hospitals are unable to determine the proper measures to identify its growth in the required direction. It is therefore essential that the hospitals should have a defined vision, mission and strategic focus prior to developing and implementing the Balanced scorecard system.

4.2. Identifying the key objectives and measures for performance measurement:

The attendants of the interviews conducted in Shanghai can be categorized into three groups, namely 'Hospital Senior Management', 'Physicians and other staff' and 'Shanghai residents'. Even though all the hospitals cooperated for the interview, detailed information on the performance measurement system for United Hospital and Parkway Healthcare couldn't be collected in this research as the Hospital Senior executives considered the information to be highly confidential to reveal. General information's were collected on these two hospitals from the interviews with their senior executives. In this section the response from each group will be illustrated.

From the detailed discussions with the Senior Managers of all the three private hospitals, it was revealed that enhancing revenue was the main target of the hospitals currently. While the targets of increasing revenue were the same, the need for revenue boosting differed slightly for the three hospitals based on their stages of business lifecycle. The requirements for ASOG were to generate sufficient profits for sustaining the business and reinvesting for value creation and growth. Parkway Healthcare concentrated on enhancing profits for reinvestment in the business for rapid expansion. United Hospital believed in reinvestments for business

improvements and at the same time to ensure consistent returns to its shareholders. All the three hospitals agreed that they faced severe pressure from the investors to demonstrate substantial results. When asked about cost containment, all the three hospital executives replied that cost reduction is not incorporated in their main agenda as the hospitals are focussing on improving the medical quality and customer satisfaction. Some of the measures currently used by the Hospital management to trace the financial performance are 'percentage increase in the revenue from year to year', 'Percentage increase in the profit margin', 'Return on Investment (ROI)' and 'Variance to departmental budgets'. The hospital executives also conveyed their interest in adopting new performance measures like 'Increase in the number of patients' to track the financial growth.

From the questions on customer orientation, it is understood that even though the target customers for the three hospitals included both Affluent Shanghai citizen and the expatriate population in Shanghai, the proportion of the target mix differed. The major customers for ASOG were the Shanghai citizen and the major customer group for Parkway Healthcare and United Hospital were the expatriate population in Shanghai. While ASOG aimed at providing pleasant hospital ambience and good medical services desired by Shanghai citizen, United Hospital and Parkway Healthcare concentrated on providing a personalized physician care for expatriate population similar to the medical care they receive in their home country. From the secondary research, it is understood that the United Family Hospital is planning to widen its customer segment in response to the socio-economic changes in China. This may affect the strategic focus of the hospital in the near future. For the questions on staff engagement, all the three hospitals agreed that their employees were disconnected with critical information they need to better serve the customers. The three hospitals had their contributions in community initiatives. United family group is engaged in community services through its independent unit known as the 'United foundation for Children's Health' which functions separately from the hospital networks. Parkway Health is involved in conducting health seminars and health awareness programs in local communities. ASOG maintains an online health information updates and routine seminars on child care. However the executives agreed that these initiatives were less focussed and often functions as separate units in partnerships with NGO's

and other welfare organizations. This shows a lack of sincere involvement of the hospitals in the community service. According to several researches, the active involvements of hospitals in the community service and awareness programs were found to improve the reputation and sales of the hospitals (Tuan, 2012; Padma et. al, 2010). Some of the performance objectives followed by ASOG were to 'Strengthen customer trust and respect', 'Deliver excellent diagnosis and treatment' and 'Improve customer satisfaction' which were monitored by 'customer satisfaction surveys', 'Patient complaints rate' and 'Increase in the number of patients'. Another major objective for the hospital was to 'Improve employee satisfaction' which was measured through 'employee satisfaction rate' and 'employee turnover rate'. The senior executive of ASOG revealed that they are planning to adopt new measures for staff satisfaction like the 'retention rate of talented physicians'. Moreover to ensure customer satisfaction and quality they are planning to implement 'The Press Ganey survey' and measure 'accurate diagnosis rate'. The hospital also plans to focus on 'recognition of staff' to improve their public image and reputation.

There were established processes in the three hospitals to monitor the business operations and quality, but the implementation of a strict monitoring system was lacking. Comparing the three hospitals, ASOG was found effective to some extent in aligning the organizational priorities to their long term goals. The main operational objectives of ASOG were to 'improve the efficiency & productivity' and to 'improve the quality of service' which were measured through 'Reduction in the percentage of procurement expense', monitoring the 'Quality control checks and quality indicators', 'Mortality rate' and 'Internal (departmental) complaints rates'. As a part of implementing strict monitoring process and improving the operational efficiency, ASOG has planned to adopt measures like 'average bed occupancy rate', 'outpatients per year per doctor', 'admitted inpatients per year per doctor'.

From the interviews, it was understood that the organizational learning and innovation were least concentrated or even neglected by the three private hospitals until recently. ASOG recently initiated activities to encourage organizational learning and encourage innovative processes. The main Objective of ASOG on these perspectives is to 'Achieve excellence in

medical treatment, research and organizational learning'. The main measures designed to monitor the improvements are 'Ranking of the hospital in the annual customer satisfaction table for Chinese hospitals', 'Number of research articles published by medical staff in journals', and the 'number for feedbacks/lessons learnt posted by staff members on internal sharing blogs'. The hospital has plans to measure the 'number of new medical technologies adopted' in order to speed-up the adoption of latest medical technologies. ASOG also aims to improve the 'Employee engagement' which can be measured by 'the employee participation rates in academic/professional development events'.

Interviews were carried out with randomly selected residents in Shanghai to gather the community opinion about the private hospitals. To collect genuine opinions based on their experience, it was ensured that all the interviewees participated were residents in Shanghai for more than five years. Moreover as the private hospitals under this research have maintained an Obstetrics/Gynaecology department as their main specializations, the interviews were carried-out only involving female participants between ages 20 – 60. The number of total participants in the research was 27. It was identified that 75% of the participants were from median and high income class which will deliver a fair understanding of the opinions of target customer groups for the private hospitals in Shanghai. The major findings from these interviews were as noted. It was found that 85% of the respondents prefer public hospitals to private hospitals for their routine check-ups and for specialized treatments. 80% of the respondents prefer public hospitals for obstetrics and paediatrics services. From the interview with the residents it was identified that one of the major factors that discourage people from approaching private hospitals are because of bitter experiences in the past as a result of some private clinics releasing bogus claims and false advertisements. Most of the respondents agree that the major reasons for avoiding the private hospitals were due to reasons mentioned below according to their order of priority.

1. Expensive treatments.
2. Unavailability of affordable insurance packages.
3. Unawareness of the speciality services provided by the private hospitals.

4. General public opinion of low credibility.

The respondents revealed some of the factors which attracted people to the private hospitals as mentioned below in the order of their priority.

1. Privacy for patients
2. Personalized patient care
3. Fast service
4. Friendly doctors and staff
5. Presence of experienced foreign doctors

When asked for possible suggestions to improve the attractiveness of the private hospitals the respondents mentioned few points as listed below.

1. The private hospitals should try to reduce the cost of treatment without compromising on the quality of service.
2. Private hospitals should try to create public awareness about the specialities and facilities available in these hospitals through fair marketing or awareness programs.
3. Up-gradation or incorporation of latest medical equipment's and technologies for treatment.

The interview with the residents provided a different view on the customer/community perspective of the services provided by private hospitals. This revealed the need for public awareness programs to introduce the facilities provided by the private hospitals and the need for gaining the confidence of the community as a whole.

Interviews were conducted with the physicians and staff working in the three private hospitals. There were 15 participants in total from all the three private hospitals. Questions were asked to understand their motivation to work for the private hospitals. The response revealed that most of the respondents considered their jobs in private hospitals as a gateway for an international carrier. Moreover it was noted that the private hospitals provided more job satisfaction and professional growth within the organizations to retain talents. Some of the staff believes that private hospitals provided them access to latest medical technologies in the industry.

Respondents were found to have mixed opinions on the difference in the reputation and remuneration offered to staff by public hospitals and private hospitals. As several researches identified the importance of employee engagement for customer satisfaction (Padma et.al, 2010; Pulus et. al, 2008) as a key factor for effective designing and implementation of a performance monitoring system, questions were asked to the staff in order to gather their suggestion to improve several aspects in the traditional perspectives of the Balanced scorecard system.

The main suggestions from staff to improve employee satisfaction are as mentioned below.

1. Recognition of additional efforts at work.
2. Provide sufficient freedom/autonomy of work.
3. Increase salary / bonus.
4. Conduct employee get-together/family gatherings once in a while.
5. Help employees to frame proper career plan, provide trainings and encourage continual education.

The recommendations provided by the staff to improve customer satisfaction are mentioned below.

1. Conduct monthly customer surveys.
2. Form a customer complaints committee with the leadership of the senior management.
3. Collect the customer feedback on discharge.
4. Conduct monthly staff meetings to analyse customer complaints and discuss methods to improve patients' experience.
5. Provide staff trainings on customer interfacing skills.
6. Design an error free service model to avoid service interruptions.

Suggestions to improve internal business processes are as mentioned below.

1. Improve cooperation between hospital functional departments.
2. Implement EMR (Electronic medical records) system.
3. Involvement of senior management to improve critical operational issues.

4. Develop a department to monitor and coordinate all activities of different functional departments.
5. Streamline existing routines and procedures or adopt a standard working process, policies & guidelines.

Suggestions to improve organizational learning's are as mentioned below.

1. Conduct professional training programs for staff.
2. Arrange research and learning partnerships with reputed institutes.
3. Encourage staff to obtain professional memberships in field of their expertise.
4. Add latest medical technologies and train staff to adopt them.
5. Arrange monthly in-house training programs by experienced staff.
6. Encourage medical staff to carryout academic/clinical researches.
7. Introduce a system for sharing of experience and knowledge among medical staff.

The interviews with the staff and residents revealed new areas of concentration and can be used to frame objectives and measures to monitor performance for the private hospitals in Shanghai.

4.3. Analysis of the research:

The data collected from the interviews and the secondary sources on the three private hospitals in Shanghai reveals that the hospitals lack a clear alignment of operational strategies to their vision and mission statements. This lack of alignment hampers the implementation of organizational strategies and leaves the existing performance monitoring systems less effective. The competitive environment in Chinese healthcare industry with a major dominance of the public sector hospitals forces the private hospitals to create a clear vision and focus their efforts on achieving them for survival and growth. This research reveals that the adoption of Balanced scorecard system will be highly beneficial for the subject private hospitals to ensure their market position and aid their growth targets. To align the organizations vision to its strategic decisions, this research recommends adding the 'vision' as a perspective of the top order in the Balanced scorecard of the private for-profit hospitals in Shanghai.

The hospitals were found to adopt basic financial objectives and measures to monitor their progress. Their main financial objective is to increase sales revenue and profits which is found to be the right objective for organizations in their growth and sustain phase of business lifecycle (Kaplan and Norton, 1996a). But as hospitals have social elements attached to them, the revenue generation can be created only by value added services taking into consideration the overall community welfare. This makes it necessary to link the four perspectives of the Balanced scorecard to generate revenues. To measure the revenue growth the hospitals have used adequate measures like ‘% increase in revenues’, ‘% increase in profit margins’ and ‘Variance in departmental budgets’. This can be further strengthened by measures like ‘Number of new patients’ (Urrutia et. al, 2005). From the discussions with the hospital executives, this was identified to be one of measures which the hospitals are willing to adopt. Based on the understanding of the hospital business from the interviews and secondary research data, it is found that incorporation of the measure ‘Inpatient/outpatient revenue mix’ which was mentioned by Voelker et. al (2001) has a major significance in determining the major revenue source of the hospitals. In the interviews, the senior executives revealed that ‘cost containment’ is not considered as a main objective in these hospitals as it is believed to hamper new investments in quality and innovation. Interviews with the Shanghai residents reveal an increasing demand for the high quality service of private hospitals which has limited access to public due to their high cost of treatment. Researches (Cleverley and Harvey, 1992; Meliones et.al, 1998) reveals that operation cost can be reduced by reducing the ‘length of stay’ which in-turn is achieved by effective communications and staff relationships. Similarly, Chow et. al, 1998 mentions about controlling costs by tracking ‘repetitive tests’ carried out in hospitals. This kind of innovative approaches can be applied in the Chinese private hospitals to reduce operational costs or control wastage without compromising the quality of service.

As the main objectives of the three private hospitals are to provide a customer oriented service, they are found to maintain a strong focus on improving the customer confidence and satisfaction. This is evident from the new initiatives by the hospitals like adopting the ‘Press Ganey survey’ and ensure ‘accurate diagnosis rate’. This initiative is supported by the suggestion of the hospital staff to conduct regular customer surveys and staff meetings to

analyse customer complaints. However the hospitals can still adopt from a range of comprehensive objectives and measures identified by the researches of Chow et. al (1998) and Veillard et. al (2005) to improve the customer experience. From the literature review it is found that the measures on 'Scheduling flexibility for appointments' will improve the patient experience, while the measures on 'number of patient referrals' and the 'number of repeat patients' can track the improvement in the patient satisfaction. From the interviews with the hospital executives it was identified that there isn't enough activities to ensure the satisfaction of the staff which is vital to an excellent customer service. This fact is supported by the outcomes of interviews with staff. The main suggestions from the staff to improve the employee satisfaction were to provide recognition of efforts, autonomy of work decisions, conduct employee social gatherings and provide guidance and opportunities for career development. Based on the interviews, the existing imprecise objective to improve the staff satisfaction can be well improved by adopting measures like 'retention rate of talented physicians' as planned by hospital executives, 'number of social gatherings' as suggested by the staff, 'doctor's satisfaction surveys' and 'physicians' participation in decision makings' as suggested by Chow et. al (1998). 'Staff training and participation' improves the employee satisfaction rate as mentioned by Garcia and Val Prado (2004). Another major objective which has to be adhered by the private hospital is to improve the hospitals brand value by public awareness programs and community services. Though some of the hospitals have managed to perform community service initiatives as identified in the secondary research (Appendix-2), the hospital executives admitted in the interviews that these initiatives were comparatively less focussed and dealt separate from the core business of the hospital. The need for private hospitals to create trust and public image was realised from the interviews with the Shanghai residents. Chow et. al (1998) identifies a major objective for hospitals as 'Building community image' which can be measured through 'community perception surveys', 'increased community supports' and 'favourable news articles featuring hospitals'. Veillard et. al (2005) identified 'Public Health promotion' as a main objective which can be adopted by the private hospitals in Shanghai. The hospitals executives believe that hiring recognized doctors and staff will improve

the image of the hospitals and hence they consider adding this as a measure to improve the image of the hospital.

This research could identify the objectives on internal business processes only for ASOG as the executives of the other two hospitals refrained from sharing the information. It is understood that ASOG has maintained an objective of improving the 'efficiency' and 'quality' of services. Even though these objectives provide fundamental focus for the organization, they have to be further reinforced with suitable metrics which are mentioned in the researches of Watkins (2003), Edwards (2008), Chow et. al (1998), Veillard et. al (2005) and Chen et. al (2006). Some of them like 'Average bed occupancy rate', 'number of outpatients per year per doctor' and 'the number of inpatients per year per doctor' are planned by ASOG for incorporating into its performance monitoring system. To improve the quality of care, based on the literature review it is suggested to adopt the measure of 'number of full-time employees per number of occupied beds (FTE/BED)' as suggested by Watkins (2003). The hospital have to concentrate on ensuring 'Care and safety of patients and staff' as mentioned by Veillard et. al (2005). Wiengart et. al (2004) (See Singer et. al, 2009) found that a better safety climate corresponds to lower rate of hospital incidents. The hospital senior executives share the opinion that they have an established procedures and routines in their hospitals. However the staff pointed out the need for streamlining the existing procedures and policies or implementing new routines and procedures. The 'Development of protocols and procedures' can be incorporated as a main objective for these private hospitals which can be monitored by measures like 'New protocols and procedures' and 'updating of protocols and procedures' as mentioned by Urrutia et. al (2005).

The importance of organizational learning were not realised by most of the private hospitals as the outcome of learning and promoting innovations are normally generated over a long term. ASOG with its relationships with institutes of academic excellence has triggered the process of adopting organizational learning and growth initiatives focussed at long term benefits. ASOG adopts very crucial objectives like 'Encourage research, discovery and learning' and 'Staff engagement & development programs' to improve the research and learning in the hospital.

The interview with the staff revealed the need for implementing regular training sessions for the hospital staff to improve their skills, encourage the medical staff to carryout research works which will enhance their knowledge and provide value addition to the hospital. The interview also revealed the need for internal transfer of knowledge through sharing of experience. The research recommends adopting suitable measures to track the progress in these areas such as 'number of staff training hours' and 'leadership development programs' apart from the measures currently adopted by the hospitals. The requirements for adopting latest technologies were suggested by the customers and staff to improve the desirability of the service by private hospitals. However there aren't major initiatives by the hospitals for 'enhancing technology infrastructure' as suggested by Kocakulah and Austill (2007) which can be measured by 'speed of adopting technology' (Chow et. al, 1998). During the discussion with the hospital executives, it was understood that the hospitals are considering the importance of being up-front with the latest technologies which will be monitored by measures like 'the number of new medical technologies incorporated' in a specific duration. Another important objective worth adopting is 'increasing collaboration with medical groups/partnerships with research institutions' (Chow et. al, 1998). To improve the organizational learning's it was suggested by the staff to arrange research and learning partnerships with reputed institutions. Some of the important measures suggested by Chow et. al (1998) for this factor are the 'number of joint research activities' and the 'number of institutions/agencies participating in joint activities. All these objectives and measures help an organization to build intangible assets which will boost its reputation and hence applicable to all private hospitals in Shanghai.

4.4. Developing an initial model of Balanced Scorecard for private hospitals in Shanghai:

Based on the findings of the research an initial model of balanced scorecard can be designed for the private hospitals in Shanghai to align their strategic vision to the sub-unit operational efficiencies. During the discussions with the senior executives of the three private hospitals in Shanghai it was understood that all of them shares a common viewpoint on the order of priority for the strategic perspectives in the balanced scorecard. All of them consider the financial performance as the top priority, followed by Customer satisfaction as the second

priority and Internal Business process improvement as the third priority. Even though the need for Organizational learning and growth was identified as a main criterion for sustainable growth by all the three hospitals, this was considered to be the least priority out of the four traditional perspectives suggested by Kaplan & Norton (1992). It was also observed that the vision and mission statements were not considered while framing the operational strategies or when deciding the performance measures. To create an initial Balanced scorecard for the private hospitals in Shanghai some modifications has to be made to the models suggested by Kaplan and Norton (1992) and Voelker et. al (2001). As it was identified in various researches that defining the mission and vision statement and aligning the operational strategies to them forms the fundamental of organizational strategy and performance measurement, in this research the Mission/Vision statements are added as a fifth perspective and allocated the top priority for the private hospitals in Shanghai. This is in line with the priority declared by Voelker et. al (2001) for the mission perspective in the healthcare organizations. The priority on vision and mission will provide a clear focus on the organizational goals. In this research the priorities for the other four perspectives are maintained as defined by the senior executives of the private hospitals. Based on the economic/political reformations in China and the strategic priorities of the private hospitals, this order of priority was found to be apt for the efficient functioning of the private hospitals in Shanghai. The increased pressure from the investors for consistent returns on their capital investment and the requirement of higher profits for reinvestment makes the financial perspective the second most important factor in the strategic alignment of private hospitals. This fact is supported by the research of Urrutia and Eriksen (2005) which states that "In profit-seeking organizations the financial perspective is fundamental since it provides the information necessary to evaluate whether the organization has been effective in achieving its objective of creating shareholder value". In a customer driven business, higher revenue can be generated only by increasing the customer inflow which makes customer satisfaction the next important criteria in the Balanced scorecard for private hospitals. In this research, the customer perspective has been elaborated to include the staff and the community of Shanghai residents as a whole. Hence the traditional customer perspective is renamed as Stakeholder perspective. This is because from the interviews, it was identified that the staff of the private hospitals and

the local community plays a major role in identifying and propagating the reputation of the private hospitals which has a major impact in determining the success of the private hospitals. However to attract more patients, the hospitals should improve the efficiency of the internal processes and quality of care which is directly linked to the customer satisfaction. This makes the Internal Business processes the next important perspective in the Balanced scorecard. The senior executives of the three private hospitals interviewed considered Organizational learning and development as an important factor for organizational growth and sustainability even though it has a low weightage compared to other perspectives. This perspective is essential to meet the increasing competition in the private healthcare sectors and to sustain the influx of public hospitals into the niche market which was until recently a monopoly segment for private hospitals. The organizational learning and growth perspective being the means for generating value in the future is considered as the lower order perspective in the Balanced scorecard for private hospitals in Shanghai. Based on the above discussions a model of 'Perspective pyramid' is developed for private hospitals in Shanghai, which is shown in the figure-3.

Figure-3. Perspective pyramid for for-profit private hospitals in Shanghai



The recommended 'Perspective pyramid' will help the private hospitals in Shanghai to prioritize their activities while developing a strategic plan. The 'Perspective pyramid' provides the private hospitals a guideline to align their strategies which acts as an initial point in designing a

Balanced Scorecard. This model enables the private for-profit hospitals to deliver a measurable outcome which meets both the short-term and mid-term targets.

Further development on the balanced scorecard is possible only after defining a clear vision and mission for the organization (Chow et. al, 1998) and understanding its strategic priority at a given point of time (Kaplan and Norton, 1996a; Lamont et. al, 1993). The research identified that the strategic priorities of the three hospitals discussed here differed based on their management's perception of the business lifecycle and the market positioning strategies adopted by them. From the available information's, two of the hospitals were considered to be in the 'growth stage' of their business while one hospital was considered to be in the 'sustain stage' of the business lifecycle. Moreover an understanding of the detailed strategic plan, the core capabilities and weaknesses are essential to create an effective Balanced scorecard, as explained by Lee and Ko (2000). The detailed information on these extends were available only from ASOG. So here an initial model of the Balanced scorecard is developed based on the information's available from ASOG, which is in the growth phase of the business lifecycle. The initial model consists of main strategic perspectives, the objectives and measures which will form the basis of a balanced scorecard.

As mentioned in several researches, the development of a customized Balanced scorecard is an elaborative process involving all the stakeholders of the organization (Papalexandris et. al, 2005; Chow et. al, 1998). So the initial model developed in this research can only be used as a guide for developing the Balanced scorecard for private hospitals in Shanghai.

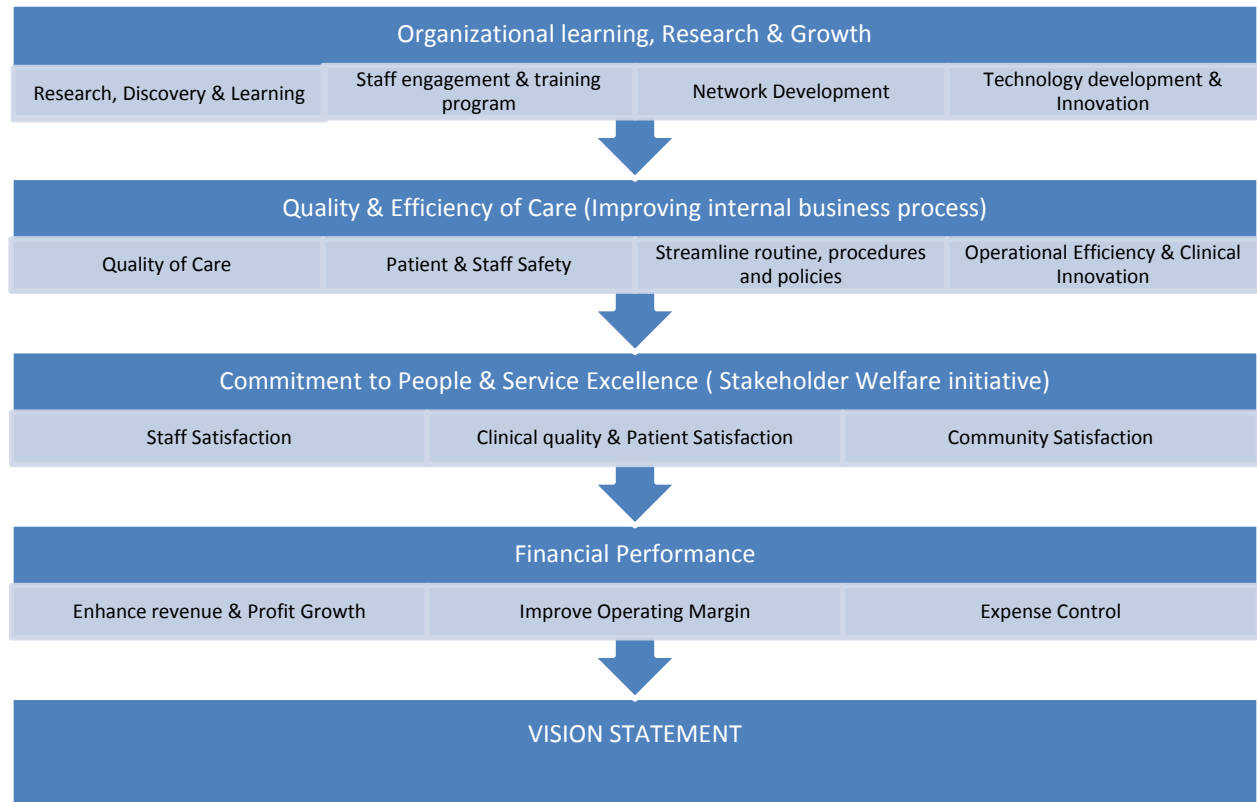
An initial model of Balanced scorecard for ASOG based on the research can be framed as shown in the table-1 below:

Vision statement	
<i>Objective</i>	<i>Measures</i>
Be the No.1 in Chinese Ob/Gyn market	<ul style="list-style-type: none"> • Number of new patients in the target market. • Ob/Gyn market share in China.
Financial Performance	
<i>Objectives</i>	<i>Measures</i>
Enhance revenue and profit generation	<ul style="list-style-type: none"> • Percentage increase in revenue. • Percentage increase in the profit margin. • Return on investments (ROI). • Inpatient/Outpatient revenue mix. • Increase in the number of new patients.
Improve operating margin	<ul style="list-style-type: none"> • Length of stay.
Expense control	<ul style="list-style-type: none"> • Variance to departmental budgets. • Rate of repeat tests/treatments.
Stakeholder Welfare	
<i>Objectives</i>	<i>Measures</i>
Staff satisfaction	<ul style="list-style-type: none"> • Employee satisfaction rate. • Employee turnover rate. • Doctor's satisfaction surveys. • Retention rate of talented physicians'. Physicians' participation in decision makings. • Employee social gathering programs. • Staff career development & counselling.
Clinical quality & patient satisfaction	<ul style="list-style-type: none"> • Customer satisfaction surveys. • Patient complaints rate. • Increase in the number of patients. • Press Ganey survey. • Accurate diagnosis rate. • Scheduling flexibility. • Patient referrals. • Repeat patients.
Community satisfaction	<ul style="list-style-type: none"> • Community perception surveys. • Favourable news articles featuring hospitals. • Public health promotions like number of Breast-feedings at discharge. • Recognition of doctors/staff.

Internal Business Process	
<i>Objectives</i>	<i>Measures</i>
Quality of care	<ul style="list-style-type: none"> • Quality control checks and quality indicators. • Mortality rate. • Full-time employees per number of occupied beds (FTE/BED).
Patient & staff safety	<ul style="list-style-type: none"> • Mortality of selected tracer conditions and procedures. • Readmission for selected tracer conditions. • Length of stay for selected tracer conditions. • Percutaneous injuries. • Medical incidents leading to lawsuit.
Streamlining routines, procedures and policies	<ul style="list-style-type: none"> • New protocols and procedures. • Updating of protocols and procedures.
Operational efficiency & Clinical innovation	<ul style="list-style-type: none"> • Reduction in the procurement expense. • Internal complaints rate. • Average bed occupancy rate. • Outpatients per year per doctor. • Admitted inpatients per year per doctor.
Organizational learning, Research & Growth	
<i>Objectives</i>	<i>Measures</i>
Research, discovery & learning	<ul style="list-style-type: none"> • Ranking of the hospital in the annual customer satisfaction table for Chinese hospitals. • Number of research articles published by medical staff in journals.
Staff engagement & training programs	<ul style="list-style-type: none"> • Number of training hours. • Employee participation rate in academic/professional developments • Leadership development programs. • Number of feedbacks/lessons posted by staff members on internal sharing blogs.
Network development with medical groups and research institutes	<ul style="list-style-type: none"> • Number of joint research activities. • Number of institutions/agencies participating in joint activities.
Technology development & innovation	<ul style="list-style-type: none"> • Speed of introducing/adopting technology. • Number of new medical technologies incorporated.

The initial model of Balanced scorecard can be linked to a basic strategy map which has been developed following the templates used by Edwards (2008) in which the cause-effect relationships between the different strategic perspectives can be visualized.

Figure-4: Strategy map for American Sino Ob/Gyn Hospital



The above strategy map and the initial balanced scorecard can be used a guideline to create customized balanced scorecard for the private (for-profit) hospitals in Shanghai. As the fundamental characteristic of all the private hospitals in this research remains the same, the order of priority of their perspective will be similar to the model developed by this research. However according the lifecycle of the business and the strategic priority of the organizations, their objectives and measures may differ making it necessary for each healthcare organization to build their own customized Balanced scorecard.

5. Conclusion

There were many researches and case studies found on the adaptation of Balanced scorecard in the European and American healthcare organization. These vast knowledge resources serve as a guide for the healthcare organizations aspiring to adopt the Balanced scorecard system in these regions. Although researches states that each organizations have to build their own customized scorecard based on their individual needs and business situations, the case studies on the adaptation of the scorecard by organizations in the same region provides a general understanding of the scorecard which can be further amended to personalize it for the organizational needs. However there aren't much researches concentrating on the adaptation of Balanced scorecard system for private hospitals in the Asian continent, especially in the fast developing cities of China. This lack of evidence can be considered as a deterrent for the healthcare organizations to adopt the Balanced scorecard system in these cities. This research aims at understanding this unexplored area by identifying the basic components required for developing a Balanced scorecard for the private hospitals in Shanghai. The main purpose of this research is to throw light into the requirement of implementing a balanced scorecard system in the private hospitals located in urban China. This research concentrates on analysing the performance monitoring systems in three 'for-profit' private hospitals in Shanghai. To obtain a general understanding of their business environment the selection of the three hospitals for this research was based on the common customer segment they serve. The research methodology consists of data collection from the websites of the three hospitals followed by detailed interview/discussions with the senior executives of the hospitals. As the strategic focus of an organization is identified to be a pre-requisite for effective implementation of the Balanced scorecard system, interviews with the senior executives of the hospitals included questions to understand the hospitals strategic priorities and initiatives. Interviews were carried out with the staff of the hospitals and the residents of Shanghai to understand their views on the satisfaction of the customers and staff, and the operational efficiencies in these three hospitals.

The main findings of this research includes identifying the need for implementing Balanced scorecard system in the private hospitals of Shanghai, realizing the importance of strategic

alignment in the hospitals with their vision and mission, and the insights obtained from the suggestions of staff and Shanghai residents. One of the main findings from the interviews was the need for boosting the public image of the private hospitals in Shanghai as more than 80% of the Shanghai residents mentioned public hospitals as their preferred healthcare provider. The research reveals that adopting a Balanced scorecard system will be highly beneficial for the private hospitals in Shanghai. This research suggests defining the vision and mission for the hospitals and aligning them to the hospitals strategies depending on the environmental factors and the business life-cycle, prior to developing a Balanced scorecard system for performance monitoring. To ensure proper strategic alignment, it is suggested to add 'Vision/Mission' as a perspective of the top order in the Balanced scorecard apart from the four traditional perspectives designed by Kaplan & Norton (1992). The research also suggests elaborating the customer perspective to incorporate the hospital staff and the local community. The research collected and compiled a list of measures and objectives derived from the interviews and the secondary research. The results of the research were used to build an initial Balanced scorecard for 'American Sino hospital', one of the three hospitals covered in this research. However this initial scorecard is suggested only as a guide for private hospitals to create their own customized scorecards. This is because the development of a Balanced scorecard is an elaborative and iterative process ensuring the participation of all the major stakeholders, which was not possible within the time frame of this project. This is considered to be the main limitation of this research. Other limitations include the low number of participants involved in the interview and the lack of detailed information from two private hospitals covered in this research study. However this project is expected to serve as an initial step for further research in this relatively less explored area of implementation of Balanced scorecard in private for-profits hospitals in China.

6. Appendix

6.1. Appendix-1

Table-2. List of Objectives and measures identified by previous researches on healthcare organizations

Financial Perspective		
Research	Objectives	Measures
Chow et. al (1998)	<ul style="list-style-type: none"> • Increase contracts • Survival • Cut cost • Increase patients/ contracts 	<ul style="list-style-type: none"> • Contracts with HMOs. • Adequacy of budget. • Bed vacancy level. • Cash flow. • Expenditures relative to budget. • Degree of increase automation, less labour. • Cost per test. • Rate of repeat testing. • Number of new patients/contracts. • Rate of growth in cash inflows.
Urrutia et.al (2005)	<ul style="list-style-type: none"> • Generate sufficient fund for investment 	<ul style="list-style-type: none"> • Net income/total revenues.
Chen et. al (2006)	<ul style="list-style-type: none"> • Hospital expenditure 	<ul style="list-style-type: none"> • Personnel expenditure as a percentage of total patient revenue. • Material cost as a percentage of total patient revenue.

Customer Perspective		
Research	Objectives	Measures
Chow et. al (1998)	<ul style="list-style-type: none"> • Prompt service/Fast turnarounds • High quality care 	<ul style="list-style-type: none"> • Patient satisfaction surveys. • Emergency room and admission times. • Scheduling flexibility. • Number of tests delivered on time. • Degree of automation. • Patient evaluations. • Patient referrals. • Number of patients admitted.

	<ul style="list-style-type: none"> • Prompt emergency room response • Staff attitude and friendliness • Quality nursing care • Doctors Satisfaction • Competent doctors, nurses and staff • Community image 	<ul style="list-style-type: none"> • Accurate diagnosis rate. • External ratings. • Favourable press coverage. • Market share. • Repeat patients. • Time to respond. • Patient satisfaction surveys. • Community perception of staff. • Patient satisfaction surveys. • Market share. • Repeat patients. • Number of complaints. • Patient surveys. • Number of contracts with key physicians/groups. • Doctors' ability to participate in decision making that affects them. • Doctor satisfaction surveys. • Retention rate of good doctors. • Reputation. • Number of referrals. • Number of contracts. • Accurate diagnosis rate. • Number of complaints. • Patient satisfaction. • Favourable press coverage featuring doctors/staff. • Perception. • Community perception surveys. • Number of doctors/staff involved in community. • Recognition of doctors/staff. • Increased community support.
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	<ul style="list-style-type: none"> • Staff satisfaction • Patient satisfaction 	<ul style="list-style-type: none"> • Increased donations. • Favourable news articles featuring hospitals. • Staff satisfaction surveys. • Patient satisfaction surveys.
Urrutia et.al (2005)	<ul style="list-style-type: none"> • Maintain competitive position • Maintain high levels of service • Create new mechanisms: products and projects • Knowledge and improvement of customer satisfaction 	<ul style="list-style-type: none"> • Competitive rate with competition for similar services. • Occupancy index. • Growth of ambulatory consultations. • Number of new products and projects. • Number of customers surveyed.
Chen et. al (2006)	<ul style="list-style-type: none"> • Patient satisfaction 	<ul style="list-style-type: none"> • Number of patients expressed 'satisfaction' in survey. • Outpatient waiting times.
Veillard et. al (2005)	<ul style="list-style-type: none"> • Staff orientation and staff safety • Staff safety • Public Health promotion • Patient centeredness • Interpersonal aspects • Client orientation: access • Client orientation: information and empowerment. • Client orientation: 	<ul style="list-style-type: none"> • Training expenditures. • Expenditures on health promotion activities. • Absenteeism: short term absenteeism, long term absenteeism. • Percutaneous injuries. • Staff excessive weekly working time • Breastfeeding at discharge. • Average score on overall perception/satisfaction items in patient surveys. • Average score on interpersonal aspect items in patient surveys. • Last minute cancelled surgery. • Average score on information and empowerment items in patient surveys. • Average score on

	continuity	continuity of care items in patient surveys.
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Internal Business processes Perspective		
Research	Objectives	Measures
Chow et. al (1998)	<ul style="list-style-type: none"> • Cost control • Service excellence • Efficiency • Reengineering of departments • Quality of care • Effective use of resources • Selected specialization 	<ul style="list-style-type: none"> • Cost per patient day. • Cost per diagnosis. • Cost per procedure. • Per case cost. • Complaint rate. • Patient feedback. • Quality of care. • Degree to which staff is professional, friendly and helpful. • Increased automation. • Cycle time. • Analysis of use of equipment and space. • Degree of automation. • Degree of use of technology. • Cost reduction. • Periodic evaluation of doctors, staff and administrators. • Patient satisfaction surveys. • Hiring and retention rate of Quality workforce. • Rate of improvement of business processes. • Degree of use of technology. • Cancer, heart etc. (provide value for cost).
Urrutia et.al (2005)	<ul style="list-style-type: none"> • Maintenance of productivity • Development of protocols and procedures • Implementation of the Quality Guarantee Plan 	<ul style="list-style-type: none"> • Ratio of personnel/hospital stay. • New protocols and procedures. • Updating of protocols and procedures. • Number of quality circles meetings.

		<ul style="list-style-type: none"> • Monitor quality indicators.
Chen et. al (2006)	<ul style="list-style-type: none"> • Staff productivity • Quality and safety • Operational Efficiency • Utilization of capacity 	<ul style="list-style-type: none"> • Outpatients per year per doctor. • Admitted inpatients per year per doctor. • Medical accidents leading to lawsuit. • Length of stay. • Occupancy rate.
Veillard et. al (2005)	<ul style="list-style-type: none"> • Care and safety • Productivity 	<ul style="list-style-type: none"> • Mortality for selected tracer conditions and procedures. • Readmission for selected tracer conditions and procedures. • Return to higher level of care (e.g. from acute to intensive care) for selected tracer conditions and procedures within 48hours. • Length of stay for selected tracer.

Learning & Growth Perspective		
Research	Objectives	Measures
Chow et. al (1998)	<ul style="list-style-type: none"> • Collaboration with medical groups • Doctor research and creativity • Partnerships with research institutions and other agencies 	<ul style="list-style-type: none"> • Physician referrals. • Cost/benefit analysis. • Number of professional presentations and publications by doctors. • Number of new procedures. • Degree of usage of state-of-the-art equipment. • Quality of care. • Number of on-going instructional development programs. • Number of joint activities. • Number of institutions/agencies

	<ul style="list-style-type: none"> • Relationships with physicians • Employee development • Client education • Improved technology • More testing capabilities 	<p>participating in joint activities.</p> <ul style="list-style-type: none"> • Benefit/cost analysis. • Range of knowledge. • Expenditures for employee development. • Attendance at seminars, conferences and workshops. • Degree to which continuing education is encouraged. • Technical bulletins/newsletters distributed to clients. • Speed of introducing/adopting technology. • Number of employees in training. • Number of new tests per year.
Urrutia et.al (2005)	<ul style="list-style-type: none"> • Personnel trained • Satisfied and motivated personnel • Development of intermediate organizational units 	<ul style="list-style-type: none"> • Number of persons trained per year. • Number of persons evaluated. • Number of persons with variable compensation. • Number of intermediate organizational units.
Chen et. al (2006)	<ul style="list-style-type: none"> • Medical research 	<ul style="list-style-type: none"> • Expenditure on medical research. • Academic papers written in English per year per medical staff member.

6.2. Appendix-2

General information's on the Private hospitals in Shanghai from secondary research

United Family Hospital

Source of information: <http://shanghai.ufh.com.cn/en/>

Mission Statement: United Family Healthcare is a pioneering, international standard healthcare organization in China, whose sole mission is to provide comprehensive, integrated healthcare services in a uniquely warm and caring patient and family service-oriented environment.

Company's strategy is to continue its growth as a leading integrated health care provider in the Greater China region. The corporate parent Chindex International, is an American health care company in China, providing health care services in China through the operations of United Family Healthcare and providing medical capital equipment and products through Chindex Medical Ltd. With 30 years of experience, the Company's strategy is to continue its growth as a leading integrated health care provider in the Greater China region. United Family Healthcare is the Company's world-class hospital network in China. All UFH hospitals and clinics provide patients with the very best in premium health care in a highly personalized setting, with more attention paid to individuals by our expert staff than can often be found in medical facilities elsewhere in Asia or the West.

Beijing United Family Hospital (BJU), the first UFH hospital, commenced operations in 1997, and is still the only facility of its kind in Beijing. It provides comprehensive inpatient and outpatient medical care with internationally board-certified Western doctors as well as the most skilled Chinese doctors coming from Beijing's top hospitals. All medical and support staff at BJU are English speaking and are among the most experienced medical teams found anywhere. UFH operations in Shanghai commenced services in 2004 with the opening of Shanghai United Family Hospital (SHU), providing an unmatched level of quality and service in that global city, generally including all the services, amenities, and capabilities found in Beijing. In accordance with Chinese regulations governing foreign-invested healthcare facilities, both UFH hospitals are contractual joint ventures with local Chinese partners. UFH facilities in Beijing and Shanghai currently provide full-service premium inpatient and outpatient medical care with 5 satellite

clinics in Beijing and 2 satellite clinics in Shanghai. The demand for international-standard healthcare services in China continues to increase due to a growing Chinese upper-middle class and the influx of Western people, influences and concepts, along with the mounting ability of Chinese citizens to afford better healthcare services. The liberalization of the insurance industry will provide expanded access to health insurance products for Chinese citizens allowing more access to premium healthcare services such as UFH. As the leading private hospital corporation in China, Chindex plans to continue its growth in healthcare services through expansion of the UFH network. Market expansion plans are underway in each geographic market. In Shanghai, expansion projects are expected to include increased services at the current hospital campus as well as at the United Family managed clinic in Pudong, and the opening of additional facilities over the coming years. The new and expanded facilities in Guangzhou and Beijing, respectively, will be several times larger than the current facilities in Beijing and Shanghai, targeting the growing segment of affluent Chinese families in the major urban centres in China.

Medical services:

Shanghai United Family hospital offers a wide range of medical services listed below.

- Anesthesiology
- Dental Clinic
- Dermatology
- Emergency Medicine
- Ear, Nose & Throat
- Eye Clinic
- Family Medicine
- Internal Medicine
- Laboratory
- Mental Health
- Obstetrics & Gynecology
- Pediatrics
- Pharmacy
- Physical Medicine & Rehabilitation
- Radiology & Imaging
- Surgery
- Traditional Chinese Medicine

United foundation for Children's Health

The United Foundation for Children's Health (UFCH) began helping children in 2001. Since that time UFCH have helped thousands of children receive routine medical care as well as lifesaving surgeries and treatments.

Mission

UFCH strives to improve the lives of underserved children in China through healthcare initiatives and services by using its technical expertise and experience in the country, forging targeted partnerships, and setting up training and innovative pilot programs. UFCH is in the unique position to provide China's impoverished children a chance at life by helping provide opportunities for medical care that they would not otherwise have. UFCH seeks to provide these children, mostly orphans, with the chance to overcome their medical illnesses and have the chance to be adopted into a loving family.

Giving back to society

In China today there is an estimated 820,000 orphans. Many of these children are abandoned at birth once their parents discover they suffer from a congenital defect. Although many of these defects are treatable, often the lack of information and/or high medical costs results in abandonment. These children will be sent to live in orphanages that do not receive funds to cover the cost of these needed surgeries. The average orphanage receives roughly \$30 a month per child to cover food, shelter, clothing, caregivers' salary and medical costs. Lifesaving surgeries just cannot be afforded. According to the China adoption guidelines, only children who have received their needed surgeries may be put up for adoption. Most of these children will never have the opportunity for the medical care they so desperately need and will have no hope of finding a family. UFCH is an organization of caring people committed to doing our very best to improve access to healthcare for these children.

Medical Programs

UFCH supports Beijing and Shanghai's extensive network of Healing Homes. Due to the large number of orphans with special medical needs, these Healing Homes care for many seriously ill children. Since the start, UFCH has provided the orphanage's staff with caregiver training to better care for the children, especially those with special medical needs; on-going medical treatment through the donated services of physicians and nurses from United Family Healthcare (UFH); and routine hospital treatment. For medical treatment that cannot be received locally, UFCH will arrange medical treatment at a UFH facility or a local hospital in Beijing or Shanghai. In cases where the needed treatment is not available in China, we will facilitate overseas medical assistance.

Nutrition programs

UFCH administers a nutrition program which currently provides children under two years old in a rural Henan Orphanage with high quality infant formula donated by Abbott Laboratories. The program includes quarterly trips to perform medical assessments and follow up to ensure that the formula is being administered properly and that the children are growing. For each trip, UFCH staffs are accompanied to the orphanage by physicians and nurses from United Family Healthcare (UFH). Each child enrolled in the program is weighed and measured to track the child's growth. Each child is also given a medical evaluation and treatment advice is provided to the orphanage staff for any child that may need additional medical care. Performing these regular assessments allows UFCH to track the children's growth over time to ensure the children are receiving adequate nutritional intake. Additionally, UFCH provides on-site training on formula preparation, sanitation, and nutritious food selection/supplementation.

Parkway Health China

Source of information: <http://www.parkwayhealth.cn/>

With a need for people in worldwide to access top quality international healthcare, Singapore Parkway Holdings Limited, the largest private medical group in Asia opened its first medical and surgical center in Shanghai in 2005. Parkway Health China currently operates the largest network of 8 medical centers in Shanghai, and 1 state of the art international clinic in Chengdu. With a combination of more than 80 expatriate and local physicians, Parkway is capable to provide over 30 specialties, including birthing and inpatient services in more than 20 languages. This leaves the patients free to enjoy your life, safe in the knowledge that should they need medical assistance, Parkway Health is here to provide them services that they can depend on.

Vision

To be the global leader in value-based integrated healthcare.

Mission

To make a difference in people's lives through excellent patient care.

Values

'People above all... by treating those we serve and each other with compassion, dignity and respect'.

'Excellence... by acting with integrity and striving for the highest quality care and service'.

'Results... by exceeding the expectations of the people we serve and those we set for ourselves'.

History

Parkway Health, through Parkway Holdings (Singapore), is the largest publicly-traded premium hospital company in Asia. In 2010, Parkway Holdings was integrated into Integrated Healthcare Holdings Limited (Malaysia) and became part of a 25 hospitals network in Asia. In Singapore,

Parkway Health owns Mount Elizabeth Hospital, Gleneagles Hospital and the East Shore Hospital and plans to launch the Novena Hospital in 2011. It owns: 16 hospitals around the region providing 3,600 beds, the expertise of 1,500 accredited medical professionals and a wide range of specialist fields. Its flagship institutions include the hospitals and medical centres in China, Singapore, Malaysia, Indonesia, Brunei, India and United Arab Emirates. The company operates more than thirty premium primary care and health-screening facilities under the Parkway Shenton brand, and specialized centres of (Medical and Surgical) Excellence in several key medical specialties (e.g. Oncology (Cancer), Liver Surgery, Cardiology) and themed surgical facilities (e.g. Eye center, Center for Minimally Invasive Surgery). Additionally, Parkway's more than 20 subsidiary companies provide a full range of related health care services and health care education, including laboratory investigations, medical imaging services and clinical research (CRO) services through Gleneagles CRC. Parkway College's School of Healthcare Management, School of Nursing and School of Allied Health offer degree program such as Master of Health Administration or Diploma in Healthcare Management, Advanced Diploma in Nursing and Diploma in allied health. Parkway Holdings is a publicly owned company, and is listed on the Singapore Exchange. Furthermore, Parkway Health also operates over 45 International Patient Assistance Centres across the globe, bringing quality, integrated healthcare to patients wherever they may be. Parkway Health is the frequent winner of international health management and service quality awards, such as Super Brands and the Asian Hospital Management Award.

Network

As the largest international healthcare provider in Asia, Parkway's extensive network allows access to over 1,500 doctors. In Shanghai, with over 80 internationally trained physicians and eight convenient locations Parkway is the leading international healthcare provider. Parkway centers offer both inpatient and outpatient care and are located in many different suburbs including City Center, Pudong, Hong Qiao and Xintiandi.

Parkway Health prides themselves in the range of specialties they provide. Parkway works closely with local Chinese hospitals such as Huashan Hospital and Ruijin Hospital. Parkway shares with them their knowledge and expertise in an effort to offer the best Shanghai international medical service possible to all our patients.

Medical services:

Parkway Health centre Shanghai offers a wide range of medical services listed below.

- Allergy
- Anaesthesia
- Cardiology
- Chiropractic
- Dentistry
- Dermatology
- ENT-Otorhinolaryngology
- Family Medicine
- Gastroenterology
- General Surgery
- Adult Medicine
- Nutrition
- Obstetrics & Gynecology
- Occupational Therapy
- Ophthalmology
- Orthopedics & Sports Medicine
- Pediatrics
- Physical Therapy
- Podiatry
- Psychiatry
- Psychology Services & Counseling
- Radiology
- Traditional Chinese Medicine & Acupuncture
- Ultrasonography

Social Responsibilities

Parkway Health is always interested in interacting with communities and wants to be their partner in healthcare in China. For this reason, Parkway often organizes events with the community members including:

- International Schools
- Kindergartens
- Residential Compounds
- Associations
- Companies

Some of the events Parkway can organize with the community members are:

- Medical Talks and Seminars
- First Aid Training
- Occupational Therapy Sessions

Besides the regular events that Parkway Health participates in, they are also interested in organizing other kinds of activities with the community. Some examples include:

- Shanghai Sunrise Calendar Competition – Last year Parkway Health, in conjunction with several international schools, participated in a competition where students submit artwork to be placed into a calendar. This calendar is sold to the general public and the proceeds of this go to the Shanghai Sunrise charity providing education and assistance to local orphans.
- Free Immunization – With access to supplies and resources Parkway Health’s dedicated medical staff regularly visit orphanages to provide free essential vaccinations to underprivileged children.
- Sponsorships – Being a member of the community, Parkway Health has provided financial sponsorships for various communities and organizations, including: Dulwich College, Shanghai American School PTSA, Active Kidz Shanghai, Shanghai Community Center & Life Line Shanghai.

Health Seminars

Parkway Health is always happy to organize Health Talks and Seminars with a variety of groups interested in providing their members with specific information about healthcare in Shanghai. From small parents associations, residential group gatherings or new comers coffee mornings to big company staff reunions, Parkway is interested in helping anyone who is concerned about how to better take care of their own health.

Listed below are some of the Talks and Seminars topics that Parkway can provide:

- Basic Healthcare in Shanghai
- Emergency Pediatric Care
- Traditional Chinese Medicine
- Having a Baby in Shanghai
- How to Reduce Work Related Stress

In the last two years, Parkway Health has given health talks and seminars to many groups and individuals:

- American Women's Club of Shanghai
- Shanghai Community Center
- British Chamber of Commerce
- Indian Association
- Dulwich College
- Shanghai American School
- The Emerald Community

AMERICAN SINO OB/GYN SERVICES (ASOG)



ASOG was established through a merger in 2010. ASOG provide a comprehensive array of on-site services for women and children by certified specialists from overseas and China. The facilities located in the city centre are comfortable and equipped with state-of-the-art technology. ASOG is committed to providing quality, compassionate, and personalized healthcare with international standards. Our medical staffs are bilingual in English and Chinese.

Introduction of American-Sino OB/GYN/Paediatrics Services

American-Sino's mission is to provide professional and focused OB/GYN/Paediatrics services with high sense of health care ethics, and to become the only best choice for people. With 12 obstetric beds, American-Sino is a specialized private hospital conveniently located in the central area of Shanghai Embassy district which is known as medical resources centre. As the only hospital completely constructed under the U.S. health care standards, American-Sino has adopted a whole set of advanced U.S health care equipment, and follows JCI hospital management methods and American ways of private doctor services.

American-Sino was established with a merger in 2010 through a partnership of New Life Ob/Gyn Group, LLP and Huashan Hospital affiliated to Fudan University. It provides a comprehensive array of on-site scientific, professional, excellent, comfortable services for customers by certified specialists from American OB/GYN Doctors Association and specialized-training nurses. There is an experienced team of medical staffs in American-Sino. All the doctors are trained professionally, some with over 10 years of working experience in Ob/Gyn and paediatrics. Most of the doctors are trained in the United State. With the western education background, the doctors understand the differences between Chinese and Western cultures, and safeguard the rights of patients and keep patients' privacy strictly confidential. In addition to doctors, nurses are also bilingual in English and Chinese, providing patients with the highest quality of services and outstanding medical care. As the leading medical provider in new-born health care, American-Sino has a health care team of 8 clinical Ob/Gyn doctors, 6 paediatricians, 4 resident Ob/Gyn doctors, 5 neonatal doctors and 54 nurses. In general, there are 24,000 outpatient services and nearly 1,000 baby deliveries per year. In addition to the high quality of neonatal services, American-Sino is also specialized in women's and children's health care. In the partnership with DET NORSKE VERITAS, American-Sino aims to build a sustainable developing service centre for women's and children's health care.

Strategic Structure

American-Sino's strategic planning includes hospital positioning, capital strategy, product strategy, marketing strategy and human resources management. Based on the same managing

concepts, American-Sino together with its strategic investors aspire to become an international women's and children's hospital, operating under the advanced health care management and providing expatriates and affluent families in Shanghai or surrounding areas with the personalized and professional health care services. American-Sino's target customer is the group of expatriates and affluent families in Shanghai area. It aims to build a branding strategy in excellent service experience. In the aspect of medical technology, American-Sino cooperates with Harvard Medical School and Mayo Clinic, studying the advanced foreign technologies in Ob/Gyn/Paediatrics, and referring to the domestic patients' cases to find the health care services suitable for Chinese patients. In addition, American-Sino attracts the talent at home and abroad to join in, making them be the powerful forces of the team by specialized training. Talent reserving work can also be prepared by strengthening cooperation with the medical schools.

Comprehensive Management of Medical Services

Mayo Clinic, known as “Medical Mecca”, is famous over the world by providing medical services to patients. As is evidenced by the Mayo Clinic logo, the institution has a three part focus. First and primary to the organization is the patient care practice, represented by the central shield. The other two shields represent the areas of education and research, two areas of Mayo Clinic which have become more prominent over time.

American-Sino provides systematic medical services to the specific customer group with high quality and builds good relationship with them. However, in addition to excellent services and comfortable environment, there are no other outstanding advantages compared with the other competitors, i.e. no systematic medical education for talents reserve support or no scientific research as support for the sustainable innovation. In the aspect of medical service skills, American-Sino has no fixed positioning, without its own characteristics of medical services. However, in addition to the medical standards set by JCAHO, American-Sino is operating under the standard of NAHALE set by DNV for building a sustainable developing medical centre.

American-Sino's medical quality control includes fundamental quality, link quality and final quality, among which link quality control is the most important as it connects with and interacts

with the other two during the whole medical process. In the aspect of fundamental medical quality control, American-Sino attracts and contracts the most reputed specialists in the area of OB/Gyn. An example is inviting Professor Peiru Jiang, who is in charge of Obstetrics Team of China's National Clinical Pharmacology Institution, to join in and lead AS medical team. In the cooperative relationship with Huashan Hospital, American-Sino can get access to their advanced medical equipment, and through budgeting, the medical procurement quality can also be effectively ensured. The link quality control includes the management from outpatient to inpatient service, diagnosis, materials, curative effect evaluation and discharge. American-Sino has improved the appraisal system of quality management changing the responsibilities from the attending doctors to the four-grade medical team. Also, it adopts clinical pathway, evidence-based medicine and JCAHO standards, which have strengthened the standardized management on rules & regulations formulation and process evaluation and kept improving quality work. In the aspect of final quality control, American-Sino has not yet established its database for comprehensively evaluating the advantages and disadvantages of final medical results.

American-Sino adopts a relatively less perfect self-assessment system for periodic evaluation. It mainly constitutes medical quality, medical complaints and medical quantity. ASOG spares no effort in developing medical quality and monitoring investment. Internally, it relies on monitoring customer's complaint rate; externally, hiring a professional medical advisory company for getting the improvement on medical quality.

American-Sino has arrangements with a number of insurance companies, providing convenient services for expatriates and affluent families. As an effective complement to government health care system, it enjoys the same services of green path for referring patients who are in critical conditions timely to Shanghai specialized hospitals. However, American-Sino has not yet developed a set of effective internal and external environment monitoring system, which could monitor the change of patient structure, emergence of new medical technology and the change of macro-economy etc.

Operation Management

American-Sino has initially established its operation mode, which is focused on serving medical team. Its strategic direction and logistic department shall give maximum support to medical team, optimizing medical processes as the first priority.

In the process design, American-Sino clinic operates under the U.S women's and children's clinic design standard and JCI process design. Through appointment booking, the average waiting time for paediatric outpatient service is about 12 minutes while that of the Ob/Gyn outpatient service is about 8 minutes. With only 12 beds, American-Sino effectively reduces the average length of stays to 3 days through high quality of nursing services and cooperation with a confined club. However, due to the lack of comprehensive data collection and analysis on labour patients, American-Sino cannot systematically predict the delivery and hospitalization number of new-born. Therefore, the operation of inpatient department is in a passive state.

In the construction of supply chain, American-Sino tries to choose relatively fixed drugs and medical consumption goods, and increases the procurement number. Besides, it compares prices with 4-5 fixed supply agencies for reducing the cost of procurement, and ensures that the goods could be delivered within one or two days. Additionally, American-Sino implements regular budgeting and auditing system, effectively making full use of the cost and resources.

In the aspect of the cooperation with each department, the lack of unified strategic planning and systematic execution lead to the poor cooperation between the back supporting department and the front medical department. Also, the medical staff have no interest in other work except their duties since the operation mode is focused on serving the medical team.

Marketing

American-Sino's marketing is in the start stage. The marketing department is exploring to find the best and suitable marketing strategies for the high-end women's and children's market in Shanghai. Based on its resources and market characteristics, American-Sino has had promotion activities with gold and silver card. Through cooperating with foreign partners and other partners in the same area, American-Sino has held marketing promotion activities, i.e. parent-

child activities and parenting lectures etc. In addition, on-line consultation service is also provided, and the marketing department is responsible for part of web maintenance, information spread and new service promotion, for example, the service of postpartum rehabilitation. However, the lack of clear market strategy makes the marketing department only carry out the basic marketing and hold brand publicity activities. There is a long to go in the areas of public relations and crisis management. Also, the online service is only for basic service introduction and consultation. The online appointment, online transaction and specialized medical consultation are not available.

Human Resources

The Human Resources Department is committed to employing and reserving a certain number of personnel with specific skills, knowledge and capacity. According to the needs of business development, American-Sino has made plans of human resources allocation and budgeting with reserves of talents. As for training, professional training of all kinds of posts could be provided by its internal full-time training specialists and external experts. Training includes orientation, law, customer behaviour, language, management and medical professional training.

Performance appraisal system centralizing work responsibility is established. The performance percentage of work responsibility is 90% while attendance and work error is 10%. Additionally, a staff will be penalized with a salary reduction approximating to 10% of the total loss amount for his/her work mistakes/negligence.

IT System

American-Sino's IT system is especially typical among Chinese small-and medium-enterprises. It has basic internal network, the most simple financial software and single-functional website. This year, American-Sino is going to build a high-speed enterprise web and HIS system.

Core medical services:

- Gynaecology
- Obstetrics
- Paediatrics

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