Guideline for Creative Share Value in Private Hospitals

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ABSTRACT

A study on the guideline for Creative Share Value (CSV) approach in hospital business was aimed to study on the creation of share value in hospitals as a guideline for the healthcare business. Applying of Creating Shared Value as the business principle had led hospitals to develop the business practices in which taking into account the profitability of operations alongside with community development. This study was a quantitative research. Data were collected from questionnaire on the concept of "creating share value could affect the health care business operation. The sample consisted of 400 hospital management teams. Based on the concept of relationship between business productivity and social issues by Michael E. Porter and Mark R. Kramer (2011) including seven aspects; hospital activities that affected the environment, policy and issues on supplier access and viability, employee skills, employee safety, employee health, water policy, and energy policy. Analysis was conducted using confirm factor analysis. The statistical results from factor analysis found that all seven social issues were the appropriate measurements of CSV. This study found that the concept of create share value for social activities that affected the health care business operation was the skills of the employees, employee safety, employee health and energy policy.

Keywords: Create Share Value, Private Hospital, and Guideline.

1. INTRODUCTION

In business, activities must include both creating and destroying values that affect people around them and the surrounding environment. In many cases the impact is transmitted to people as well as to the overall ecosystem. However, in business, it does not need to lead to the suspension or cancellation of business activities that contribute to the creation of economic value or the maintenance of national energy security. In exchange for restraint of possible environmental damage, it is important to point out the value that must be made in conjunction with hedging against events or operations that may have a negative impact on

society and the environment. It is better to use the opportunity created by the business to create a shared value between the business and the society at the same time.

Businesses today have to operate under different environmental conditions are changing rapidly. They must manage the business on the expectations of the various stakeholders that vary according to the situation in each period. This is both a challenge and a business opportunity.

Management of stakeholder expectations couldn't be conducted in isolation from the core business of the business. Corporate Social Responsibility is not just about CSR-in-process, but also on the role of CSR-in-process. From negative impact management to the delivery of positive impact in terms of value to stakeholders and society as a whole.

Creating Shared Value (CSV) is a business strategy that addresses social responsibility in the context of CSR-in-process. It focuses on utilizing the assets and core expertise of the business, creating economic value for the business and society at the same time.

The value of the joint business will be the performance of both the monetary and non-monetary are more effective. The benefits of creating shared values that society will reduce the impact on society, coexistence in the community. Moreover, employees work happily and environmentally.

Thus create share value approach to business is to focus on creating economic value to business and society along the way to success in the long term. The role of social enterprises in the context of CSV is based on long-term thinking, emphasizing the benefits for shareholders and society as a mutual benefit.

The concept of create share value was developed by Prof. Michael E. Porter and Mark Kramer (2011) to address the disparities between social and business needs. This is a barrier to development inequality. The business that needs to be on the path of CSV needs to create value for society and to create value for shareholders in order to achieve long-term success.

Michael E. Porter and Mark Kramer point to the view or attitude that business organizations have on social issues from the lowest levels. The issue is not aware that the issue is a problem for the organization is expressed by ignoring or minimally responsible, and if not, it will be used as a way to donate. The next level is realized as a problem to the organization. Increased donation activities, as well as public relations and stakeholder engagement, were instrumental in the implementation. The next step is to be conscious in contributing to the problem by allocating resources for problem resolution. Managing, tracking, and reporting on the performance of the problem. The level at which the Shared Value is occurring is considered an opportunity instead of a problem that needs to be resolved. This will open the way for organizations to see ways to reduce costs, expand revenue growth, and make a difference in the value offered to other organizations.

From the concept of CSV. It is found that in business, the CSV should be applied to the common benefit of taking into account the community environment, which will increase the economic value and increase the performance. Therefore, the study found that the study of the CSV approach is a matter that should be studied clearly so that the business organization can adapt to benefit.

In the Harvard Business Review, the strategy that will fix the health care business in general. Worldwide, every healthcare system is faced with increasing costs and uneven quality, even though trained and fully trained physicians. Healthcare leaders and policymakers are making efforts to correct fraud and reduce

errors and enforce best practice guidelines for patients. It is the time for a new strategy where at its core is to add value to patients who have achieved the best results at low cost (Porter, M. E., & Lee, T. H., 2013). Health care business needs to move away from a healthcare-driven supply system around what the physicians do and where they are centered. In what patients want, we need to change the goals of the volume and profitability of medical and hospital services, testing for successful patient treatment, and we need to change the system. This change is not a single step, but a comprehensive strategy we call it. This will require a restructuring of how healthcare delivery is organized, measured and the value of money.

The connection between competitive advantage and social issues. The societal concern addressing can many ways yield the productivity benefits for the companies. For instance, if the companies invest in wellness program, what they expect to gain. It is the societal benefits that required for the better health of employees and their love ones. This could help minimizing the absence and productivity lost of the companies. Below, it shows the areas with strongest connection (Porter, M.E., & Kramer, R.M., 2011)
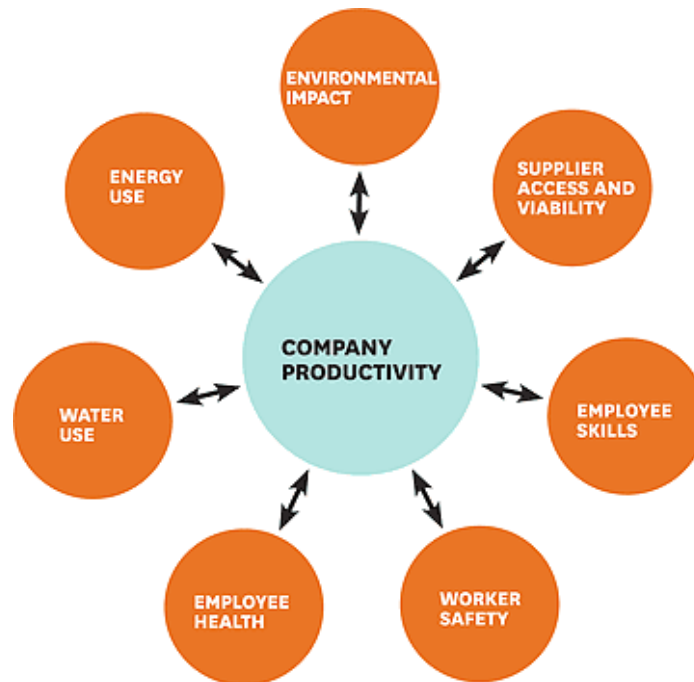

Figure 1: Social issue create share value
Source: Michael E. Porter and Mark R. Kramer., 2011

Businesses should run their business by implementing a shared value strategy that is a new concept that will affect the profitability of the organization. By linking value to society or community with the economic value of the company through the use of strategies. This creates strength and sustainability in business and society along the way. Businesses should study to apply the concept as a guideline for creating a strategy. Creating value for the organization to increase profits. And from the study found that medical care business is considered to be driven by demand for higher services. Reflected by medical spending on population Backed by government policies, the AEC's entry into the business reputation. Including the high season of Thailand, which is the arrival of tourists to rest and health tourism. The study found that in the healthcare business, there was a problem of low cost management, less time spent and better treatment outcomes. The healthcare business is a business that should be used as a guideline for business operations.

Purposes of the Study

1. To analyze the elements in the guideline for Create Share Value (CSV) in the hospital business.

2. To explore the development guidelines for Create Share Value (CSV) in the hospital business

2. MATERIALS AND METHODS

Quantitative research to examine the consistency of the create share value in hospital businesses. Based on theoretical concepts and empirical data with quantitative methods. The self-administered questionnaire was used to collect the data.

Population

Populations in this study were the management of hospitals in the private hospitals that received the permission to conduct the hospital business from Ministry of Public Health according to the Hospital acts B.E. 2541 for 326 hospitals (source: data from 11 June B.E. 2556) of Bureau of Healing Arts, Ministry of Public Health.

Sample Group

Since the large population size without the certain amount of population, the sample size then calculated from the formula with unknown sample size by W.G. Cochran, the confidence level is set at 95 percent and the deviation level is 5 percent (Kalaya Wanichbancha, 2554,) using 384 samples in order to estimate the percentage value with not more than 5 percent of errors and 95 percent of confident level. For the convenience is assessment and data analysis, the researcher used 400 samples in this study.

Reliability and Validity of Data

1. The validity of the content validity tool was reviewed by 3 experts who considered the Index of Item-Objective Congruence (IOC) and adjusted the questionnaire according to the recommendations of the experts. The questionnaire was reviewed and assessed by three experts consisting of two academic and one businessman based on IOC method. The result from this assessment was then adjusted and improved for the index's accuracy. Content validity refers to the degree when the instrument can fully evaluate or measure the construct of attention (Cooper & Schindler, 2003). This study tests the content validity using the index of item-objective congruence (IOC) (Rovinelli & Hambleton, 1977). The IOC was tested by three professional raters. They will review all the items then clarify and comprehend to give the comments on each item via the rating scales from 1 for clearly measuring, -1 for clearly not measuring), or 0 degree for the unclear content. For each item, the IOC score was calculated via the total rating score divided by the raters' total number. All the items with less than 0.5 IOC score were cut off from the final instrument. The content validity value was shown in appendix B. After finished the testing on all items, the result is 0.87 in which indicating the acceptable content validity.

2. Reliability check of tools. When the questionnaire was adjusted according to the recommendations of the experts, the questionnaire was then used to test the sample of 30 respondents. The reliability and validity of the underlying data is the most important aspect of this research, since

the analytical technique selected will not work without appropriate data. Reliability of data refers to the consistency of the data, while validity refers to the extent to which it reflects reality (Zikmund, et. al., 2012). Thus testing of reliability was applied by the coefficient alpha (Cronbach, 1951). The Cronbach's alpha refers to the extent to which the items in a test measure the same construct (Ho, 2006). The value above 0.70 is generally accepted (Nunnally & Bernstein, 1994). The Cronbach's alpha values of coefficients of the instrument were tested. Therefore, the 0.85 Cornbach's alpha that is above 0.70 is accepted for the study.

Data Analysis

This study employed Confirmatory Factor Analysis (CFA) were used as the main analytical tools. CFA was used to extract and examine the measurement model and identify the latent variables. This study aims to evaluate the proper research model together with seven indicators. The first indicator is the Chi-square (χ^2 or CMIN).Model that is consistent to data should have Chi-square small area p-value greater than 0.05 ($p > 0.05$) (Hu & Bentler 1999). The ratio of Chi-square/degree of freedom (χ^2/df or CMIN/df) is the second indicator that must less than 5.0 in model fitness indicating (Marsh & Hocevar, 1985; Bentler, 1989). The comparative fit index (CFI) and incremental fit index (IFI) are the two later indicators that required being more than 0.9 in order for good fit indicated (Bentler & Bonett, 1980; Bentler, 1989). The fifth indicator is goodness of fit index (AGFI) adjusting that must be greater than 0.9 to be good fit (Anderson & Gerbing, 1988; Joreskog & Sorbom, 1993). Parsimony goodness of fit index (PGFI) is the sixth indicator that required being greater than 0.5 for acceptable fit indicated (Byrne, 2001; Hair et. al., 1998). Root mean square error of approximation (RMSEA) is the last indicator that must be lesser than 0.05 to indicate good fit and between 0.05 and 0.08 for reasonable fit indicating (Browne & Cudeck, 1993; MacCullum et. al., 1996).

3. RESULTS

The descriptive analysis provides about maximum, minimum, mean and standard deviation of all observation in 2015 including seven aspects; Hospital activities that affect the environment, policy and issues on supplier access and viability, employee skills, employee safety, employee health. Water policy, and energy policy. This study collected data from 400 respondents which were a large enough sample to assume that they followed the rule of normal distribution. The results presented in Table 1.

Table 1
Descriptive statistic of create share value activities

Create share value activities	*Minimum*	*Maximum*	*Mean*	*S.D.*
Hospital activities that affect the environment	2	5	3.05	0.612
Policy and issues on supplier access and viability	2	5	3.14	0.618
Employee skills	2	5	4.69	0.755
Employee safety	2	5	4.61	0.715
Employee health	2	5	4.50	0.789
Water policy	1	5	3.24	0.596
Energy policy	2	5	4.39	0.695

Table 1 provided data analysis of the create share value activities in private hospitals. It was found that the respondents highly agreed with employee skills. Data indicated create share value activities had the highest mean score of 4.69 whereas the activities that affect the environment had the lowest mean score of 3.05. Therefore, table 1 shows the average of all variable. Hospital activities that affect the environment has mean value at 3.05, maximum was equal 5 and minimum was equal 2 (SD = 0.612), policy and issues on supplier access and viability has mean value 3.14, maximum was equal 5 and minimum was equal 2 (SD = 0.618), employee skills has mean value at 4.69, maximum was equal 5 and minimum was equal 2 (SD = 0.755), employee safety has mean value at 4.61, maximum was equal 5 and minimum was equal 2 (SD = 0.715), employee health has mean value 4.50 maximum was equal 5 and minimum was equal 2 (SD = 0.789), water policy has mean value 3.24 maximum was equal 5and minimum was equal 1 (SD = 0.569), energy policy has mean value 4.39 maximum was equal 5 and minimum was equal 2 (SD = 80.695).

Next stage of analysis to establish the knowledge foundation about the implied measurement models for CSV. The measurement models were tested by using confirmatory factor analysis (CFA). The measurement model of CSV was indicated by seven observed variables that follow Michael E. Porter and Mark Kramer (Hospital activities that affect the environment, policy and issues on supplier access and viability, employee skills, employee safety, employee health. Water policy, and energy policy).
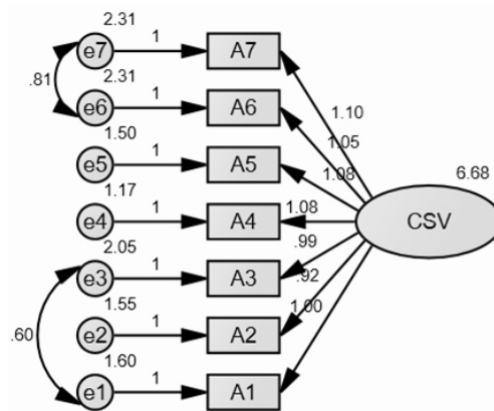

Figure 2: Measurement Model of CSV

Figure 2 illustrates the measurement model with standardized coefficients and squared multiple correlations after modification indices. In the rectified model, all of the parameters were significant.

Measurement Model Fit

Measurement Model of CSV is good fit. Table 2 shows the comparison of the CSV model fit results with recommended values. The statistic results show fit indices for model testing. The Chi-square statistic was 13.972, with 12 degree of freedom *p*-value of. 303, and CMIN/DF of 1.164, which CMIN/DF below or equal than 3 that mean the model fit with empirical data (Kline, 1998). Incidentally, the goodness of fit index (GFI) and the adjusted goodness of fit index (AGFI) were .988 and .972 respectively, which were higher the acceptable criterion of model fit (GFI, AGFI > .90). In addition, the root mean square error of approximation (RMSEA) were. 022 which were below the acceptable of model fit (RMSEA < .08) at PCLOSE. 854 (PCLOSE> .05).

Table 2
Results of Measurement Model

Model	Model Fit Criteria	Result
Chi- square	−	13.972
Degrees of freedom(DF)	−	12
p-value	> .05	.303
CMIN/DF	≤ 3	1.164
GFI	> .90	.988
AGFI	> .90	.972
NFI	> .90	.995
CFI	> .90	.999
RMSEA	< .08	.022
PCLOSE	> .05	.854

According to the results of regression weights from Table 3 shown that all seven items are fit for this model. This presents that each factor loading as well as the model were consistent and adequately fit. The factors loading verification found that a critical ratio (C.R.) value was greater than 1.96 and p-value was less than 0.001.

Table 3
Regression Weights

			Estimate	S.E.	C.R.	P
Environment	<---	CSV	1.000			
Supplies	<---	CSV	.917	.037	25.016	***
Skill	<---	CSV	.990	.033	29.663	***
Safety	<---	CSV	1.075	.038	28.510	***
Health	<---	CSV	1.076	.039	27.319	***
Water use	<---	CSV	1.051	.044	24.112	***
Energy use	<---	CSV	1.100	.044	24.724	***

In summary, the result confirmed that all activities; hospital activities that affect the environment, policy and issues on supplier access and viability, employee skills, employee safety, employee can be health, water policy, and energy policy can be measure CSV. According to the results of regression weights from Table 3 shown that all seven items are fit for this model.

4. CONCLUSIONS AND DISCUSSION

This study found that the concept of create share value for social activities that affected the health care business operation was the skills of the employees, employee Safety, employee health and energy policy. It also include the result of CFA shown that all seven groups of socials issue; Hospital activities that affect the environment, policy and issues on supplier access and viability, employee skills, employee safety, employee health. Water policy, and energy policy are fit for this model. This study consistent with suggestion of Porter, M.E., & Lee, T.H. (2013) claim that health care business need to move away from a healthcare-driven supply system around what the physicians do and where they are centered. Therefore, health care business can adapt the result of this research to concern on the issue that can be create share value. Moreover, Michael E. Porter and Mark Kramer (2011) provide the concept of create share that

the business that needs to be on the path of CSV needs to create value for society and to create value for shareholders in order to achieve long-term success. Thus, business could be concern on CSV. This research provide information only the guideline for CSV. So, in future research should study about the effect of CSV for many area of business.

Acknowledgements

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