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# Strategies to Implement Innovation in Hospitals

Schola Mutumene Kabeya

Walden University, scholapopp@hotmail.com

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# Strategies to Implement Innovations in Hospitals

Schola Kabeya, DBA

## Problem

In October 2012, the Centers for Medicare and Medicaid Services (CMS) initiated a policy to penalize hospitals 1 to 2 % of total Medicare payments for poor quality of care in relation to the requirements of the Affordable Care Act (CMS, 2015).

- The **general business problem** was hospital administrators experience financial penalties due to poor quality of care, which negatively affect their profitability.
- The **specific business problem** was some hospital middle managers lack clinical practice innovation strategies to improve the quality of care at the bedside and organizational profitability.

## Purpose

This qualitative, multiple case study explored the clinical practice innovation strategies hospital middle managers use to improve quality of care, save lives, and increase organizational profitability.

## Significance.

Healthcare leaders face a dilemma to improve the quality of patient care while managing the adverse effects on profitability that are the result of reductions in reimbursements and penalties for the poor quality of care (Lathrop & Hodnicki, 2014).

Most hospitals leaders consider innovation as a critical managerial strategy to reduce financial losses and remain competitive within a highly regulated and competitive healthcare marketplace (Kristensen, Nymann, & Konradsen, 2016).

Understanding successful middle managers' clinical practice innovative strategies can improve quality of care, save lives, and organizational profitability.

## Social Change Implications

Hospital middle managers should be able to implement innovative strategies that improve:

- Patients' quality of care and ability to save lives
- Staff satisfaction, engagement, and a strong commitment to patient care
- Overall health and wellness of the communities they serve.

## Theory or Framework

Pettigrew's theory of the **strategic management of change** (Pettigrew & Whipp, 1991) is based on context, content, and process constructs.

## Relevant Scholarship

The key themes from the literature review included:

- Managers with **effective strategies** have the potential to bring about social change when implementing innovation as an opportunity to save lives and improve the quality of care (Birken, Lee, Weiner, Chin, & Schaefer, 2013)
- **Innovation implementation is an important strategy to transform healthcare, save lives, and improve profitability** (Cranfield et al., 2015).
- 89.2% of the hospitals experienced negative cash flow (Pratt and Belloit, 2014).
- For every \$1 reduction in Medicare payment, the hospital loses \$1.55, leaders of underperforming hospitals lay off 1.69 full-time equivalent (FTE) employees for every \$100,000 reduction in Medicare reimbursement (White & Wu, 2013).
- Middle managers' strategy has a significant effect on performance, and their ability to execute and achieve the most significant impact, depend on the organizational capacity to be (a) flexible, (b) innovative, and (c) productive (Friis, Holmgren, and Eskildsen, 2016).
- A limited knowledge level exists about the successful strategies used by middle managers in healthcare in support of innovation implementation (McAlearney et al., 2013).
- A shared responsibilities relationship exists between the senior leaders and middle managers regarding innovation implementation

## Research Question

**What clinical practice innovation strategies do hospital middle managers use to improve quality of care and profitability?**

## Acknowledgements

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## Participants

Using **purposeful criterion sampling**, selected 8 middle managers, who have effectively implemented clinical innovation strategies from 2 high-performing hospitals with a Magnet status, Malcolm Baldrige National Quality Award (MBNQA) recipient, and CMS-based monetary award recipient.

## Procedures

**Content analysis** of publicly reported organizational documents and performance outcomes.

### Semistructured interviews

- 30 minutes on-site face-to-face interviews
- Self-design interview questions

## Analysis

Used **open and axial coding** via inductive and deductive reasoning and cyclical review of the data. Interpreted the data and color coded emerging codes, and generated themes based on similarity and different patterns. Performed **methodological triangulation**

## Findings

Middle managers' successful strategies were the interaction of the four themes and subthemes

1. **Participative Employee-Focused Organizational Culture** (senior leader support, managerial support structure, building a safe climate, promoting collaborations, encouraging teamwork, and reward and recognition system)
2. **Employee-Focused Leadership** (situational-based leadership style, effective communication, and result-based accountability)
3. **Systemic Approach to Management by Objectives** (continuous improvement and staff competency)
4. **Staff Engagement** (building relationship, providing reassurance, and gaining commitment)

## Interpretation

The findings show the interaction of the internal context of organizational culture and leadership, content of management by objectives, and process of staff engagement strategies, which resulted in successful innovation implementation at the bedside to improve quality of care and organizational profitability.

As aligned with Pettigrew's theory constructs, the process dimension is contingent on the management of the context and content of change.

## Limitations

The study limitations were:

- Time constraints to conduct the research
- The small sample size that did not include hospitals in another region of the United States,

## Recommendations

Future researchers should:

- Investigate the relationship between middle managers' strategies and success measures.
- Explore the frontline staff perceptions of middle managers' strategies effectiveness.

Based on this findings, senior leaders and middle managers should share responsibilities for the success of innovation implementation:

- Implement transferable strategies and understand all the elements of successful strategies.
- Build a participative employee-focused culture.
- Practice employee-focused leadership and use situational-based leadership style.
- Implement a performance management system with elements of competency assessment and continuous improvement
- Build employee's engagement through employees' commitment, trust-based relationship, and reassurance