

# Knowledge Strategic Management in the Hospital Industry

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## 1. Introduction

This study analyzes the strategic role of the organizational knowledge in the hospital industry. We present the results from a group of eight hospitals, which created a cooperative program related to performance measurement systems (SIPAGEH – Standardized Measurements Systems for Hospital Management). We propose a three-stage approach to analyze the relationship between strategy and knowledge management based on the cases analyzed. The theoretical framework used followed strategy and organizational knowledge literature.

## 2. Knowledge management and strategy in hospital industry

Hospital management involves activities with a high degree of complexity, heterogeneity and fragmentation. These three characteristics came from the diversity of professionals, customers and technologies applied. This context explains the wide range of processes in hospitals. At the same time, hospitals face increasing challenges when they are seeking effectiveness and service quality. In order to response these issues, SIPAGEH was created with support of the Universidade do Vale do Rio dos Sinos (UNISINOS university – state of Rio Grande do Sul, Brazil), oriented by other performance measurements systems for hospitals such as APACHE II (George Washington University), QI Project of Maryland and PROAHSA (state of São Paulo, Brazil).

SIPAGEH is a first step to build a proposal of knowledge management in its founder group, considering that data and information are the main components for knowledge creation (Davenport and Pruzak, 1998).

## 3. Case Studies

We based our analysis integrating some of the main theoretical references is knowledge management and strategy according to the Figure 1 (Paiva et al., 1998 and Probst et al., 2000). The hospitals studied have different sizes (from 260 to 1775 beds). The group of these hospitals ranges 4.170 beds. They have also different characteristics:

- public (3) or private ones (5),
- university owned (4),
- general focus in treatments (7) and highly specialized (1).

We analyzed the following aspects:

- the strategic process (Quinn, 1980);
- the steps of knowledge management – acquisition, dissemination and application (Nonaka, 1995; Nevis et al., 1995);
- capabilities creation (Leonard-Barton, 1994; Hamel and Prahalad, 1990).

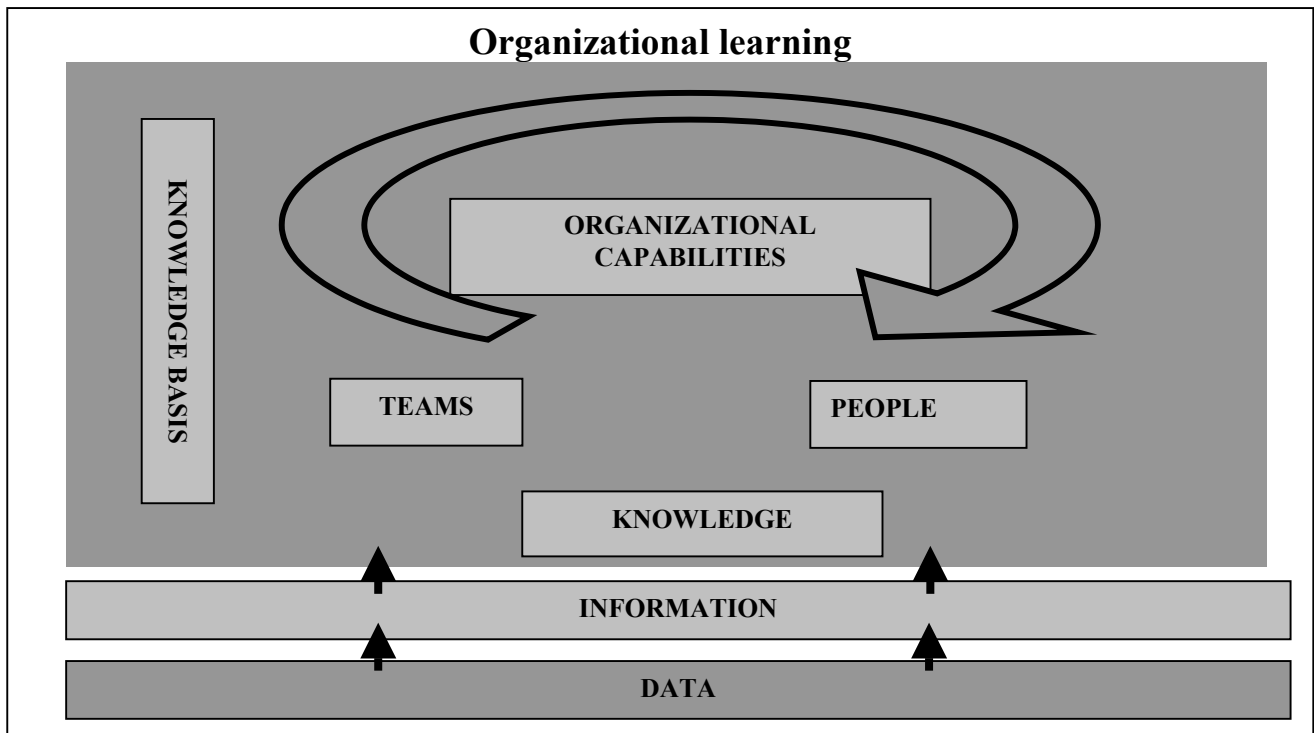
The most advanced stage of strategic knowledge management in the cases analyzed presented use of formal and informal strategic process and knowledge is managed as a strategic resource. Knowledge acquisition has a strategic approach; knowledge dissemination is wide, involving the different functional areas and hierarchical levels; and knowledge utilization is managed using clear performance measurements and seeking capabilities creation in their internal processes.

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**Figure 1 - Components of knowledge management.**



Source: Adapted from Probst et al. (2000) and Paiva et al. (1998).

The table below summarizes the main characteristics of the three-stage for knowledge strategic management found in the cases analyzed.

#### **4. Best practice in the cases analyzed**

Most the cases analyzed are in the first stages. Six hospitals presented the main characteristics of the first stage. One case was in the intermediate stage.

Just one hospital was considered in the advanced stage in knowledge management. This hospital is a private institution with 272 beds and non university-owned, which may lead it to some comparative advantages in relation to the other cases analyzed. This hospital has an IT-based system to information acquisition and deployment, internal environment oriented to continuous learning, systematic use of internal and external benchmark, and a clear view of the knowledge as a strategic resource for its management.

#### **5. Conclusions**

This study allowed an initial view of knowledge management in the hospital industry. The major part of the cases analyzed showed that knowledge management has great gaps to fill in the future by these healthcare organizations. Despite this, the hospital in the third stage of knowledge management presented practices closed to the most competitive companies from more traditional industries. This means a clear orientation in knowledge management, linking its practices and actions to the hospital strategy. Finally, the cases analyzed corroborated some of the main theoretical references in knowledge management as well.

**Table 1 – Main characteristics of the three stages of knowledge management in hospital industry.**

Stage Characteristics	First Stage	Intermediate Stage	Advanced Stage
Knowledge Acquisition	Knowledge is not seen as a strategic resource. Initiatives are sporadic without focus.	More individual initiatives than organizational oriented.	Knowledge acquisition is clearly related to the strategic goals of the organization. Knowledge acquisition is an organizational effort.
Knowledge Dissemination	This is the main emphasis, specially related to measurements systems. Dissemination is developed essentially in informal ways.	Improvement in the dissemination ways, which include formal and informal approaches, wide participation of professional from different technical areas and hierarchical levels. Greater emphasis in dissemination of knowledge acquired externally to the organization.	Information and knowledge exchange are considered fundamental to the organization. Groups organize themselves in order to create formal and informal ways to knowledge dissemination. External and internal knowledge is the benchmarking source sources for internal process improvement.
Knowledge Application	There is no formal control and evaluation related to the results of knowledge application. It is not clear the existing capabilities and the future needs.	First formal controls related to measurement systems. First efforts for capabilities identification and evaluation.	Existing capabilities are clear to the organizational members. Future capabilities are related to strategic plans and knowledge acquisition.

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