MANAGING HEALTH CARE SERVICES FOR PROFIT

A CASE STUDY OF SELECTED PRIVATE HEALTH ESTABLISHMENTS IN KADUNA METROPOLIS)

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DECLARATION

I hereby declare that this project is an original work undertaken by Bala Sulaiman of the Department of Business Administration, Ahmadu Bello University, Zaria. I have neither copied someone's work nor has someone else done it for me. Writers and authors whose works have been referred to in this project have been duly acknowledged.

Bala Sulaiman

CERTIFICATION

This project entitled Managing Health care services for profit: a case study of selected Private Health establishments in the Kaduna Metropolis by Bala Sulaiman, meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation

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DEDICATION

This project is dedicated to my family with love.

ACKNOWLEGEMENT

I wish to acknowledge all those whose contributions helped in the completion of this project.

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ABSTRACT

The Medical Profession is one the most learned and noble professions in all ages. However, the medical practitioners have allowed the profession to degenerate in status because of motives or profit and financial gain. Quack and unethical practices are fast gaining ground.

In the world over, there is the prohibition of advertisement in the medical profession; however, there are no ethical or legal provision to protect the profession from market forces such as competition, inflation and socio-economic pressures that have their bearings as well.

Twenty selected Private Hospiials within the Kaduna Metropolis were studied, problems identified and some recommendations made. It was observed that marginal profit and customer satisfaction are inversely related to clinic size. Essentially, the medical practitioners need to develop their business skills and apply the appropriate business strategies and techniques lor the effective management of the hospital, patients and the employees, for profit without breaching their professional ethics and oath.

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CHAPTER ONE

INTRODUCTION

There are legal and ethical regulations that affect the practice of the medical profession with all having direct impact on the total health care management. On the other hand, there are market forces, such as competition, inflation, and socio-economic pressures that have their bearings as well. In the world over, there is the prohibition of advertisement in the medical profession with the most pronounced centering on self-advertisement. No doubt, this still remains the best kind of protection for the customer/patient. Both the market forces and the health care regulations will continue to affect the medical practice since non of them can be waved. Yet, the pressure resulting from the demand and the dictate of these elements does not suggest that competence, integrity, profitability and ethics should be compromized.

More than ever before, the Nigerian citizens need a more efficient and qualitative health care. As the role of the health care industry continues to grow, pressures are mounting for a more effective marketing management, not just for increase profitability but for the increasing sophistication of the customer. The rising importance of marketing in the health care sector is underlined by several factors.

1. Increased competition for customers.
2. Increased sophistication of those customers.
3. Increased technology
4. Increased cost of meeting customer needs profitability
5. Increased number of quacks in the profession.

With the ever-increasing population, poor social infrastructures and battered economy, the morbidity and mortality pattern is better left unimagined. The changing economic situation keeps revealing the state of the private hospitals and business life. The trend now seems to be promoting the business of the quacks and encouraging certain unethical practices. The Medical Practitioners are responsible for their predicament. As long as the professional oath is not upheld and that patients satisfaction is compromised, there would continue to be a poor business performance.

Marketing is not just buying and selling. It is an act of honestly satisfying the needs of the customer with a view to profit making. Marketing does not promote any kind of unprofessional acts but make use of its key elements to achieve its profitable objective. An attempt is made in this study to highlight the need for the application of marketing concepts and techniques in the health care service sub-sector.

1.1 HISTORICAL BACKGROUND

There are several health establishments within the Kaduna metropolis both public and private. The first private health establishment in Kaduna is Lafiya Clinic established in 1963[1]. At the end of 1998 there are 250 registered private clinics/Hospitals within the metropolis and several unregistered ones. The Government run four (4) General Hospitals and Six Child Welfare centres. The rapid population growth, rural urban migration, increasing awareness by customers, and the liberalization of registration laws are responsible for the upsurge in the number of private health establishment. This is what is obtainable in most Nigerian cities.

Uptil 1983, there were only four private clinics in Kaduna but by 1984/85, the number jumped to forty following the General strike by the Nigerian Medical Association the subsequent sacking of all striking Doctors by the Buhari Administration coupled with reduction in the number of years of exposure from 5 years to Post NYSC as requirement for registration.

Moreover, the Babangida Administration further relaxed the regulation law by allowing Midwives, and Community Health Officers to open Primary Health Care centres and Maternity homes. The scope of this PHC centres and maternity homes are either not clearly defined or not enforced by law. Hence the customer is left in inherent danger of not getting the right treatment. Most Nigerian cities and villages are filled with practitioners with unregistrable qualifications. Any one in white overall that gives injections is a "doctor" and can run his private health clinic or Chemist.

The establishment of guild and non guild hospitals recently has, to some extent, improved the image and reputation of some hospitals. Indeed, a service as health care that cannot appeal to buyer's sense of touch, smell, sight or hearing places a burden on its marketing organisation.

1.2 STATEMENT OF THE PROBLEM

Obviously, the creation of customers is the most important single objective of a business. It is the patient who determines what the Hospital is and what the hospital would be. The willingness to pay for the service by patients is what will convert to the Hospital's economic resources into revenue or profit. The two

principal functions that will be performed is this respect are marketing and innovation, unfortunately, there are what most of our Private hospital lack. While marketing aims to satisfy the customer needs, innovation seeks to achieve this goal through a cheap means. In order to have a competitive edge, certain things are important and these should be provided and placed for in the hospital environment. These include strategic planning, good leadership system, good customer service, good infrastructure, strategic premises locations and competitive pricing system.

The wining strategy for today's hospital toward improved performance is the creation of distinctive customer service through quality care. Our Doctors must not overburden themselves with other people's job. Specialty and specification of functions will certainly improve the performance of a hospital in the Nigeria of today.

There is also the need to plan for the hospital premises, to provide a well designed, efficient ergonomic and pleasing place of work, as well as an environment that will take into consideration the needs of the employer, employee and the customers.

In order to get the best human assets, such as Doctors, Nurses and administrative staff, it is important that there should be a well-defined recruitment policy. In designing a recruitment policy, emphasis must be laid on quality of character and good behaviours rather than education and experience alone. The wolves in the sheep's clothing in our hospitals are responsible for some of the woes and calamities that many establishments face today.

1.3 HYPOTHESIS

1. Profitability is a direct function of the quality of care and patient satisfaction.
2. The smaller the product range the higher the quality of services and its profitability.

1.4 AIMS AND OBJECTIVES

1. To improve the quality of health care services in Nigeria.
2. To appraise and awaken the marketing instincts among Doctors and other health care service providers.
3. To highlight the significance of specialty in private clinical practice.
4. To intimate the would-be investor in the health service sub sector with possible areas of pitfalls.
5. To make private practice more lively and profitable.
6. To reduce the burden faced by private practitioners in running their hospitals.

1.5 SCOPE OF THE STUDY

The study is intended to consider the application of the marketing mix and modern management techniques in selected private health establishments within the Kaduna metropolis. Halal Hospital U/Muazu and 18 others were selected.

1.6 SIGNIFICANCE OF THE STUDY

The bad economic weather in the country has revealed the poor and debilitating state of our health establishments. The trend now seems to be promoting the business of the quacks and also encourages poor attitude to traditional professional calling that Doctors and health care practitioners are well known for. Some Doctors have abandoned the care for humanity for motives of profit. A lot of our private hospitals are not worth their names. The medical profession and the practitioners of medicine are mainly responsible for these devastating situation. As long as the professional oath relating to the patient is not upheld and patient's satisfaction is compromised, there would continue to be poor business performance. The increasing trend of "*quackery*", forced by the poor economic situation and the poor state of our public hospitals is over-bearing on the profession. Many private medical practitioners may soon be closed down and be out of business.

The difference must be clear between a qualified medical practitioner that has sworn by the physician' oath and the charlatans.

Nigerian Medical Practitioners must not shy away from the international code of medical ethics as adopted by the 3rd General Assembly of the World medical Association, London, England, October 1949, amended by the 22nd World Medical Assembly, Sydney, Australia, August 1968, and the 35th Work Medical Assembly, Venice, Italy, October 1983 [2]

1.6 DEFINATION OF TERMS

1.	**Marketing:**	"The process of identifying, anticipating and satisfying Customers requirements at profit" (Chartered Institute of Marketing U.K)
2.	**Physicians Oath:**	Part of the admission requirements into the medical Profession.
3.	**Medical Doctor/Practitioner:**	The person qualified to practice medicine.
4.	**Specialist:**	A Doctor who devotes himself to a particular branch of study.
5.	***Quacks:***	*Persons who pretend to have medical knowledge.*
6.	***Profit:***	An excess of income over expenditure.
7.	**Private Hospital:**	A non-government health institution that admits patients.
8.	**Patients:**	A person receiving medical attention.

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1. *Ministry of Health Kaduna State.*
2. *Lancent 1987 October.*

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 MARKETING

In a business enterprise, which is, profit oriented, marketing is the revenue-yielding component of the enterprise.

Kotler (1988)[1], defines marketing as a "social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others". Marketing is thus concerned with the production of goods and services to satisfy, identified human needs, getting the product to the customers and also influencing the buyers. Ultimately, the main objective therefore, is a profitable sale of services that satisfy customer requirement and needs.

We have been referring to how patients can be managed for profit. Yet there is no way the patient can be profitably managed without effective marketing practice. Marketing is not buying and selling. It is the creation of satisfied customers at profit- using the four (4) key elements often referred to as the 4Ps or the Marketing Mix[2], a term used to describe a blending of decisions about product, place, price and promotion. Marketing does not promote any kind of unprofessional acts but make use of the key elements to achieve a profitable objective. Health establishments must manage a collection of marketing mixes because they sell a collection of customer satisfying services to diverse target markets.

Every business concern must have a target people to aim at, and to generate revenue or the profit from the patronage of the target people known as the customers, there must be a well placed marketing mix.

Using these elements for profit goal will depend on how they are used to achieve the profit objective. This is where the application is very important. The effective application of these elements would make a world of difference in the medical practice without engaging in practices that are contrary to the professional ethics.

2.01 PRODUCT

Medical practice is a service-oriented enterprise. Service can be defined as those identifiable, essentially intangible activities that provide want satisfaction and that are not necessary tied to the sale of a product or another service[1].

Hence, the product here refers to the service or idea being made available for the customer use and benefit; the emergency care, in-patient, out patient, home visits, rehabilitation, health maintenance and prevention of disease, laboratory investigations and the provision of drugs and other consumable form the main attraction towards customer satisfaction.

With increasing sophistication of the customer, it is pertinent to recognise the sub-specialities in the medical practice today. Patients now recognise the quality and benefit of specialization in health care services. Such as Internal medicine, Orthopaedics, Paediatrics, Surgery, Ophthalmology, Dermatology and Neuropsychiatry[4]. These are different branches of medicine that give detailed specialist and satisfying care to customers.

2.02 PROMOTION

The means of creating the awareness of the product in service to the customer, an attractive hospital design, staff uniform, good letter heading, a good human and public relations practice are the positive ways to use marketing to achieve the hospital aims of satisfying the patients at profit.

In all over the world, and from country to country, there is the prohibition of advertisements in the medical profession with the most pronounced centering on self advertisement: whether direct or through the media. And there is no doubt, this arrangement is the best, otherwise, you may find colleagues using various kinds of unprofessional propaganda against one another.

As stated earlier one of the elements of marketing is promotion, and this is the element under which advertising is located. For full explanation, the component of promotion is further explained as follows:-

a. Advertising: To deliver a message cheaply to a great many people very quickly using the print and electronic media.

b. Personal selling: A two way communication involving face to face contact which enhances dialogues to take place between the seller and the buyer where the buyer can ask questions and the seller reacting to the question before an action can take place.

c. Sales promotion: Aims at using material gifts through promotion and sponsorship of contest, competition and selling scheme to patronize and it is generally aimed at stimulating sale, within a short time period.

d. Public relations: A broad term but one of its main facets is press relations which is concerned with disseminating favourable information about the company and its services, using any of the print and electronic media..

2.03 PRICING

The price of a commodity or service is a major determinant of the market demand of the item. Price will affect the hospital competitive position and share of the market. It is the element of the marketing mix that determines the value of the product To the customers, the price of a product indicates the measure of quality and the value of an exchange for the product.

Both public and registered private limited hospitals have been facing direct competition from the institutions run by quacks, and it is in the area of pricing that they have been outwitting the modern hospitals In fact, the increasing rate of competition has been grossly affecting the performances of the public, and the genuinely registered private health institutions. Some of them have been closed down temporarily when they should be posting profit, if only the right pricing attitudes have been adopted.

Pricing as a dominant factor in running a successful health organisation should be well understood and effectively applied. The issue of current pricing must be seen beyond the forces of demand and supply. It must be stated that what seems to be the right price to the public may not be right before the Managers and Owners of the hospitals, and vice versa. However, the customer must always be assumed to be right

The basic objective of pricing should be:

(a) to increase the customer patronage,

(b) To increase the revenue size

(c) Minimize cost

(d) To make profit.

The current analysis of these objectives, and using them, as guidelines would help greatly in the setting and maintenance of a good pricing as a structure.

In arriving at an effective and appropriate pricing, certain factors or dominants must be clearly understood.

a) The types and level of services being offered and rendered.

b) The customer types and their required level of services.

c) The available facilities and infrastructure to render the type of and level of services needed by the customer.

d) The benefit analysis proposition that will attract the kind of response and the desired numbers of customers.

e) The location of the institution and the prevailing environment where the institution is situated.

f) The purchasing power of the customer.

g) The rate and level of inflation.

Apart from the market forces, a clear pricing objective has to be spelt out by the management of the institution.

a. Should the price relate to the market circumstances?

b. Should the price relate to cost and profitability level?

c. Should the price relate to standard pricing?

d. Should it be an individual decision or that of a group, for example the Guild of Medical Directors?

All these decision areas will be useful to arrive at the type of pricing techniques and strategies to adopt.

2.04 PRICING TECHNIQUES

There are four basic pricing techniques that can be adopted, depending on the ability of the Managers, or owners of the institutions to use the right technique to achieve the expected results.

i. **Active Techniques:-** A technique of being a leader or the master and maintaining a price level and structure that is considered to be the best to develop the market and the customers level.

ii. **Passive Techniques:-** This is a follower type pricing. Follows whatever the leader changes either low for low or high for high.

iii. **Exploitative Technique:-** The technique emphasises class distinction and exclusivity. It is very common with the big institutions.

iv. **Penetrative Technique:-** The basic aim is to take off with a price at least to win some customers, and latter adjust the price on a gradual basis.

Any of the techniques may not be a panacea as they can fall short of their expected functions as a result of the various reactions from the market, the customers and the socio-economic environment, it will therefore be proper to choose the type that will lead to profit, customer increase cost reduction and growth. The right price once

investigated and researched should be appropriately set and maintained. These are the only ways to performance improvement in the health care services.

VALUE AND SATISFACTION

It must be quickly added that product will be successful if it delivers value and satisfaction to the target buyer. The buyer chooses between different offerings (specialist, General practitioner or Maternity Home) on the basis of which it is perceived to deliver the most value. Value[1] is defined as a ratio between what the customer gets and what he gives. The customer gets benefits and assumes costs. The benefits include functional and emotional benefits. The costs include monetary costs, time costs, energy costs and psychic costs. Thus value is given by:

$$\text{Value} = \frac{\text{Benefits}}{\text{Costs}} = \frac{\text{Functional + Emotional Benefits}}{\text{Monetary + Time + Energy + Psychic costs}}$$

The marketer can increase the value of the customer offering in several ways:

- Raise benefits
- Reduce costs
- Raise benefits and reduce costs

DUTIES OF PHYSICIANS IN GENERAL

A physician shall always maintain the highest standards of professional conduct.

A physician shall not permit motives of profit to influence the free and independent exercise of professional judgment on behalf of patients.

A physician shall, in all types of medical practice, be dedicated to providing competent medical service in full technical and moral independence, with compassion and respect for human dignity.

A physician shall deal honestly with patients and colleagues, and strive to expose those physicians deficient in character or competence, or who engage in fraud or deception.

The Doctor themselves need to revitalize the medical profession in Nigeria and return it to its glory and nobility by strictly adhering to the ethics and regulation and creating a niche for themselves.

The significance of running an efficient private health institution would be better appreciated when one considers the:

1. Frequent strikes by Doctors, Nurses and other paramedics in Government hospitals.
2. Establishment of poorly equipped clinics and maternity homes by quacks.
3. The harassment by *"traditional healers"* with unsubstantiated claims of cure for diseases they know nothing about resulting from the failure of the public hospitals.
4. The increasing need for public health education and preventive health care services.
5. Improved public awareness on health and human rights in our society.

2.05 PROBLEMS AND PROSPECTS

Over concentration of Doctors/Hospitals in the urban areas has left the rural community in jeopardy, therefore, leaving an important market segment unaltered. It is obvious that the rural community of today in Nigeria is more aware of its health needs, more able and willing to pay for services than their urban drained counterpart.

Emphasis has always been on curative rather than preventive health care by both Government and the private sector. Preventive health care is cheaper and more profitable to the customer and the service provider.

Lack of basic health statistics and information system in the country has made corporate planning ineffective.

Medical practice is becoming more sophisticated and automated. The speed at arriving at Diagnosis and treatment of illness has tremendously improved. The average Nigerian practitioner cannot afford the machinery or even the training to catch up with his colleagues in the developed world. Hence the rich and the powerful find solace in patronizing medical establishments in Europe and America. Important segment of the market is therefore lost to competitors.

The private health sector in Nigeria unlike most other businesses is not organised. It lacks basic information system, even about existing facilities around them. The best has been the establishment of Guild Hospitals.

The incursion of "quacks" and the economic recession has given the profession a bad image in recent years. A lot of hospitals are seen by some customers as socially irresponsible. Certainly a favourable disposition of customers is important for the overall existence of the business, and forms basis for the evaluation of service standards.

The most common feature of our private health establishment is sole proprietorship. As the name implies, it is owned, financed, managed and controlled by an individual. The life of this form of business is dependent on the life of the proprietor. Should the owner take ill, the business might suffer seriously in terms of operations even leading to a halt in operations. And indeed most hospitals die with their proprietors.

Going by the present trend of population growth, the Nigerian population should be around 167,736,800 people. As at this time the urban population will be around 27,005,625 people, and the rural population will stand at 140,731,175. However, the economically active people will be around 41,234,200 people and from that figure we shall be having only 112,057 health workers, comprising the medical practitioners, dentists, pharmacists, nurses, medical laboratory technologists, radiologists, optometrist and the orthopedics etc. But comparing these figures, it will be observed that the number of the health workers will be like a drop of water in the ocean, which implies that, whatever may be the population explosion of the health workers, they will always have large number of people that will always need their services regularly, without any reason to complain. The major problem that should be dealt with is the present behaviours of some of these health workers towards the patients, which have been leaving some pains in the check. They are expected to pay more attention to the patient care and show more empathy towards them for more patronage, without loosing them to the alternative medical practitioners and quacks.

There are various health institutions in Nigeria offering medical, surgical, pediatric, maternity, psychiatric, gynecology, intensive, orthopaedic, eye infectious disease and radiological services etc., with names such as the general hospitals, teaching hospitals.

maternity homes, health centres, ophthalmic, dispensaries and clinics, and these are variously located in the urban and the rural areas where they always have close contact and interactions with the patients. In short, these institutions have various services, which they render for fees. Therefore, as long as these services are expected to be paid for, whether on full charges or subsidized rate, concerted efforts must be made to satisfy these patients, in order to continue to attract their patronage in that wise, these services must be right: the quality of service must be right and the right strategies must be in place to attract them. There must be the readiness to develop other business ideas that may not be available now, in order to generate more income through effective market studies and identification of patients needs!

Some public and private health institutions have been deserted by many people because of their present day epileptic nature of operations and poor staff attitudes. And we have hospital managers in these institutions, which seem to care less about the patient's satisfactions. Many of the health workers are now being looked upon by the patients as shylock, and as not upholding the required standard of customer's care and attention. For such hospital managers to run their institutions for better performance, they must change their general attitudes to customer.

The hospital managers should take time from now to review their present performance level and take new ideas as well as freshen their approach to familiar problems, working towards positive changes in their institutions. They must first attend seminars and workshops on general management, staff management, business management, and on strategic planning and marketing, so that they can be exposed to new thinking on how to manage the organizations, the staff and other effective ways o

handling the patients. The hospital managers must up-date their knowledge because the present state of things is suggesting that many have fallen back into mere tradition and professional routine systems of managing the operations – by doing the same thing the same way year-in-year –out, and now left with narrow vision and lack of effective performance ability. It is the changes in the hospital manager's style and methods that will also drive the right attitude into the staffers. It is when the skills, the creativity and aptitude is subject to change that there can be effective systems of operations too. No hospital manager will continue to manage, positive results, without first up-dating their skills, knowledge and management techniques.

There must be effective staff management and good policies, for improve work attitude, for the achievement of positive results. If the staff is not right the hospital cannot be right. If the staff is poorly recruited and remunerated, there will be problems that will confront the hospital success and performance. It is therefore being stated that success cannot be achieved without the right calibre of staff, as well as getting their commitment through proper system of motivation. Many of the staff today are not well paid, motivated, trained and encouraged. The way they are treated is the reflection of their general attitudes to the patients. And unless there is a proper recruitment policy, training and development, improved productivity and performance from the staff may not be attainable.

The creation of satisfied patients through quality services and empathy will always improve the institutions level of performance. There is therefore the need to get closer to the patients through identification of their needs, and improvement of the facilities, the constant check of the staff-patients relationship: paying attention to their complaints and

queries: paying constant watch over the pricing and the credit procedure, as well as ensuring the development of more customers by interaction systems. The first impression must be allowed to reign in the minds of the patients. The customer must be treated as kings and queens because they are the ones that are supplying the money to the organisation. The duty of patients care responsibilities must be the concern of the hospital managers.

The world is now being turned into a global market and computer village, with electronic commerce virtually rendering trading and communication transactions and connections. Communication and information technologies will be central to improving productivity and services delivery in hospital management. Some of the effects of the information technologies will be to change the work patterns of the individuals and institutions and providing new ways to improve the efficiency, effectiveness, and competitiveness. Against this background, the hospital managers will be required to procure the system that will be tailored to their operational needs, and that will also results, in the overall productivity.

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1. *Kotler – Marketing Management (Millennium Edition)*
2. *Lecture Notes –ABU Zaria*
3. *Stanton – Fundamentals of Marketing*
4. *Lecture Nots – Introduction to Marketing, ABU Zaria.*
5. *Projections from 1991 Census Figures.*

CHAPTER THREE

RESEARCH PROCEDURE

This chapter is geared towards definition of the research procedure adopted in the study, sampling approach and the procedure of data collection and analysis.

3.01 RESEARCH METHOD

The basic research methodology adopted in this study is mainly exploratory. This approach becomes imperative in view of the subject matter of study. The aim principally, entails gathering of information about the practical problem involved in carrying out a particular conjectural statement. The major emphasis therefore, is on the analysis of the management of selected private establishments, market analysis, policy analysis vis-á-vis customer satisfaction and corporate viability of these hospitals.

3.02 SAMPLING APPROACH

The study being exploratory in nature, sampling procedure is considered the most appropriate in the judgment there is no hospital that has the monopoly of patients/customers. For this reason twenty (20) Private Health establishments within the Kaduna metropolis were visited, customers and staff interviewed, data collected and analysed. The Hospitals/Clinics visited were categorised, viz:-

(A) Specialist Hospital – Hospitals offering specialist services by Doctors that devote themselves to a particular branch of medicine e.g. obstetric/gynecology, surgery.

(B) General practice – offers services in all field of medicine without any emphasis on a particular branch of study.

(C) Maternity Homes – centres offering antenatal services and conducting simple deliveries, usually run by Nurses/Midwives.

Although a sampling method was used, it is important to appreciate that the customers were themselves a population.

3.03 DATA COLLECTION

The methodology executed in collecting data for this study are 3, they include use of questionnaire and gathering data from secondary sources and personal interviews. The use of secondary data was significant in the study not only because it is consistent with the research design but because the research question can be adequately answered through the method.

The data from secondary source were supplemented with primary data collected through interviews with staff and patients of the selected private Hospitals. Questionnaires were administered to both staff and patients of these hospitals.

QUESTIONNAIRE

The questionnaires were designed to address the question raised by the hypothetical statements and distributed to 1000 customers of the various hospitals equally, the Medical Directors and staff of the Hospitals visited. The questionnaires were partly structured to allow the responds alternative answers and in some cases writing in their own words. It is made simple and targeted at all categories of customers (Appendix A,B, and C).

3.04 LIMITATION OF THE STUDY

The study is limited to some (20) selected private health establishments in Kaduna Metropolis alone. The sample population covered all categories of health establishments usually seen in the country. Some major constraints of the study include non-availability of some accounting information, poor response to questionnaires, official secrecy on the part of some hospital management and distrust for the purpose of the research by patients and hospital staff alike.

3.05 BASIC ASSUMPTION

In the conduct of this research some of these assumption were made:

- ✓ That the operations of the hospitals would be profitable if converted into a unique cost and profit centres.

- ✓ That all the data collected are assumed to be authentic and valid for the conduct of the study.
- ✓ That there would be surplus market for the services rendered if only medical practitioners will abide by ethics.

3.06 HEALTH SERVICES IN THE KADUNA METROPOLIS

Kaduna, the former capital of Northern Nigeria and the present capital of Kaduna State have an estimated population of 801,000, like most Nigerian cities utilities and social infrastructure services are grossly inadequate. This very well speaks for the quantity and quality of Medicare available in the old capital. The city is equally not devoid of quacks despite the pressure of government and its law enforcement agents This could be primarily be due to the level of poverty and economic power of an average citizen. Patients cannot afford good quality care in Government Hospitals where services are relatively subsidized.

There are several medical centres rendering medical care and treatment in the Kaduna Metropolis.

Government Hospitals

There are hospitals built and are been run by Government, they include:

1. Barau Dikko Specialist Hospital.
2. Gwanna Awan Hospital Kakuri
3. Yusuf Dantsoho Hospital T/Wada
4. Ahmadu Bello Teaching Hospital.

RELIGIOUS ORGANISATIONS

1. St. Gerald Catholic Hospital Kakuri.
2. Muslim Hospital T/Wada
3. Aitam Muslim Hospital T/Wada
4. Ahmadya Medical Centre T/Wada
5. Six Local Government Primary Health Care Centres offering out patient services.

COMPANY MEDICAL SERVICES

Of course, Kaduna could be described as an industrial centre with several Textile and Oil and other Manufacturing Industries. Most of these organisations have over the period complemented the medical services in the metropolis by establishing clinics and Hospitals that essentially cater for their staff and their dependants. This includes:

1. The Nigerian National Petroleum Corporation.
2. Arewa Textiles.
3. Peugeot automobiles.
4. NOCACO
5. Nigerian Teachers' Institute.

MILITARY HOSPITALS

- The 44 Military Reference Hospitals serves mainly Military personnel and their dependants.
- The Airforce Medical Centre also for the airforce personnel.

PRIVATE HOSPITALS/CLINICS

These are hospitals and clinics solely owned and managed by private individuals. Most of these enterpreneurs are medical Doctors and other medically trained personnel while a few of them are owned by other non-medics interested in medical care services.

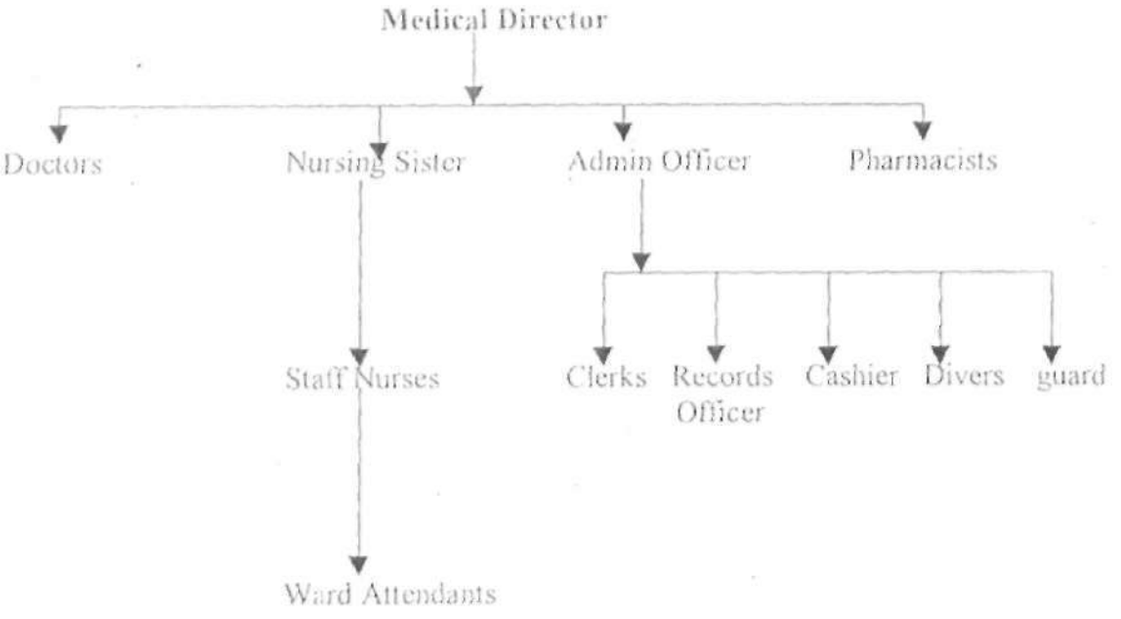
These hospitals and clinics offer both in/out patient services to their customers. While some offer services in all field of medical care though not as elaborate as Government General Hospitals, others offer mainly specialist services and are known for such services.

Records from the State Ministry of Health indicates that as at 1998 there were 250 registered Private Clinics within the metropolis. However, empirical observations suggest there are a lot more. Most of them not registered by law.

Chemist Shops: These are private pharmacy shops that sell and administer drugs run by qualified pharmacist but do not admit patients in their premises. There are about 125 registered shops.

Diagnostic Centres: These are paramedical centres offering support services to clinics and hospitals run by Doctors.

Typical Organisational Structure of a Private Hospital



Above is the organisational structure of a top ranking hospital in Kaduna. Suffice it to say that most of the hospitals visited are run by the proprietors with little or no support from other Doctors. The Medical Directors combine the professional duty, accounting and administrative duties.

The Medical Director

This is the chief Executive of the hospital. He is chiefly concerned with day to day running of the hospital. In addition to patient care, the Medical Director is saddled with administrative and management responsibilities.

Administrative Officer

The Administrative Officer assist the Medical Director in routine administrative duties and doubles as the Public Relation Officer of the hospital. Specifically, he ensures that:

- ✓ Good cash flow management.
- ✓ Sees to the welfare of staff.
- ✓ Keep record of employment
- ✓ Maintain good track of all hospital vehicles and equipments.

Doctors

Diagnose diseases, prescribe right treatment and also perform surgical operations

Nursing Sister

The Nursing Sister or matron is the immediate boss of the Nurses – Her duties include:

1) Organise duty roster for Nurses/Attendants.
2) Monitor the professional performance of Nurses.
3) Doubles as a Nurse.

Nurse/Midwife: The duties includes.

1) Assist the doctors in discharging their duties.

2) Ensure patients are comfortable.

3) Administer drugs prescribed by Doctors.

4) Keep records on all patients.

5) Reports any useful observation to the Matron/Doctors.

Pharmacist

There is only one pharmacist in the hospital. He ensures good quality, efficacious drugs are purchased by the hospital.

Maintains the inventory of all drugs and consumables and raise requisition at the appropriate re-order level.

Account Clerk

There are two account clerks. Their duties are:

(1) Record all payments and receipts of the hospital.

(2) Keep track of all cost elements

(3) Monitoring and collection of hospital debts.

(4) Banking.

Typist/Cleaners/Drivers:- There is one each, they perform routine duties and any other job assigned by the Medical Director.

MEDICAL SERVICES

Service is an identifiable, essentially intangible activity that provide want satisfaction and that may not necessarily be tied to the sale of a product. Medical care provide a variety of services. These can be conveniently divided into:

A) *MEDICINE*

1) **Internal Medicine:** Deals with whole range of medical conditions, their diagnosis and treatment.
2) **Psychiatry:** Diagnoses and treatment of mental disorders.
3) **Cardiology:** Deals with disease of the heart and the special methods of investigating them.
4) **Dermatology:** Managing skin disorders.
5) **Paediatrics:** The medical care of infants and children.
6) **Neurology:** Neurology deals with the diseases of the nervous system in which the ill effects are predominantly physical. Examples are paralysis, disordered balance, loss of pain and touch sensation, impaired speech etc.
7) **Gastroenterology:** This handles the treatment of gastrointestinal diseases, which includes disease of any part of the digestive track and also of the liver, biliary track and pancreas.

B) SURGERY

This is concerned with a variety of surgical operations, some are:

1. **Ophthalmology:** This takes care of the diseases of the eye and the structures which immediately surrounds it.
2. **Oto-Rhino Laryngology:** This handles many conditions which affect the ear, nose and throat and their related structures.
3. **Orthopaedic Surgery:** This is the diagnosis and treatment of injuries and diseases affecting the bones, joints, tendons and ligaments. Example Fracture.

C) 1. **Obstetrics and Gynaecology:** The treatment and care of women during pregnancy and childbirth. Also it deals with the diagnosis and treatment of diseases affecting the female reproductive organs.

2. **Veneriology:** Concerned with the diagnosis and treatment of veneral disease (VD).
3. **Family Planning Scheme**

D) LABORATORY MEDICINE

1. **Haematology:** Defined as the science dealing with the nature, functions and diseases in blood.
2. **Bacteriology:** Bacteriology deals with Micro-organisms like Bacteria.

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1. *1991 Population Census*
2. *Ministry of Health Kaduna State – Registration of Private Health Institution*
3. *Medical Encyclopedia*

CHAPTER FOUR

4.01 RESEARCH FINDING AND DATA PRESENTATION

Research finding and data analysis are the main focus in this chapter. Information collected through the Questionnaire and the oral interview have been composed into a market survey, estimation of profitability and business plan for the improvement in the Private Medical Practice.

The market survey was central to the overall analysis of determining whether indeed there are basis for marketing and improving the quality of medical care by our private hospitals. The analysis of the survey was based on the three categories of private health establishment earlier outlined in chapter 3, and the basic finding from the various hospitals were as follows:

(1) Specialist Practice: There is a strong preference for a specialist (Consultant) service by most patients interviewed. However, there are very few hospitals offering such services, it was found out that most of the specialist come on part-time service at the hospitals. Similarly, there charges are high. It is interesting to found out that even low income earners are ready to part with the fee a quality service. Though the turn over of patient is lower than those at the General Practice Doctors, the proprietors find tit more satisfying and more profitable. It was equally observed that they keep neater hospitals and their staff are more

courteous and friendly. Awareness for such, specialist services is equally low among the low-social class.

(2) **General Practice:** Here the demand is high as demonstrated by the turn-over of patients. They charge relatively lower prices for services. For example while the specialist clinic charge =N=500 for consultation the general practice clinic charge =N=250. Equally admission fee are higher by 50% in the specialist clinic. It was noted that despite the volume of sales among these category of hospitals, the overall margin is higher in the specialist hospital.

(3) **Maternity Home:** Majority of the patients are mainly women and children for the management of simple ailment and immunization. They are run by Nurses and Midwives, often acting as agents to some of the hospitals above. Patients often visit such homes because of convenience, cost and proximity to residence.

ESTIMATION OF DEMAND AND SUPPLY

Most resident of the metropolis are very aware and conscious about their health. The World Health Organisation (WHO) recommended an average of 1120 People/Doctor, going by the last 1991 census, the Kaduna metropolis has an estimated population of 1.2m people with only 40 Doctors. This translate to 12,000 people/Doctor which is far below the WHO standard. Owing to the rate of population growth and failure of the Government Hospitals, the demand for private health clinics in Kaduna is expected to grow.

There is abundant evidence to suggest that the demand for medical care is higher the supply but it is hindered by the attitude of the practitioners and the low purchasing

power of the average Nigerian. This is manifested in the booming patient medicine business and herbalist homes.

4.02 DATA ANALYSIS

1. What is your monthly salary?

5,000 – 10,000	10%
10,000 – 20,000	15%
20,000 – 30,000	45%
40,000 – 50,000	20%
50,000 and above	10%

2. Sex

Male	42%
Female	58%

3. Where do you normally receive treatment?

Specialist	28%
General Practitioner	60%
Maternity Home	12%

4. Why do you receive treatment there?

		Specialist Practice	General Practice
a.	Availability of drugs	98%	95%
b.	Good attention to patients	100%	75%
c.	Cheaper price	15%	65%
d.	Neat/Tidy environment	95%	60%
e.	Friendly staff	95%	65%

5. Who introduced you to the hospital?

*	A friend	31%
*	The Hospital staff	20%
*	Self/Chance	3%
*	My organization	11%
*	Former patient	35%

6. Were you receiving treatment in another hospital before?

Yes	100%
No	-

7. If yes, why did you leave that hospital?

High charges	32%
Poor services	44%
Transferred from the town	24%

8. How satisfied are you with the treatment in this hospital?

Totally satisfied	91%
Partially satisfied	5%
Unsatisfied	0%
Not sure (treatment not completed	4%

1. The middle-income bracket of 20 – 30,000 per month constitute 45% of the patients interviewed. These are usually the enlightened group who can equally afford the cost treatment. The greater number of the lower income class 5-10,000 must probably, attend Government Hospitals.
2. The female propendrance (58%) over the male (42%) is explained by the fact that in addition to the illnesses that are common to both sexes, the female sex has special conditions related to reproductive health and child birth.
3. The General Practitioner attracts greater attendance because of cost-advantage over the specialist clinics and is often the first point of call before the specialist in difficult situations.
4. The fewer number of patients and the somewhat exclusive pricing method of the specialist clinics may be responsible for the availability of drugs, tidy environment and courteous staff.
5. Visitors to Hospital and former patients are important promotional agents provided they were treated well otherwise, they turn out to adversaries of the hospital.

TABLE 1

6. ESTIMATED PROFIT AFTER TAX 1990/95 (HOSPITAL DATA)

	Specialist =N='000	Gp =N='000	Maternity
1990	300	150	80
1991	350	200	55
1992	600	312	70
1993	800	415	90
1994	1000	550	100
1995	1200	650	98
1996	1,500	780	80

Source: Data from various hospitals visited.

4.03 PROOF OF HYPOTHETICAL STATEMENT

The hypothetical statements were :

1. Profitability is a direct function of the quality of care and patient satisfaction.
2. The smaller the product range the higher the quality of service and its profitability.

The first statement could be proven from the fact that 91% of all respondents were totally satisfied with the quality of care they received coupled with the fact that all the hospitals were increasingly declaring higher profit after tax over the years and an increased turnover of patients. (Table I&II).

The degree of profitability is even higher with the specialist hospitals where 10% of the respondents attended because of good attention to patient care, 98% due to availability of drugs and 95% due to friendly environment and hospital staff.

Speciality in a branch of medicine narrows the service/product range of the Doctor. This is tailored towards giving higher quality specialist service unlike the General practitioner that dabbles into all fields of medicine. It was clear from the first hypothetical statement that profitability is a direct function of customer satisfaction, it goes to imply here that the smaller the product/service range the higher the quality of service and its profitability.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY/CONCLUSION

The main objective of this study is to identify the possible contribution of marketing as one of the policy instruments to be adopted by private health establishments that are characterized by inefficiency, failure to thrive and malpractices in order to remain in business.

Marketing is all about customer satisfaction at profit and customer satisfaction has been directly linked to profitability and growth in any business. However, the fundamental reason for the failure of our private hospital is lack of focus or mission This lay the foundation for malpractices and quackery in this very noble profession

The problem identified with the private health establishments in the study are numerous. These includes:

(1) Poor strategic planning.

(2) Ineffective cash management and asset building method.

(3) Poor staff morale. All these are attributable to lack of vision.

The poor economy and the low purchasing power of the customer has forced patients to look for alternative source of health care. The adoption of marketing techniques is aimed at making the private hospitals operate as profit making ventures financially self reliant and capable of generating enough income to ensure positive returns on investment and growth.

The annual profit after tax from these hospitals was not impressive, in real terms however, these figures when adjusted for inflation would be much less attractive.

In today's demanding business climate, the private hospital executives should be aware that competition, direct or indirect, inflation, government regulatory policies and other market forces are part of what confronts the hospital business. However, it is possible to operate without engaging in any unethical practices and still achieve good results. The possibility lies in the management and business experience of the Chief Medical Officers. And since the success of the hospital depends on the managerial and business ability of the manager, he is expected to know the marketing and management techniques, as well as the strategies that would work for the success of the business.

The creation of satisfied patients through quality services and empathy will always improve the institutions level of performance.

Hospital managers should take time to review their performance level and take new ideas as well as freshen their approach to familiar problems, working towards positive changes in their institutions. The present state of things as observed in the study is suggesting that many have fallen back into mere tradition and professional routine systems of managing the operations - "life in itself is dynamic" – and are left with narrow vision and lack of effective performance ability. Many of the staff are not motivated, ill-paid and untrained. And unless staff are encouraged, improvement in productivity and performance will remain a mirage.

5.2 RECOMMENDATIONS

The image of the hospital begins with the personal vision of the owner. Where there is no vision there will be no mission. Therefore hospital proprietors should develop, communicate and share their vision with all stakeholders in the business. The vision should be the driving force for the accomplishment of the mission.

In order to survive, emphasis must be laid on creating and maintaining satisfied patients and clients, by offering quality service, and creating awareness through a well planned and effective public relations systems. The internal structure must be well planned. There must be proper recruitment policy, training and development programs for the employees and good motivation towards carrying a good hospital culture that will help improve productivity.

Hospital Managers, should constantly watch over the overhead and other expenses by calculating the unit cost of every service rendered and medication in order to arrive at good profit and device a means of building up sufficient liquidity and working capital base, such as seeking payment in advance and monitoring cash flow.

There is the need to develop a sound negotiation skill to be able to handle terms, agreements and conditions in the course of dealing with clients, suppliers and other external public. This would help to reduce cost, improve quality and the assurance that the right materials at the right price and quality are supplied

An effective internal control system and audit section that will locate the weak points for improved operation efficiency should be evolved. Particularly, pricing.

because nothing drives the customer away easily than to discover that the hospital is too expensive.

Finally, the hospital that desires a competitive edge should have effective leadership that would direct the total operational through effective delegation of duties. It is the leadership that would make all the strategies mentioned a reality. Doctors, *particularly the Specialist Consultant in various speciality should avoid oligopolistic* tendencies by dealing honestly with patients and colleagues. They should not allow the motive of profit to solely influence the free and independent exercise of professional judgment.

The National Health Insurance Scheme of the Federal Government of Nigeria is a laudable effort, medical executives and managers of health services should take advantage. It is imperative to know that the business of health care services is as *dynamic as science itself.*

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(For Medical Directors Only)

DEPARTMENT OF BUSINESS ADMINISTRATION ABU ZARIA

Dear Sir/Madam,

Questionnaire

The purpose of this questionnaire is to assist the author to complete a research work on the Management of Health Services in the Private Sector as part of a Postgraduate Degree Programme in Business Administration (MBA)

You are kindly requested to respond to these questions freely with assurance that your responses would not be used against any individual or the organisation. The identity of respondents would also be kept confidential.

Please read the Question carefully and tick where applicable and elaborate where necessary.

1. NAME OF ORGANISATION _____

1.1 PERSON INTERVIEWED _____

1.2 STATUS _____

1.3 ADDRESS _____

2. Type of Establishment _____

2.1 Specialist Practice _____

2.2 General Practice

2.3 Maternity Home

3. For how long is your Clinic established?

3.1 What is your turnover for the month of January to December 1999?

4.1 What is your profit after tax for 1990 to 1996?

4.2 What pricing technique do you adopt?

- Active
- Passive
- Exclusive
- Penetrative

4.3 How much do you charge for consultation?

4.4 In your opinion is your price reasonable and affordable?

5.1 Do you have any plan for expansion?

(For Clinic Staff Only)

6.1 Type of motivation provided by the company are listed below. To what extent do these factors motivate you? Tick

MOTIVATOR	NIL	POOR	GOOD	V.GOOD	EXCELL-ENT	REMARK
Promotion						
Car loan						
Training						
Insurance Scheme						
Health Services						
Pension Scheme						
Transport						
Education						
Others (Specify)						

6.2 Does the company conduct any training programme?

Yes ☐ No ☐

6.3 Are the training programmes so designed to match the practical job situation?

Yes ☐ No ☐

6.4 How often is performance appraisal carried out?

Yearly ☐ Half Yearly ☐ Quarterly ☐

6.5 Are there any particular way in which you feel management can help you to develop, briefly state

_____

_____

_____

6.6 How are order information communicated downwards?

(i) Verbal (ii) Written
(iii) General Office Meeting (iv) Phone
(v) All of the above

6.7 Do your have feed back system in your organisation?

Yes ☐ No ☐

Is there is any informal communication existing in the company

Yes ☐ No ☐

If yes how effective is it?

(i) Very effective (ii) Effective

(iii) Not effective

APPENDIX C.

(For Customer/Patient only)

1. Occupation.....
2. Position held in your office (if any)
3. Salary per annum (if not sure, quote estimate).....
4. Sex (Male or Female).....
5. Where do you receive Medical Treatment?.....
6. Why do you receive treatment there? (State reasons please).....

.....

7. Who introduced you to the place? (please state Name and relationship)

.....

8. How many times have you received treatment there within the past 4 years (if not sure, give estimate).....
9. Were you receiving treatment in any other hospital before? (State Yes or No)

.....

10. If Yes, why did you leave that former one? (Be specific, high charges, poor or inadequate services etc).....
11. Please, specify the degree of satisfaction you received after the treatments (e g Totally or Partially, Satisfied or Unsatisfied etc).....

.....

12. What are the things you like about this Hospital/Clinic (Be specific).....

.....

13. What are your suggestions towards improvement (please pin-point specific areas) .....