CAN MISSION CULTURE FOSTER THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE (GCG) IN HOSPITAL

(Empirical Evidence From Indonesia)

1. Background

In new governance era, implementing good corporate governance (GCG) in hospital has become compulsory to provide added value for hospital services. This principle has been developed earlier in developed country, however, in developing country, like Indonesia, the implementation of the GCG in hospital is a new perspective.

Since in 1990 period, the demand of GCG Implementation increase because it is believed that GCG is a good system for managing a public services to create accountability organization and create competitive advantage. Therefore, the implementation of these principles is important in the competitiveness era of hospital industry.

The competitiveness in hospital is more challenging while at the same time there are shifting paradigm in managing organization due to some changes. They are:

1) Finance system has been shifted from out of pocket system to insurance system (Daniels and Sabin 1998; Rowe 2006)
2) The high demand of increasing health quality, providing health services efficiently and effectively and equity (Brinkerhoff 2004; Davidson 1999)
3) Sosiodemografi shifting cause there is change in determining needed health care (Brinkerhoff 2004)
4) Public institution is enforced to implement good governance (Eeckloog et al. 2004).

These changes has influenced Indonesia government to develop regulation regarding hospital and health insurance, the regulation are Law No 44 of 2009 regards hospital, Law No 40 of 2004 regards national social security system and Law No of 2011 regards UU BPJS di tahun 2011 (Sidin 2016). Moreover, implementation social security system causes some transformations of health care system, such the changes in health care system, health finance system, and referral system. In this era, the third party is a dominant payer for health services. To satisfy their customers, it requires high quality of health services, more accountable organization, more transparent organization (KNKCG, 2006; Dalimunthe, 2010). These factors influence behavior, value and belief in hospital
leading to shifting corporate culture. These changes may have impact on hospital management (Sidin 2016). It is believed that the implementation of GCG’s principles can deal with these transformation.

Through implementation of GCG Principle will lead organization to be efficient, have confidence to build networks with investors, long term capital. Patients tend to choose accountable and transparency hospital because it may lead to be safety and reliable hospital. All stakeholders will get fairness, then it may lead healthy organization (OECD, 1999; World Bank, 1999).

The successfully of GCG implementation is influenced by corporate culture, regulation and policy, risk management, audit system and transparency. One of internal factor is corporate culture. According to Schein (1992), corporate culture is value and belief of organizational member reflected in symbols, their perception and their behavior in organization. a dynamic human process of constructing shared meaning (Frost et al. 1985).

In the past, there are many models of corporate culture have been developed (O’Reilly, Chatman, and Caldwell 1991). Along the two axes of processes, ranging from organic to mechanistic (i.e., whether an organization focuses more on flexibility and spontaneity or on control, order, and stability), and organizational emphasis, ranging from internal maintenance to external positioning (i.e., whether an organization depends more on integration activities or on differentiation from competitors), they distinguish four different types of corporate cultures based on the Jungian framework clan (Pasmore and Woodman 2007), adhocracy, market, and hierarchy (Deshpandé, Farley, and Webster Jr 1993).

Some literature has showed the influence of corporate culture and the implementation of GCG principle (Haniffa and Cooke 2002; Licht, Goldschmidt, and Schwartz 2005; Lozano, Martínez, and Pindado 2016). However, the study of the influence of Denison culture model on the implementation of GCG Principle is limited.

Denison developed culture model developed the link between organizational culture and effectiveness. It has four (4) dimensions of corporate culture: 1) involvement, 2) consistency, 3) adaptability, 4) mission. The traits of mission and consistency were the best predictors of profitability, the traits of involvement and adaptability were the best predictors of innovation, and the traits of
adaptability and mission were the best predictors of sales growth (Denison, Haaland, and Goelzer 2003).

Furthermore, mission culture is the most important culture because it reflects how staff understand their mission directing their behavior in hospital. Implementing the GCG principle are related to change management, and the organization mission should reflect that organization goals.

The study’s objective is to study the role of mission culture in fostering the implementation of good corporate governance (GCG) in hospital.

2. Research Method

The research design is analytic survey through cross sectional approach. This study was conducted at 2nd August- 2nd October of 2016 in Local Public Hospital, Makassar, Indonesia. Population was all staff in Local Public Hospital, Makassar, Indonesia. The number of population is 578 orang. Then, the number of sample is 105 counted using Lameshow formula. Proportional Quota sampling was applied for determining sample (Forthofer and Lee 1995). This non probability sampling technique was chosen because population characteristics in hospital is unlikely to be homogeny, every unit consist of staff having different educational background.

Data was collected through questionaires measuring two (2) variables, mission culture and the implementation. The measurement scale is likert scale 1= Strong Disagree 2= Disagree 3= Agree 4= Strong agree

Data was analyzed by correlation test and pearson correlation is used due to the number of sample was more than 50 and it was normal distribution.

3. Result

In this study, the majority of respondents was female (82.9% respectively). As for educational background, the table showed that almost a half of respondents was bachelor. Another characteristic is work life and staffing status, there were 91% of respondents have more than 3 years work life and there were 65.7% of respondents as a civil servants.

Univariate analysis showed that 77.1% of staff perceived that their behavior
reflects mission culture is high. It was reflected from 3 (three) sub variables. There are 78,1% of respondents perceived that they focused on the achievement of hospital strategic and goal. Then, there are 75,2% of respondents have good understanding of *goals and objectives* so they can implement easily. As for vision variable, most of respondents (90,5%) perceived that their organization had clear vision and it had motivated them. Their beliefs and value is based on their vision. In terms of implementation GCG, there 74,3% of respondents perceived that the implementation of GCG in their hospital is good. The hypothesis was tested by pearson correlation test and it showed that the significant value is less than 0,05 (P< 0,05). It means that there is correlation between mission culture and the implementation of GCG in hospital.

4. Discussion

A mission statement is needed to develop organization to create awareness of the organizational members about their organization. Mission statement will answer Why do we exist? What are we here for? What is our purpose? As such, mission statements form the cornerstone and the starting point for any major strategic planning initiative (Bart, Bontis and Taggar, 2001). This mission will lead organizational priorities and intellectual capital development (Bontis, 2002; 2003a). They set the tone for the organization's climate and culture (Vander Weyer, 1994). Since the 1980's, mission statements have been used more and more to define and communicate the kinds of relationships which an organization wishes to establish with each of its major stakeholder groups (e.g., investors, customers, and employees) (Campbell, 1997).

Mission determine the corporate strategy, then to adapt with the health transformation corporate strategy should consider the implementation of GCG Principle. Denison and Mishra (1995) stated that mission culture influenced two organization’s function, 1) through mission, the member of organizations understand the purpose and meaning of organization 2) a sense of mission provides clear direction and goals which serve to define the appropriate course of action for the organization and its members. These function will encourage the achievement of organization’s value. They will govern the organization
accountable, responsible and transparency. It is concluded that the mission culture can foster the implementation of GCG Principle in Hospital. The management implication is the hospital should foster strategic direction, goals and objectives and vision.

5. Reference:


Haniffà, Rozaini Mohd, and Terry E Cooke. 2002. “Culture, Corporate Governance

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