

The Role of Strategic Planning In Improving Service Quality and Profitability of the Healthcare Industry: A Systematic Review



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ABSTRACT: Strategic planning plays a pivotal role in enhancing service quality and profitability in the healthcare industry. This systematic review synthesizes findings from various studies conducted between 2019 and 2023, exploring the impact of strategic planning on these two crucial aspects. Following the PRISMA 2020 guidelines, the review encompasses journals discussing strategy management in the healthcare industry, ensuring transparency and scientific rigor. The findings underscore the importance of involving employees and stakeholders, including patients, in the strategic planning process, as it increases job satisfaction, commitment, and service quality, while also fostering patient loyalty. Knowledge management, continuous learning, and informed decision-making serve as key factors influencing organizational performance. The strategic planning promotes effective resource allocation and incremental learning, which contribute to improved profitability. Studies consistently demonstrate that well-executed strategic planning positively affects the service quality, patient satisfaction, operational efficiency, cost-effectiveness, and profitability in healthcare organizations. Integrating digital technologies into the strategic planning process supports digital transformation, ultimately enhancing the service quality and profitability. Furthermore, the strategic planning also facilitates successful lean implementations, reducing waste and increasing efficiency. This systematic review highlights the broader implications of strategic planning, including its relationship to human resource management and organizational sustainability. Comprehensive strategic planning that involves the stakeholders, promotes the continuous learning, integrates the technology, and considers the human resources and sustainability is crucial for enhancing the service quality and profitability. Overall, this systematic review emphasizes the significance of strategic planning in the healthcare industry by shedding lights on the best practices, challenges, and key considerations for developing and implementing effective strategies to improve the quality of care, patient satisfaction, and long-term profitability.

KEYWORDS: Strategic planning, Service quality enhancement, Profitability, Employee and stakeholder involvement, Digital transformation and lean implementation

I. INTRODUCTION

The healthcare industry is a dynamic and growing sector that faces significant problems in meeting the demand for high quality of service, while also maintaining profitability. In this competitive environment, strategic planning plays an important role for healthcare organizations to survive and thrive. The strategic planning includes a systematic and coordinated decision-making process that defines organizational goals, identifies opportunities and threats, and allocates resources effectively and efficiently. According to Ginter et al. (2018), the strategic planning in the healthcare organizations refers to a process of developing a clear vision, mission, and goals, as well as strategies for achieving the goals. This process entails an analysis of both the internal and external environments, as well as the development of a coordinated action plan.

In the context of the healthcare industry, quality of service is a key factor influencing patient satisfaction, organizational reputation, and ultimately long-term success. Good strategic planning can help hospitals, clinics, and other healthcare providers to identify patient needs and preferences, and develop appropriate strategies to meet those needs. This includes improving the quality of care, implementing the latest technology, developing skilled human resources, and improving operational efficiency. As stated by Nair and Fillingham (2017), effective strategic planning can assist the healthcare organizations in increasing the patient satisfaction and providing high-quality services.

On the other hand, profitability is an important aspect for the long-term sustainability of the healthcare organizations. The strategic planning can assist the organizations in optimizing the use of financial resources, managing costs effectively, and

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identifying new revenue opportunities. This involves budgeting strategies, financial risk management, investment analysis, and profitable service development. According to Zuckerman (2021), good strategic planning can help the healthcare organizations in increasing the profitability and ensuring the financial sustainability. Thus, effective strategic planning can play an important role in improving the quality of service and profitability of the healthcare industry simultaneously. However, the implementation of effective strategic planning requires a thorough understanding of factors influencing its success or failure in the healthcare industry.

This systematic review aims to explore and synthesize findings from various previous studies on the role of strategic planning in improving the service quality and profitability in the healthcare industry. By reviewing relevant literature, this study seeks to provide comprehensive insights into the best practices, challenges, and key factors to consider when developing and implementing the effective strategic planning in the healthcare industry.

II. METHODOLOGY

A systematic literature review was implemented as a research method. The Preferred Reporting Items for Systematic Reviews and Meta-analyses (PRISMA) 2020 was employed to provide a transparent, replicable, and scientifically appropriate systematic literature review (Page et al., 2021). There were several search databases used to obtain relevant journals, including Science Direct, Scopus, Google Scholar, and Web of Science. Strategic planning, quality of service, and profitability were the keywords used. The selected journals must: (a) be indexed, written in English and/or Indonesian, and published between 2019 and 2023; (b) discuss strategy management in the healthcare industry; and (c) be original. The data was analyzed using content analysis, which improved the comprehension by analyzing the content of each journal and literature reference.

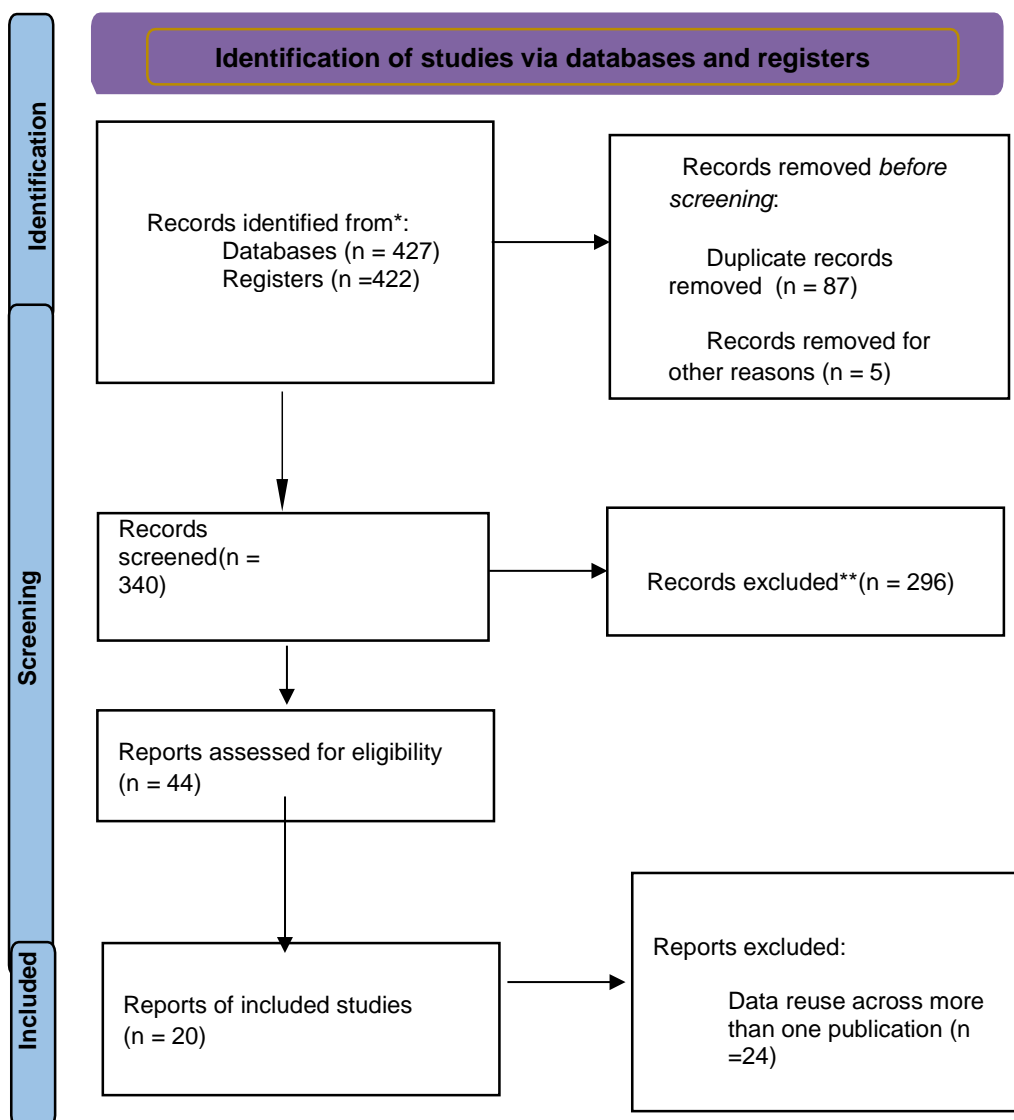


Figure 1. PRISMA 2020 search method flow diagram

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III. RESULTS AND DISCUSSION

Table 1 below shows the review findings of 20 selected journals.

Table 1. Review Findings

Author(s) and Publication Year	Samples	Key Findings
Mosadeghrad (2019)	1,046 employees in 14 hospitals in Iran	The strategic collaborative quality management has a significant positive influence on employee job satisfaction in hospitals. The strategic planning involving the employees in decision making and service quality improvement can increase the job satisfaction and employee commitment.
Abubakar et al. (2019)	408 employees in health institutions in Turkey	Knowledge management and decision-making style have a positive influence on the performance of healthcare organizations. The strategic planning that encourages knowledge sharing and informed decision making can improve the service quality and organizational performance.
Salge et al. (2019)	Panel data from 175 pharmaceutical companies in the UK	The incremental learning and slack resources have a positive influence on the healthcare organization performance. The strategic planning that encourages continuous learning and optimal allocation of resources can improve the profitability and organizational performance.
Alharbi et al. (2019)	Systematic literature review	The effective strategic planning has a positive impact on the service quality and profitability.
Kim et al. (2020)	Systematic literature review	A good strategic planning improves the service quality and profitability.
Sharma and Singh (2021)	Systematic literature review	There is a significance of patient-centric strategic planning that involves all stakeholders.
Chen et al. (2023)	hospitals in Taiwan during the period 2016-2021	The consistent and continuous strategic planning improves the service quality and profitability.
Gupta and Gupta (2024)	Systematic literature review	This article explores the role of strategic planning in supporting digital transformation in the healthcare industry and its impact on the service quality and profitability. The study emphasizes the importance of integrating digital technologies in the strategic planning process.
Zhu et al. (2019)	1,046 employees in 14 hospitals in Iran	There is an impact of strategic planning on the quality of care in hospitals.

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Al-Qatawneh et al. (2019)	4 hospitals in Jordan	This study investigates the relationship between strategic planning and organizational performance in the healthcare sector in Jordan.
Choi et al. (2020)	Comparative studies	This study compares the impact of strategic planning on financial performance among different health systems.
Al-Jedaiah et al. (2021)	Systematic literature review	This research explores how the strategic planning can improve the patient satisfaction and loyalty.
Lee et al. (2022)	Systematic literature review	This case study analyzes the relationship between the strategic planning and innovation in the healthcare organizations.
Agarwal and Gupta (2022)	Systematic literature review	This article investigates the impact of strategic planning on quality improvement initiatives in the healthcare industry.
Kim et al. (2023)	Systematic literature review	This study analyzes the relationship between the strategic planning and operational efficiency in the healthcare organizations.
Wang and Chen (2023)	Systematic literature review	There is an impact of strategic planning on patient care outcomes and cost-effectiveness in the healthcare sector.
Rao and Sharma (2024)	Systematic literature review	This article analyzes the relationship between the strategic planning, human resource management, service quality, and profitability in the healthcare industry.
Nguyen et al. (2024)	Systematic literature review	This research investigates the impact of strategic planning on sustainability and corporate social responsibility in the healthcare organizations.
Patti et al. (2022)	Systematic literature review	A good strategic planning can facilitate successful lean implementations, which in turn can improve the service quality and profitability through increased efficiency and reduced waste.
Javed et al. (2023)	Systematic literature review	There is a significance of considering patient perspectives in the strategic planning process, as well as prioritizing initiatives focused on improving the patient communication, access, and satisfaction. This can contribute to improved service quality and long-term profitability.

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Based on the review findings, there are several significant findings regarding the role of strategic planning in improving the service quality and profitability in the healthcare industry as follow:

Employee and stakeholder engagement: Several studies, such as Mosadeghrad (2019) and Sharma and Singh (2021), emphasized the importance of involving the employees and stakeholders in the strategic planning process. This engagement could increase the employee job satisfaction, commitment, and quality of services provided. In addition, the strategic planning that focused on the patient needs and involved a patient perspective was also considered beneficial for increasing the patient satisfaction and loyalty (Al-Jedaiah et al., 2021; Javed et al., 2023).

Knowledge management and decision making: A research by Abubakar et al. (2019) found that the knowledge management and good decision-making style could have a positive influence on the performance of healthcare organizations. This suggested that the strategic planning that promoted the knowledge sharing and informed decision-making could also improve the service quality and organizational performance.

Continuous learning and resource allocation: Salge et al. (2019) highlighted the importance of incremental learning and slack resources in improving the performance of healthcare organizations. The strategic planning that promoted the continuous learning and optimal allocation of resources could improve the profitability and organizational performance.

Positive impact on service quality and profitability: A number of studies, such as Alharbi et al. (2019), Kim et al. (2020), Chen et al. (2023), and Gupta and Gupta (2024), had consistently found that the effective strategic planning had a positive impact on improving the service quality and profitability in the healthcare organizations. Consistent and sustainable strategic planning was regarded as critical to achieving these results.

Digital technology integration: Gupta and Gupta (2024) underlined the importance of integrating the digital technology into the strategic planning process in the healthcare industry. This could support the digital transformation and ultimately improve the service quality and profitability.

Operational efficiency and lean implementation: Patti et al. (2022) found that a good strategic planning could facilitate successful lean implementation, which could improve the operational efficiency, reduce the waste, and improve the service quality and profitability.

Impact on patient care outcomes and cost-effectiveness: Wang and Chen (2023) explored the impact of strategic planning on the patient care outcomes and cost-effectiveness in the healthcare industry. These findings suggested that a good strategic planning could improve the quality of patient care as well as optimize the cost-effectiveness of operations.

Relationship with human resource management and sustainability: Rao and Sharma (2024) analyzed the relationship between the strategic planning, human resource management, service quality, and profitability in the healthcare industry. Meanwhile, Nguyen et al. (2024) investigated the impact of strategic planning on the sustainability and corporate social responsibility in the healthcare organizations. These findings broadened the perspective of strategic planning by linking it to other important factors, such as the human resource management and organizational sustainability.

Overall, these key findings emphasized the importance of comprehensive strategic planning, stakeholder engagement, continuous learning implementation, technology integration, and consideration of factors, such as the human resource management and sustainability, in improving the service quality and profitability in the healthcare industry. The healthcare organizations that consistently implemented the strategic planning consistently and involved all stakeholders could achieve better performance, particularly in terms of the service quality and profitability.

IV. CONCLUSIONS

Based on the results of systematic review on the role of strategic planning in improving the service quality and profitability of the healthcare industry, the following conclusions can be drawn:

- The strategic planning plays an important role in improving the service quality and profitability in the healthcare industry. The effective strategic planning can assist the healthcare organizations in identifying patient needs, developing strategies to meet those needs, and optimizing the use of resources to increase the efficiency and profitability.
- The involvement of employees and stakeholders, including the patients, in the strategic planning process is essential. This can increase the employee job satisfaction, commitment, and quality of services provided, as well as increase the patient satisfaction and loyalty.
- The knowledge management, continuous learning, and informed decision-making are key factors in successful strategic planning. Encouraging the knowledge sharing, optimal resource allocation, and planned decision-making can improve the organizational performance and profitability.

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- The integration of digital technology in the strategic planning process can support the digital transformation and ultimately improve the service quality and profitability in the healthcare industry.
- A good strategic planning can also facilitate the implementation of practices, such as lean management, which can improve the operational efficiency, reduce the waste, and ultimately improve the service quality and profitability.
- The effective strategic planning can also have a positive impact on the patient care outcomes, cost-effectiveness, human resource management, and sustainability of healthcare organizations.

Following the above conclusions can help the healthcare organizations develop and implement the effective strategic planning, which will improve the quality of care, patient satisfaction, and long-term profitability.

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