

Reengineering of Administrative Processes in the Institutions Providing Health Services (IPS) of the Colombian Caribbean Region

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Abstract: At present, 146 IPS located in the Colombian Caribbean Region have a financial deficit and deep administrative failures that prevent their competitiveness in the market. Hence, these institutions must incorporate an effective tool that allows them to restructure their processes and bring them to the achievement of their objectives. The present study of investigation is directed, precisely to verify if these entities have the conditions and the knowledge to incorporate the managerial tool of reengineered with aim to improve its administrative processes.

Key words: Process reengineering organizational change, resource optimization, human management, improve, present, deficit

INTRODUCTION

Looking at the health system on the Colombian Caribbean Coast, it is imperative that from the institutions, strategies are created to increase the capacity and effectiveness of health service delivery institutions (IPS). Entities capable of attending with the best quality and in the shortest possible time to the greatest number of people who come to their services. However, there are several short-term problems that prevent IPS from fully complying with this task: firstly, the huge past-due portfolio that has collapsed these entities, according to the Colombian Association of Hospitals and Clinics “health care entities (EPS) owe \$6.1 billion to 146 clinics and hospitals located on the Caribbean Coast”, a situation that shows the poor management at the structural and financial levels by the health system. Second, there is the fact that although, IPS has expanded and committed to improving its infrastructure such efforts are not consistent with the management of its resources as vast administrative deficiencies are identified in these entities (Badreddine *et al.*, 2009; Bustos, 2005).

Perhaps, changing the Colombian health system completely is not a viable alternative at least not immediately, since such action depends on several variables of a political, economic and social nature. However, what is possible is to solve the second problem and that these entities optimize the management of their resources (Chen, 2001). This can be achieved through the incorporation of management tools that help the IPS

located in the Colombian Caribbean Region to make a strategic use of their physical, technological and economic resources as well as to effectively manage their human capital. One of these tools which in addition, allows organizations to modify administrative paradigms and transform their processes in a radical way is process reengineering (Doumeingts and Browne, 1997).

Process reengineering has been the subject of a number of studies (Doumeingts and Browne, 1997; Mohapatra, 2013; Larson *et al.*, 2016) which establishes that this is a primordial methodology for companies that wish to reinvent themselves and redesign their processes. Reengineering, according to Mahjoor allows organizations to increase their production, flexibilize their processes and promote integration among internal stakeholders to create a friendly organizational climate. In line with the above, Escalera, Masa and Garcia, state that reengineering allows organizations to obtain a greater economic benefit due to the reduction of costs associated with processes and increased performance. As well as greater staff satisfaction in defining and accurately distributing work activities and tasks. All these benefits contribute to the company’s development of competitive advantages which constitute the basis for it to remain in a sustainable manner in the market (Goksoy *et al.*, 2012; Gonzalez, 2012; Hernandez, 2003; Hitpass *et al.*, 2014).

According to Martinez (2003), “reengineering seeks to obtain maximum internal and external customer satisfaction”, through the implementation of projects that

lead the company, according to Rafoso and Visbal (2011), not only to improve processes but to modify them in a radical way. However, it is necessary to emphasize that this radical modification of processes poses great challenges for organization which must leave behind their task-focused vision to focus on each of their processes from a systemic perspective (Marino and Romero, 2011), train their employees, hire external consultants (Hernandez, 2003). In addition, have the capacity to acquire new technologies that facilitate the management of the change. Cited activities suggest that companies invest large amounts of time and money and that likewise, modify their culture traditionalist organization for a culture of reinvention focused on the complete restructuring of their processes (Ringim *et al.*, 2011; Larson *et al.*, 2016; Marino and Romero, 2011; Mohapatra, 2013).

Given the situation of the IPS in the Caribbean Region and once the benefits of process reengineering on IPS in this sector can be identified, this research is directed to verify if these entities have the conditions and capacity to incorporate the management tool of reengineering with a view to improving its administrative processes. The study is relevant since, at present, there are few investigations around the subject in Colombia and when carrying out a review of the literature, it is verified that at least not documented this type of research in the IPS the Caribbean Region.

MATERIALS AND METHODS

The methodological design of this research articulates a quantitative component expressed in the application of a semistructured survey directed to the IPS of the Caribbean Region and a qualitative component, since from the quantitative results a critical/reflexive interpretation is carried out where various documentary research on the subject is associated at the level of complement.

According to Barragan, "it is becoming increasingly difficult to find methodological designs geared towards purely quantitative or qualitative research" since, these two approaches can be complemented in a harmonic way to give greater depth to the study (Martinez, 2003; Rafoso and Visbal, 2011).

The population of the present investigation corresponds to the 146 IPS located in the Colombian Caribbean Region, classified by the Colombian Association of Hospitals and Clinics as an administrative risk due to the non-payment of the EPS of the sector (Serban, 2015). Total population is 146 IPS with a error margin of 6% and trust level: 90% for a sample size of 82 IPS.

From the selection of the sample a random selection criterion was established, giving the opportunity to any IPS that is within the population universe to be chosen for the study. It should be noted that the study was developed from the application of the survey instrument which was sent to the companies via electronic mail with prior informed consent and was obtained by managers, administrative directors internal auditors and other related positions.

In accordance with Law 1266 of 2008 (Habeas data) and with the purpose of protecting the data of the companies. The present study is restricted from making explicit use of the name of each of the participating IPS as well as the names of the individuals surveyed (Villasmil and Borrero, 2015).

RESULTS AND DISCUSSION

In reviewing the academic literature, there can be a repeated confusion regarding the conception of process reengineering and continuous improvement. These two terms are usually associated indiscriminately, even constituting as one unequivocally. However, the two methods cited have clearly demarcated differences which must be recognized by the organizations so that their incorporation is effective and the process is affected.

As a result of this finding, the study participants were asked whether at present, they recognized the differences between process reengineering and continuous improvement. According to the results, 57% of these organizations do recognize the Conceptual difference of these two terms, however; a high percentage 43% do not recognize it (Fig. 1).

Determining the differences between these two methodologies is constituted as a fundamental element to the extent that it allows the IPS to adequately develop each of the procedures that compose them which contributes to the achievement of objectives. According to Hitpass *et al.* (2014), there are profound differences between reengineering and continuous improvement, for example, reengineering impacts in a cultural, procedural and structural way to the whole organization and has a high risk, however, the process of continuous improvement is improvement, optimizes existing processes incrementally and whose risk level is low.

If the IPS wish to incorporate a reengineering process, it does not recognize the above differences could incur reprocessing, additional costs and likewise, the risk that the actions developed will be counter productive to its management. Of the above, the importance of these entities to recognize each and every one of the components of reengineering and apply them with the help of an expert on the subject.

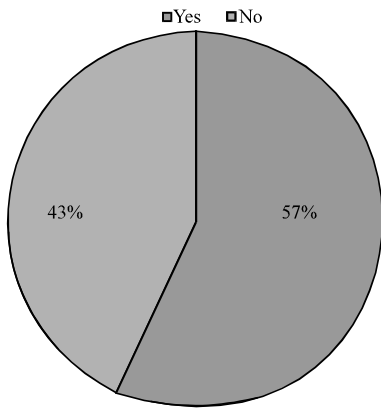


Fig. 1: Difference between reengineering and continuous improvement; does IPS recognize the difference between process reengineering and continuous improvement?

Continuing with the research, participants were asked about the factor they considered as the pillar of process reengineering that is the primary objective pursued through this methodology. The 35% of the institutions assert that the pillar of reengineering is the improvement of a procedure in the IPS; 29% ensure that the pillar corresponds to effective and efficient internal processes; 20% affirm that, it is the absolute satisfaction of the user and the remaining 16% argues that the pillar or main objective of reengineering is the automation of processes (Fig. 2).

From the findings can be evidenced a clear ignorance on the part of the IPS around the pillar or the primary objective that the process reengineering pursues; a great number of institutions ensured that reengineering focuses on improving a single process of the organization when on the contrary from it can be modified in a radical way the whole management of the organization from what, Gonzalez (2012) calls for “discontinuous thinking where existing structures and procedures are discarded and zeros begins, excluding those changes that only represent an improvement of what exists”.

However, the IPS was asked about the factors they consider could influence the process of administrative re-engineering. The majority of the IPS, constituted by a percentage of 36% affirmed that the most influential actor in the process are the clients in line with the above, Hernandez (2003) states that “today’s organizations are considered molecular, since, each area remains as an independent molecule and functionally related to its internal and external clients”, therefore, every process of change that is promoted in the organization, more if this is radical will be conditioned by the expectations,

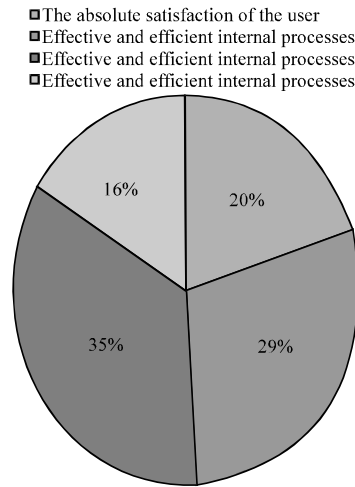


Fig. 2: Process reengineering pillar; which factor do you consider to be the mainstay of process reengineering?

requirements and needs of the clients which ultimately are the fundamental basis and *raison d’etre* of these entities.

According to Goksoy *et al.* (2012), “reengineering creates a collaborative atmosphere with suppliers and secures a business” in the long term. Therefore, it is important that in the incorporation and implementation of this reengineering process, relationships with suppliers based on mutual trust which will be profitable and beneficial for both parties be strengthened. If a supplier is affected by the changes that emerge from the process of reengineering, surely the reditual relationship that has with the IPS can be destabilized.

Finally, 22% of the IPS affirmed that the factor that influences to a greater extent in the reengineering process are the competitors. According to Chang, process reengineering allows organizations to discover how business processes actually work and implement changes to gain competitiveness over other companies in the industry; reengineering is influenced by competitors, on average that organizations must benchmarking processes to visualize the processes of their competitors and analyze strategies to improve them.

The 15% of the IPS affirm that both customers, suppliers and competition have a proportional influence on the reengineering process. The data presented are shown in Fig. 3.

Diverse are the errors in what companies incur when incorporating a reengineering process. The participants were asked about these errors; 34% say that the biggest mistake is to skimp on economic costs. According to Schuman, process reengineering is not for everyone,

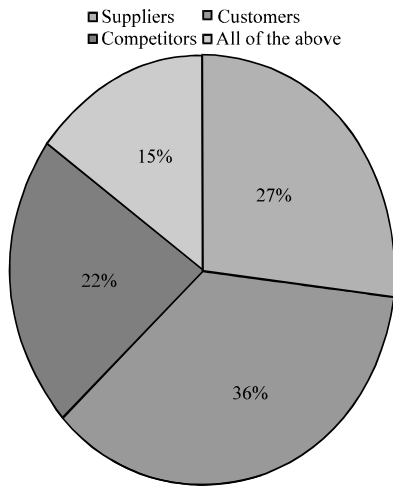


Fig. 3: Actor with greater influence in process reengineering; what factor do you consider can influence the process of administrative reengineering for IPS?

since, making radical changes is costly and if the company does not make the necessary economic investment, this incorporation process could even be negative for productivity. Likewise, Bustos (2005) states that reengineering requires costly investments in capital goods. From the above, the importance of the IPS to be aware that in order to initiate and sustain the process of radical change in a sustained manner, they must have a sufficient economic and financial base in this way the process was carried out in full. Therefore, the results are expected.

On the other hand, the 28% of the participating IPS manifests the biggest mistake that can be made when incorporating a reengineering process is to ignore the opinion of the collaborators. This position is very correct since, the collaborators are those who know for sure how the company's processes operate and therefore, their opinion is also valid, necessary to nourish the process likewise, according to Sorban (2015), if employees are not taken into account for the reengineering process, they can develop organizational resistance which can profoundly affect the operation of the entity.

The 24% of IPS think that the biggest mistake is not to communicate the process to external and internal stakeholders such as respectively, customer-suppliers and shareholders and employees. The remaining 14% believe that the biggest mistake is to follow established policies and structures without changing paradigms. Both positions are correct since in the words of Villasmil and Borrero (2015) "reengineering is a process aimed at removing existing paradigms, creatively generating new

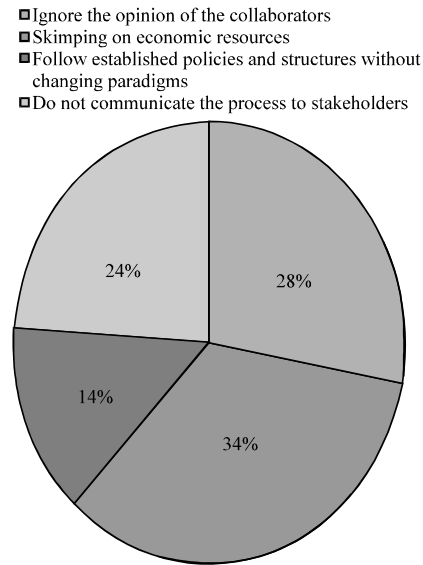


Fig. 4: Errors in implementing reengineering; what do you think are the main mistakes when implementing a reengineering process?

and radical ways of carrying out activities with the participation of all strata of the organization". Hence, the importance of communicating the processes to the parties of interest and likewise, of changing in a decisive way the traditional administrative paradigms. The data presented are schematically shown in Fig. 4.

Finally, the IPS was asked who they thought was the fundamental element to undertake a process of reengineering, 30% of these institutions said that this key element is the organizational culture. For Ospina, "companies want to acquire a leadership position, they have to transform integrally and make of change an enterprise culture"; under this position, if the IPS wish to undertake a reengineering process they must first work on strengthening their organizational culture.

The 21% of the IPS participants in the study stated that the fundamental element to incorporate a reengineering process is the process management approach. Which according to Badreddine *et al.* (2009), allows companies to manage their resources, improve the measurement of their results and manage their responsibilities; activities that facilitate a process of organizational change.

The 20% of the IPS, on the other hand, believe that the fundamental element is technology, 16% consider that it is the confrontation of results and the remaining 13%, believes that the key is the customer focus. These three positions are valid, however, do not constitute by

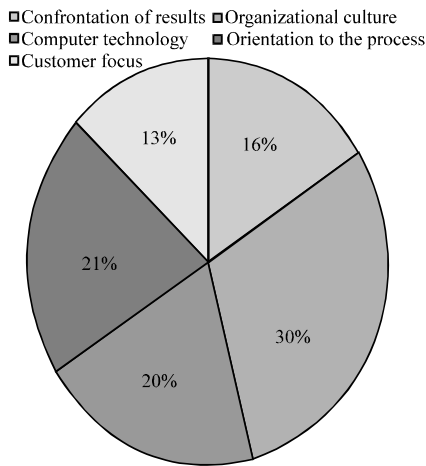


Fig. 5: Element to undertake reengineering process; what do you consider to be the fundamental element for undertaking a reengineering process?

themselves as a pillar for the IPS to undertake a whole process of reengineering. The data are presented graphically in Fig. 5.

CONCLUSION

From the investigation, it can be evidenced that the majority of the IPS participants in the study do not have enough knowledge to incorporate a reengineering process in their administrative area as well to observe that given the financial crisis that these entities. Due to the default and the expired portfolio of EPS would hardly embark on a process that suggests a high injection of capital, much less, if they do not have a professional expert in the subject that helps them to reduce costs.

It is observed that, a high percentage of IPS does not know the differences between the process of reengineering and the process of continuous improvement which constitutes a risk in so far as the purpose, the procedure and the approach of these can be distorted. Methodologies, making reengineering impelled as a superfluous improvement action which will not only be reflected as a minimum change in the results of the process but may be constituted as a counterproductive strategy.

However, if the IPS of the Colombian Caribbean Region wishes to have a radical change in their administrative processes, they must first make a diagnosis about the problems that are presented, collecting as much information as possible to verify the state of performance of said processes. Subsequently, these institutions must present the results they want to achieve which should be

structured based on the opinion of the collaborators, the latter being a fundamental element for the successful development of a reengineering process.

Once, the desired result has been achieved, the IPS must assign responsibilities and plan activities and resources (economic, physical, technological) without restricting them but making appropriate and strategic use of them. Finally, these institutions must formulate management indicators under a process-based approach and transform their organizational culture, so that they can measure the effectiveness of the activities incorporated and also, radically overturn the prevailing traditional paradigms of the mind of its parts interest.

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