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Outsourcing in Health Sector: Concept Analysis

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Abstract

Outsourcing, a concept that was newly adopted by the healthcare sector, was defined as the state of use of an external organisation or group based on a contractual agreement to provide clinical or non-clinical services (e.g., cleaning services, laundry, and radiology) that were traditionally afforded in-house by the health organisation utilising its staff and facilities. As a new concept in the healthcare area, it was analysed using Avant and Walker's eight-step methodology. The term most closely related to outsourcing was found to be offshore, while the opposite in meaning and use was insourcing.

Keywords: *Outsourcing, Health Sector, Concept Analysis*

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Introduction

Outsourcing is proliferating in the healthcare sector, with predictions for more development in subsequent years, even though the root of outsourcing as a practice or a scientific concept is challenging to identify (Awolusi, 2012). Additionally, the features and services being outsourced in the healthcare sector have expanded (Akbulut et al., 2013; Brunetta et al., 2013; Ikediashi & Mbamali, 2014).

Outsourcing is more complicated than other varieties of deals. It consists of cooperation between foundations wherever both parties rely on each other and are regulated by an accepted agreement (Vagadia, 2012). Many surveyed argued that around 3.3 million business duties and \$136 billion of capital might shift to outsourcing in the following years, and the business will get the outsourcing further to the core services and spend in outsourcing in new areas (Gonzales et al., 2004; Khan & Bashar, 2016).

Many studies showed that more than 50% of hospitals in developing countries were outsourcing some of their services. The essential drivers for outsourcing were improving service quality and reducing cost. Managers noted that outsourcing enhances productivity as the main benefit. A key obstacle to outsourcing was a restricted number of

providers (Ayaad, 2018; Herath & Kishore, 2009; Mujasi, 2016; Sayin & Aksoy, 2012).

Methods

Pub Med, CINAL, Ovid, and direct science databases were used to search for outsourcing. The search was limited to health management journals, English, and ten years back. Abstracts published in English from 1998 through 2017 produced 357 studies. Inclusion criteria were full-text studies related to outsourcing in the health sector. The other inclusion criterion was articles that explained the central principles of outsourcing in the health sector, which served to explain the concept. Exclusion criteria included articles related to other types of joint ventures and Public-Private Partnerships throughout the application of the determined inclusion and exclusion criteria. Twenty-five studies met the inclusion criteria for this concept analysis.

The Walker and Avant method was used to analyse the concept of outsourcing in the health sector. Eight steps were conducted: select the concept, identify the purpose of the analysis, identify uses of the concepts, determine defining attributes, develop a model case, construct additional borderlines, identify antecedents and consequences, and define the empirical

referent(Walker & Avant, 2011).

Results

Select concept:

This analysis focused on outsourcing in the healthcare sector. This concept was chosen because it is newly adopted within the industry and has been associated with a relative improvement in the effectiveness and productivity of the quality of services provided by healthcare organisations.

Purpose:

The aims of this concept analysis were to instate a professional discussion about outsourcing in the health sector, clarify the ambiguities encompassing the concept's application in the health sector, distinguish outsourcing from other related and unrelated concepts, and establish a modern and compressive baseline knowledge regarding uses, antecedents, and consequences of outsourcing in the health sector.

The identified uses of outsourcing:

A look into dictionary definitions was helpful in successfully explaining and distinguishing the outsourcing concept from other similar concepts, such as offshore and insourcing. Outsourcing was defined by Collins English Dictionary (2014) as "the act of subcontracting (work) to another company"(Dictionary.com, 2014) and by Online Oxford English Dictionary and Longman Dictionary of Contemporary English as purchasing goods or service by contract from an external supplier(Dictionary, 2003) (Online-Oxford-English-Dictionary, 2016). Furthermore, it is referred by the Cambridge Online Dictionary to a state in which a company contracts another organisation to do any of its work rather than using its employees to do it (Cambridge, 2015). Carr and Nanni (2009) defined outsourcing as a designation of core services or operations of the organisation to a provider that specialises in that area(Carr & Nanni, 2009).

Offshore is defined as outsourcing, but the suppliers' location is in a different country or continent(Herath & Kishore, 2009). For example, the Oxford English Dictionary defines offshore as" Made, situated, or registered abroad or derived from a foreign country, especially to take advantage of lower taxes or costs or less stringent regulation'(Online-Oxford-English-Dictionary, 2016). The opposite of outsourcing is insourcing, which is preparing the services and performing internally instead of external suppliers(Moe et al., 2014, 2012).

The literature showed that the outsourcing concept is developed in the IT industry through several stages: the development of remote terminals and time-sharing that allowed remote sites to use these facilities. In this case, the customers outsourced extended functionality to the

provider; physical outsourcing is developed by increasing computer use in non-IT specialised organisations such as banks and hospitals. This increased the need for the original manufacturer to be in contact to do end-to-end maintenance of these systems, and the process outsourcing phase grew due to the significant development of new technologies and tasks such as credit card processing or customer support. Moreover, organisations need help to cope with globalisation. They became more complex and challenging to manage. The reasonable solution for that was to outsource support and maintenance tasks of units to local suppliers(Ayaad, 2019; Brennan & Johnson, 2004; Gonzales et al., 2004).

Outsourcing was defined in many health management-related studies as the state of use of an external organisation or group based on a contractual agreement to provide clinical or non-clinical services (e.g., cleaning services, laundry, and radiology) that were traditionally afforded in-house by the health organisation utilising its staff and facilities(Guimarães & Carvalho, 2011; Low & Hsueh Chen, 2012; Mujasi, 2016; Roberts et al., 2013). Many reasons have driven hospitals to outsource their services, such as political, cost, quality, and access to knowledge drivers(Guimarães & Carvalho, 2011; Lorence & Spink, 2004; Mol & Kotabe, 2011; Roberts et al., 2013).

Outsourcing in the health sector aims to get strategic or operational benefits such as improving the quality of services, improve productivity and effectiveness, cost reduction, and access to knowledge and experiences(Al-Ruzzieh.,2022; 2022;Ayaad, et al., 2022; Belcourt, 2006; Guimarães & Carvalho, 2011; Moschuris & Kondylis, 2006; Mujasi, 2016; Roberts et al., 2013).

Defining attributes:

Concept attributes are those characteristics that differentiate between concepts(Walker & Avant, 2011). Outsourcing in the health sector can be defined as a contractual agreement driven by specific reasons, where healthcare organisations contract with external companies or businesses to perform one or more clinical or non-clinical services to get strategic or operating benefits. From this definition, the attribute of outsourcing are:

- Outsourcing drivers
- Contractual agreement
- Healthcare organisation
- External company or business.
- Provision of clinical or non-clinical services.
- Planned strategic or operating benefits

Develop a model case.

A 500-bed oncology hospital with 2000 clinical staff and 500 nonclinical staff complains of the high cost of information technology (IT) and the unavailability of IT

experts. For this reason, the manager decided to outsource the IT services to external IT suppliers to improve service quality and reduce the cost of these services. Accordingly, a contract was developed between the hospital and the IT Company. The company has started to manage and operate the IT service in the hospital.

In this case, outsourcing was driven by the high cost of IT services and the lack of IT experts. It was developed based on a contractual agreement between the hospital and the IT company to outsource one non-clinical service (IT service). Outsourcing aims to improve the quality and reduce the cost of IT services.

Contrary case:

A hospital is complaining about the high cost of information technology (IT) and the unavailability of IT experts. For this reason, the manager decided to hire an IT expert to operate and manage the hospital's IT services without using any external agent. Accordingly, the new IT experts were employed, and they had to manage and operate the hospital's IT services.

Antecedent and Consequences:

Antecedents are actions, behaviours or incidents before the concept's occurrence (Walker & Avant, 2011). Many studies identified that substandard quality of services (clinical and non-clinical) in the health sector, high cost of services, absence of experts in certain services, the inability of the health organisation to focus on core services, a high number of staff and employment rate, complexity in managing all services, lack of access to new technology and information related to their services, and development barriers as the main antecedents of outsourcing in the health sector (Akbulut et al., 2013; Aktas et al., 2011; Brunetta et al., 2013; Costa et al., 2017; Guimarães & Carvalho, 2011; Haroun.,2022; Khan & Bashar, 2016; Roberts et al., 2013).

Consequences are actions or behaviours that occur after the occurrence of the concept (Walker & Avant, 2011). The retrieved literature recognised consequences of outsourcing in the health sector. as an improvement in the quality of services (clinical and non-clinical) in the health sector, a decline in services' cost, enabling health organisations to focus on core services, decreasing the number of staff, and increase the organisation accessibility to new technology and information related to their services. In some cases, outsourcing in the health sector can lead to loss of confidentiality and privacy, loss of process control over the outsourced service, complexity in vendor relationship management, increased over-dependence on vendors, progress management complexities, and unachieved estimated benefits (Akbulut et al., 2013; AlHarthy et al., 2024; Aktas et al., 2011; Brunetta et al., 2013; Costa et al., 2017; Guimarães & Carvalho, 2011; Khan & Bashar, 2016; Majed et al., 2024; Roberts et al., 2013).

Define Empirical Referents:

This step mainly concerns the real-life existence of the concept's key attributes and characteristics. The contract is considered the mean evidence of outsourcing in health services. Based on the conducted literature review, any agreement that does not match the points below will not be considered an outsourcing in health services.

- Health organisation has the clinical or non-clinical services,
- External agent offered the clinical or non-clinical services.
- Reason to outsource services
- A contractual agreement between the health organisation and an external agent.
- Planned strategic or operating benefits.

Conclusion

Many concepts are closely related to outsourcing, such as offshore and insourcing, but we can differentiate them from outsourcing if we identify outsourcing as a contractual agreement driven by a certain reason, where a healthcare organisation contracts with one or more external companies or businesses to perform one or more clinical or non-clinical services to gain strategic or operating benefits.

The managers in health organizations are responsible for carrying out various phases to guarantee adequate implementation of outsourcing agreements in the health sector. These phases include identifying the extent of the organisation, important analysis of activities, capability analysis for outsourcing, analysis of the options for outsourcing, and developing and monitoring a relationship strategy.

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