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Corporate political strategy: Incorporating the management of public policy issues into hospital strategy

Headnote:

Hospitals engage in a variety of strategies designed to anticipate, shape, and respond to public policy issues. This article describes corporate political strategy and argues for its need throughout a public policy issue's life cycle.

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Key words: corporate political strategy, hospital strategy

Hospital survival depends as much on an ability to anticipate and influence the public policy issues that arise in the sociopolitical environment as the competitive issues that arise in the economic environment. Community groups want to ensure access to services while federal and state governments seek to prevent unnecessary investment, curtail overuse of hospital services, and limit reimbursement. From the perspective of the community, social and political performance may be more important than economic performance because of the strong feeling that a hospital is "as essential as the police and fire department. . . . its alleged inefficiency and noncompetitive prices notwithstanding."1(p113) However, despite their importance, little attention has been paid to corporate political strategies used by hospitals to influence public policy issues. This article describes the nature of public policy issues and the corporate political strategies available to anticipate, influence, and respond to them, and to demonstrate the importance of these strategies for hospitals.

In the health care literature, attention has been paid primarily to two aspects of corporate political strategy: stakeholder management and the impact of regulation on hospitals and on the health care system in general. Stakeholder management has received considerable attention in the health care literature.2-5 This literature, while not placed explicitly within the context of public policy issues or corporate political strategy, addresses the importance of stakeholder management and some of the strategies for assessing and managing them. It does not, however, address how these strategies may be influenced by an issue's stage within its life cycle. For example, the strategies employed and the role of and relationship to various stakeholders are different when an issue first emerges than when it has reached formal political arenas.

The second aspect is the impact of regulation. Cook and colleagues developed a theoretical model that argued that hospitals respond to regulations in a predictable and hierarchical fashion.6 Their first level of
response includes corporate political strategies (for example, litigation) that organizations employ in the final stage of an issue's evolution. The health policy literature is rich both in case studies that provide specific examples of how hospitals respond to regulations and in empirical studies of the impact of different regulations on systemwide performance measures such as cost, investments, and length of stay. This literature makes clear the importance of regulations on hospital performance but only describes what occurs after regulation has been promulgated.

Corporate political strategy, however, encompasses not only activities employed in response to regulation but those designed to anticipate and influence it as well. For example, in addition to responding to regulation, organizations engage in goodwill strategies such as community outreach and education in anticipation of averting issues or garnering support in the future, and in a variety of communication and political strategies to influence issues before they become formalized as legislation. Indeed, organizations that wait for issues to become formalized before taking action have lost considerable discretion because at that point managers' decision-making power is greatly reduced.7

Using literature on corporate political strategy and examples drawn from the experiences of hospitals, this article describes the full range of corporate political strategies, and places them within the context of a life-cycle model of public policy issues. A better understanding of these strategies and of the nature of public policy issues gains increasing importance as attention continues to focus on health care costs and as hospitals' traditional place in the social structure continues to alter.

THE PUBLIC POLICY ISSUE LIFE CYCLE

Public policy issues are the focal point of political interactions and provide the basis for the development of corporate political strategy.8 They arise when a gap exists between public expectations and actual organizational performance and when public disagreement exists concerning the best solutions for closing that gap.7,9 Like other strategic issues, public policy issues are likely to affect an organization's performance and its ability to meet its objectives so are important in terms of resources required or precedents set.11 Corporate political strategy is designed to anticipate, influence, and respond to public policy issues. It includes strategies to develop goodwill, communicate the organization's position or persuade constituents, affect the legislative process, and respond to regulation.

Because issues generally progress through a series of stages each of which requires distinct corporate political strategies, discussions of public policy issues often focus on their life cycle. Post and Buchholz have proposed very similar models of the evolution of public policy issues.7,9 While they use different terms to categorize the stages and organize an issue's progress, both models identify a similar progression from an issue's gestation to the ultimate implementation of public policy. These two models are combined in this discussion.

Both models describe the first stage in an issue's life cycle as occurring when a gap develops between an organization's performance and the expectation of key constituents concerning what that performance should be.7 It may emerge in any number of ways. The performance of a particular organization, as in the case of a product failure that jeopardizes users' safety, or even the performance of an entire industry, as in the case of the tobacco industry, may fail to meet expectations. A gap may emerge slowly, with the issue gaining momentum only after a critical number of stakeholders are affected, as with growing concern about access to health care, or may emerge suddenly, as with the Tylenol crisis.

Throughout this stage, an issue increasingly becomes the focus of public discussion and debate as both the media and interest groups focus their attention on it. The primary concern for an organization is to
influence its development through a variety of communication strategies. Communication strategies include constituency building, advocacy advertising, and press releases as well as the use of formal organizational communications such as annual reports or newsletters. The intent of these strategies is to present the organization's position and influence public opinion. For example, constituency building entails efforts to educate and inform constituents on issues, and to encourage their participation in influencing an issue's resolution? If successful, "a good communication strategy [may reduce] the need for other, more expensive and potentially troublesome strategic options further along in the public issues life cycle."9(p.s) Constituency building, as well as other communication strategies, may also create an organized group of people who will attempt to influence the next stage-the legislative process.

The "politicalization" of an issue occurs when the general public, public interest groups, or other constituencies have been able to generate sufficient interest among "political actors such as representatives, Senators, state legislators, regulatory personnel, or even candidates for political office" to move an issue onto the political agenda.23) In this second stage, organizations are still able to prevent enactment of legislation (the recurring appearance of national health insurance proposals provides evidence), however their discretion has diminished significantly as the issue and its ultimate resolution increasingly become the province of public and political arenas rather than organizational ones. While organizations can attempt to remove issues from the political agenda, legislation may be an inevitable outcome at this stage.

Organizations have several strategies available to exert control over the legislative environment. Information strategies are used extensively and have a positive impact.13 They include the use of expert witnesses, personal visits to legislators, and technical reports. However, while information strategies may be used by individual organizations, collective action is often necessary, especially at the national level, for two reasons. First, legislators are not likely to be influenced by individual voices unless they represent a considerable constituency. Second, successful strategies require an intimate knowledge of the public policy and legislative processes. While occasional managers may have both the constituency and the knowledge, both are more likely to reside in industry associations. At this stage what Buchholz terms political strategies-lobbying, political action committee (PAC) contributions, and the use of trade associations-dominate.9

The final stage occurs after legislation has been enacted and regulations have been created. With the issue now formally cast as legislation, the organization is focused less on influencing the external political environment as responding to it, illustrating again the organization's diminishing discretion as an issue proceeds through its life cycle. What is of concern now is the execution of public policy, that is, the development of enforcement standards, timetables, and requirements for compliance. Much of the existing health care literature on the interactions between the organization and the sociopolitical environment focuses on this stage.6,14

Once again the strategies available to organizations change. Compliance strategies include judicial proceedings, agency hearings, and noncompliance.9 Strategies are pursued both at the industry level and by individual organizations. Negotiations may occur between the industry and the regulatory agency over the development of standards, for example, or an individual organization may request legislative relief in the face of burdensome legislation, or challenge requirements through litigation. Because there is rarely complete consensus on the requirements for compliance, litigation frequently occurs.7

This model of the evolution of public policy issues focuses attention on corporate political strategies that are used after an issue has become public. However, organizations also take actions to foresee and prevent the gaps in expectations that trigger public policy issues, to build linkages with their
constituencies, and to promote the organization's image in the eyes of the public. Strategies in this anticipatory stage are designed to generate goodwill and assess the sociopolitical environment. Goodwill strategies include donations, education, and community outreach, while assessment strategies are primarily devoted to environmental scanning.

Table 1 summarizes the stages of an issue's life cycle and the strategic options available to organizations at each stage. Recognizing the different stages in the life cycle of a public policy issue is important because the strategies that are effective change as an issue evolves. For example, goodwill strategies will not be as successful as effective lobbying once an issue has reached the enactment stage. Furthermore, the strategies employed at one stage may be essential to strategies employed at a later stage. For example, the goodwill strategies used in the anticipatory stage build legitimacy that can be useful to effective communication strategies. If the public is positively predisposed toward the organization, communication strategies do not need to establish the legitimacy of the organization but can focus instead on educating the public or critical constituencies about the organization's position on an issue. Information and political strategies will also be helped by effective communication strategies because they provide the organization and its trade associations with a supportive constituency.

As public policy issues evolve, organizations lose discretion as many options become closed to them. By the time an issue is in the final stage, the locus of control has shifted almost completely away from the organization as regulatory agencies and judicial bodies implement policies. Organizations that wait for legislation rather than trying to avoid or shape it place themselves in a primarily reactive position, no longer able to shape forces that affect performance.

**SOURCES OF PUBLIC POLICY ISSUES IN THE HOSPITAL INDUSTRY**

Over the past 20 years corporations have increasingly employed corporate political strategy in response to public policy issues because of greater government involvement, the proliferation of special interest groups able to organize and exert pressure when gaps emerge between expectations and performance, and the impact of public policy issues on corporate performance. Although the research in this area has focused predominately on for-profit corporations, corporate political strategy is of equal if not greater importance for hospitals because of intense government regulation, concerned community and patient groups, the business community's concerns about health care costs, and the growing importance of managed care organizations as a purchaser of services. While the pressures created by government regulation and consumers are also important in other industries, the relationship between hospitals and their constituencies differs on four fundamental dimensions. First, all constituencies—government, community and patients, business, and managed care organizations—desire the hospital to produce a social good that is universally recognized as a necessity. Second, the costs as well as the quality of health care are a subject of intense interest for all constituencies. Third, each constituent individually is a potential, if not current, consumer of hospital services. Fourth, government does not just regulate the industry, but is one of the largest purchasers of hospital services. Combined, these differences create an environment in which constituencies have high and at times conflicting expectations about the availability, quality, and affordability of hospital services, conditions that are likely to increase the scrutiny of hospital performance and the identification of gaps. A brief overview of each of these constituencies provides insight into the nature of the pressures that create public policy issues for hospitals.

First, hospitals are subject to intense government regulation. Health planning, professional review organizations, and more recently the prospective payment system are major examples of the types of regulations that hospitals face. Respectively, they attempt to prevent unnecessary investment, curtail overuse of hospital services, and limit reimbursement. As mentioned above, the government is also a
major purchaser of services from the hospital industry. Medicaid and Medicare are the most significant examples in terms of dollars and impact. In part because of its dual role as regulator and purchaser, the government has contradictory effects.15 At the same time that it seeks to control costs, it fosters programs and activities that "constrain competition and increase costs in the interests of assuring high-quality health care."16(P-227) Examples are quality assurance programs and accreditation, provider qualifications and staffing requirements, or special reimbursement considerations for rural hospitals or sole community providers.

Second, community groups and patients represent another major constituency for hospitals. The relationship is a close one, with hospitals providing not only an essential service but playing an important role in the local economy. Characterizing the expectations of these constituents is complicated by their diversity. Access to care is critical to some, since availability of care is compromised for many in isolated areas or inner cities, and for the uninsured or underinsured. Cost and quality are of primary concern to others, as copayments and deductibles become ever larger; as hospital's mortality rates are revealed in the newspapers; and as availability of life-saving technologies and organ transplants become embroiled in discussions about rationing. The complexity of interests is illustrated when the public indicates willingness to pay even more for health care as long as quality increases7 or when the demands for reducing the cost of the health care system are juxtaposed with the economic impact of hospitals. In Massachusetts, for example, which is considered an area of high medical cost, hospitals employ 5 percent of the work force, purchase 5 percent of the goods and services, and attract millions of dollars in corporate and federal grants.18 Despite this diversity among members of the hospitals' community—or because of it—hospitals are considered a public good9 with the hospital expected to be responsive to its particular community, be that veterans, religious groups, or the city or town in which it is located.

(Table Omitted)

Captioned as: TABLE 1

Third, the business community, including insurance companies, has become increasingly involved as health care costs have assumed a larger share of total business expense. Employers are urged "to take an active role in almost every episode of care experienced by employees."20 Similarly, private insurance carriers find it harder to pass increasing health care costs on to their business clients in the form of higher premiums. Coalitions have formed to focus on health care cost containment; preferred provider organizations (PPOs) have been established to encourage the use of low-cost providers; and utilization review has been used not only to monitor hospitalizations but to conduct comparisons of hospital and physician performance.21 Furthermore, many corporations have employees who serve as trustees on hospital boards. Trustees' increased attention to cost containment may be stimulated by their own employers, "reflecting the perspective that companies have a legitimate, vested interest in the positions and actions of employees on hospital boards."22(p.170)

Fourth, managed care organizations have also become increasingly important for hospitals as they draw subscribers from traditional fee-for-service insurance carriers and direct large numbers of patients to or away from particular hospitals. While at one time hospitals could confer legitimacy on a managed care organization through a contract, now it is the hospitals that depend on these contracts for a significant portion of their patient base. Because the interests of managed care organizations and hospitals may diverge on such issues as freedom of choice and utilization, public policy issues are created.

All four of these constituencies have a vested interest in hospitals' performance, and their scrutiny of hospital cost, quality, and access often create strategic issues for hospitals. When those issues have the
potential to move into formal political arenas and to require legislation and regulation for their resolution, they become public policy issues. The next section illustrates the nature of the strategies used at each stage through examples of corporate political strategies employed by hospitals.

CORPORATE POLITICAL STRATEGY IN USE

Although the evolution of public policy issues and the corporate political strategies designed to effect those issues has not been dealt with directly as a concept or process in the hospital literature, examples abound of the use of corporate political strategies throughout an issue's life cycle. Individual hospitals and hospital associations engage in a wide variety of goodwill, assessment, communication, information, political, and compliance strategies. In this section, these strategies are illustrated through examples drawn from hospital annual reports, the Massachusetts Hospital Association's publication (The Monday Report), and other published sources, and are organized based on the life-cycle stages.

Anticipatory stage

Both hospital associations and individual hospitals engage in a number of goodwill strategies. State associations sponsor statewide and community events as a way to educate the public and present industry positions. Individual hospitals engage in a wide variety of community relations activities. For example, hospitals set up walking trails on their campus for the community; sponsor road races, health fairs, and food pantries; and offer preventive health programs on local cable channels. Hospitals also use their annual reports to discuss topics of concern to the community such as aging of the population, and to describe how the hospital is committed and able to respond to the service needs. These activities are all instrumental in establishing close relationships with the community and affirming the role of the hospital as an essential service in and integral part of the community.

Hospital auxiliaries also provide an important link between the hospital and its community, drawing in many local residents who volunteer their time in support of virtually all hospital activities. They staff gift shops, help on nursing floors, conduct fund raising and educational programs, and provide scholarships. In a training session provided for auxiliaries by the Massachusetts Hospital Association (MHA), they are urged to "use their unique positions within their communities to advocate support for the fundamental mission of [the] hospital."23(PP I-2) Hospitals also engage in goodwill strategies directed at businesses. Hospitals set up occupational health service programs that help employers meet occupational and health safety standards or provide independent evaluation of workers' compensation cases, and enlist the business community in their fund drives and express their gratitude prominently in their annual reports. More subtly, public expressions of concern by the hospital over health care costs or an emphasis on a hospital's own efficiency may serve to align it with the interests of the business community.

Hospitals engage in a variety of anticipatory strategies with government representatives. Hospital representatives often visit their Congressional delegation when attending meetings in Washington, and frequently meet with their state representatives. The MHA puts together an annual "Day at the State House" to provide hospitals with an opportunity "to direct legislators' attention to key hospital-related issues."24(PP.1-2)

Assessment strategies include strategic planning, attendance at professional meetings, membership in professional associations, and diverse board membership. Many goodwill strategies are also a vehicle for assessment by helping individual hospitals and hospital associations keep informed about the concerns of their communities. Other assessment strategies include patient satisfaction surveys or other surveys designed to determine the needs of critical constituents.
Emergence

Once an issue emerges, strategies become more clearly focused on the issue. Many issues first emerge as proposals presented by state offices. In Massachusetts, for example, the Governor's office floated a proposal to remove certain elderly and AIDS patients from the Medicaid program as part of an attempt to tackle the state's budget crisis. The MHA responded by claiming the cuts would have "dire consequences, touching practically every family in the state."25(PP1-2) In another example, the state wanted to revise the standards for bad debt, with the MHA arguing that the rules "may threaten patient access to care."26(pp.1-2) In response to a tax rollback referendum, the hospital association ran radio ads saying "it would make it harder for many hospitals to keep their doors open, and even to preserve the jobs we need to get our economy healthy again."27(pp.-2) All of these are examples of communication strategies designed to educate and alert the public about the ramifications of public policy issues.

Similar examples exist at the national level.28 In early 1987 the Reagan administration focused on health care to cut the budget. Immediately the American Hospital Association in collaboration with other national associations ran an ad in The Washington Post in opposition. The executive director of the Federation of American Health Systems accused the administration of waging a divide and conquer strategy, and urged providers and beneficiaries to join forces.

Individual hospitals use annual reports as well as other formal organizational communications to communicate their position on various issues. For example, in the mid-1980s some hospitals used annual reports as a forum to present their position on the malpractice crisis, and hospitals often discuss the future impact of further cost-containment efforts on the industry in general and the hospital in particular. Hospital associations may provide individual hospitals with the education and training they need to engage in communication strategies. For example, MHA conducted an educational program to help hospitals defend their tax exempt status.

Altman provides an excellent example of types of strategies individual hospitals use at this stage.14 In 1977 HSA released a draft of a policy that a 1,000 delivery minimum would be the standard for a maternity ward to remain open. The director of the Leonard Morse Hospital was concerned because the hospital did not meet the minimum, and began an aggressive campaign "to place the Leonard Morse maternity issue at the top of the community agenda."14(p.222) Working through the hospital's own community relations department, medical staff, volunteers, trustees, and employees, letters went to mothers who had delivered babies at the hospital, members of the federal and state house and senate, and the board of selectmen. They also approached community volunteer groups like the Jaycees and held coffee and luncheon meetings with them. In addition the hospital organized a media campaign including advertisements in the local newspaper. When the issue entered the next stage, the hospital was able to mobilize community support and send busloads of people to the public hearing of the draft regulation.

Enactment

Hospitals and hospital associations employ both information and political strategies during this stage. Many examples exist of representatives from individual hospitals and associations making personal visits to legislators and testifying at congressional hearings. Not only administrators but medical staff and trustees are involved in these activities. For example, the medical staff of one hospital testified before a legislative committee investigating the malpractice crisis. Similarly, a trustee of MHA and of one of the hospitals testified against a proposal to eliminate Health and Education Facilities Authority (HEFA) and fold it into a new agency. The MHA routinely calls on hospitals to contact members of state house and
senate conference committees to urge their support on issues of importance to hospitals.

Political strategies are also frequently used. State and the national hospital associations are themselves trade associations, and devote considerable effort to shaping legislation affecting hospitals. For example, in the case of health care reform, the American Hospital Association advanced a proposal in an attempt to affect the formulation of public policy. Numerous times the congressional delegation of the MHA has sponsored bills that would have a salutary effect on hospital reimbursement. Hospital associations also seek to modify proposed legislation that is not in the best interests of hospitals. For example, in 1992 the Massachusetts Department of Public Health proposed a new regulation that would link all Determination of Need approvals to mandatory payments to community health programs. An MHA representative was quoted as saying "the proposal could force hospitals to choose between funding existing community programs or those required by DPH." 29(2) While the proposal was modified and eventually enacted, the MHA still opposed any mandated expenditures. Some of the strategies used during the enactment phase explicitly reflect earlier goodwill and communication strategies as when thousands demonstrated at the Massachusetts State House against proposed Medicaid budget cuts.

Morone and Dunham provide a lively description of what happened in New Jersey during the decade that preceded the diagnosis related group (DRG) pilot project. 30 Different interest groups, among them hospitals, had supported various legislation beneficial to their own needs, creating an overall system that was unpopular with everyone. Eventually the Department of Health was able to reintroduce the concept of payment based on DRGs. Although hospitals were not united in their reaction and many objected to a greater role for the government, they did not wish to split the hospital association, and the pilot project was approved. Individual hospitals then attempted to meet their own needs as the legislation was implemented.

Implementation

This stage has received the greatest attention in the existing literature because of the pervasiveness of regulations in the hospital industry. Cook and colleagues argue that hospitals' first level of response at this stage is to bring law suits, become involved with regulatory committees, or work collectively through hospital associations. 6 Examples of this type of behavior include hospitals that seek legislative relief or attempt to get laws filed on their behalf in order to circumvent determination of need (DON) legislation, often by claiming a need for the service in their locality.

However, hospital attempts to secure exemptive legislation may fail. For example, a hospital that was turned down for construction of a new facility and was able to get exemptive legislation passed, encountered a subsequent veto by the governor, without enough votes in the legislature to override the veto.

Several contributing factors were at work. 14 First, the cost of the project was high. Second, tactical errors were made when shepherding the bill through the legislature. For example, the lobbying efforts were led by an individual unpopular with many legislators. Third, the relationship between the hospital and the community was poor. As a result, the hospital could not mobilize the community in support of the project. Fourth, it may have been turned down in part as a trade-off for the numerous other exemptive bills that were passed by the legislature. These last two factors demonstrate the need to build a strong constituency, as did the Leonard Morse Hospital cited earlier, if strategies employed later in an issue's life cycle are to be successful.

Many of the examples of compliance strategies are of individual hospitals because their unique
characteristics and needs are the basis for relief or exemption. However, hospital associations are also active at this stage when issues cut across hospitals. Thus the MHA, joined by several hospitals, filed a lawsuit against the state government over collection standards. After a new law was signed by Governor Weld, MHA initially lauded it as "a careful compromise that will encourage" the highest quality care at the lowest possible cost.31(PP-2) As the Rate Setting Commission sought to make technical changes in the new hospital financing bill, however, the MHA was very vigilant and vocal in its concerns at hearings. When the fiscal year (FY) 1993 budget was signed into law, the governor vetoed many gains made earlier by hospitals. The MHA assessed the feasibility of a legislative override, and ultimately restored what had been vetoed.

FROM EMERGENCE TO IMPLEMENTATION: MANAGING THE PROCESS

The wealth of examples provides contextual evidence of the importance of corporate political strategy in the hospital industry. The power of the model rests in the accumulated effect of well-designed corporate political strategies that encompass the full life cycle of public policy issues. For example, many hospitals engage in goodwill strategies. Whether the hospital is able to build on these strategies to affect the course of public policy issues does not depend just on the quality and consistency of those strategies. It also depends on management's recognition that goodwill strategies create political capital and on the ability to mobilize constituencies. At the other end of the spectrum, many hospitals engage in compliance strategies, after legislation has been enacted and regulations created. However, by the implementation stage hospitals have lost considerable discretion and strategies are primarily reactive or adaptive. To engage in a wealth of goodwill and compliance strategy to the exclusion of other strategies is tantamount to having a large store of inaccessible money while putting bandaids on a deteriorating physical plant. Focusing on the entire life cycle makes clear the need for the proactive strategies that hospitals use to defuse issues or to produce change in the environment.7

In the anticipatory and emergence stages, hospitals have an opportunity to close gaps between their performance and expectations by changing their performance, changing expectations, or symbolically aligning the hospital with public expectations. The primary difference between the two stages is that hospitals can more easily circumvent the emergence of a gap than close it once it has become public. During these stages, organizations can use corporate political strategies to close the gap in three ways. First, hospitals may choose to adapt by changing their performance. For example, in a community in New York, a local business coalition expressed considerable dissatisfaction over duplication of services and low occupancy rates. Anticipating the emergence of a public policy issue, two of the hospitals began merger talks and engaged in several joint ventures, citing duplication and occupancy rates as the impetus for the actions. When the coalition's actions subsequently led to the delay of DON applications for hospitals that had taken no steps, these two hospitals were unaffected.

Second, hospitals may symbolically align themselves with the expectations of critical constituencies in order to gain or maintain their support. One goal of communication strategies may be to identify the hospital's current processes or outputs with those held to be legitimate by critical constituencies. For example, annual reports that emphasize the efficiency of hospital operations or the breadth and quality of services may symbolically align the hospital with generalized concerns about cost or quality. Similarly labor, delivery, and postpartum rooms are a public and much publicized symbol of hospital compliance with the desire of many women to demedicalize the birth experience.

Third, hospitals may take a more proactive stance and attempt to change expectations. For example, one hospital used its entire annual report to create a new image of the organization as an integrated delivery system. By tying it to demographic change, new forces in the health care environment, and visionary
leadership on the part of the hospital trustees, the hospital attempted to change the community's expectations of what a hospital should, could, and would do. Changing expectations is often a difficult process, and it is more likely that hospitals will adapt to changing expectations by changing their performance or will try symbolically to align their current operations with those expectations.  

The implicit goal of the above actions is often to avoid legislation. By the enactment stage, few opportunities exist to change expectations or performance because the issue has entered the political arena. As some of the examples provided in the previous section illustrate, hospitals can take a proactive stance during the enactment stage by introducing legislation of their own, typically under the auspices of a hospital association. However, by this stage, an issue has "developed a life of its own as political actors develop an interest in it," (P73) whether hospitals have sponsored the legislation or not.  

Hospitals can also adopt proactive strategies through information and political strategies as hospitals individually or collectively promote their positions. However, again, options are limited to supporting, opposing, or seeking to amend proposed legislation. Other, more desirable alternatives are lost. It is for this reason that hospitals "must consider the options available for managing public policy participation at successive stages of the public issues life cycle." (P. II) As illustrated earlier, the ability of a hospital to develop strong support among its constituencies is critical in the political arena.  

Hospitals that wait until the enactment stage to take action are even further constrained. They can seek to affect enforcement standards or timetables through negotiations, or to resolve the conflicts that inevitably arise over standards or requirements through litigation. However, most of the strategies are reactive in nature. Organizations that allow public policy issues to reach this stage before engaging in corporate political strategies not only lose discretion but are not well managed. In summary, as an issue evolves, opportunities for proactive strategies diminish while the necessity for reactive strategies increases.

While this article has focused on hospitals, an equally strong argument can be made for the importance of corporate political strategy for other health care organizations and systems. Boulding has argued that virtually all organizations depend not only on the market environment but on political, legal, and cultural environments as well. Similarly, virtually all health care organizations are affected by community expectations, business concerns, and government involvement, and have interdependent relationships with a wide array of other constituencies in the market, political, legal, and cultural environments in which they operate. Gaps between organizational performance and these expectations and concerns have an even greater potential to generate public policy issues than for the traditional businesses that have been the focus of most discussions of corporate political strategy because of the social valuation placed on the outcomes.  

The anecdotal evidence makes clear that hospitals actively engage in a variety of corporate political strategies. This article has placed that evidence in the context of a life cycle model of public policy issues. Seen in this context, it becomes clear that corporate political strategies extend beyond organizational reactions to regulation, and that the strategies employed at different stages are integrally connected.

Corporate political strategy presents two challenges to hospital managers: anticipation and integration. First, much of the existing literature focuses on hospital response to regulations. However, as has been discussed throughout this article, at that stage managers have lost considerable decision-making discretion. By anticipating public policy issues hospital managers are better prepared to take action early that has the potential to avoid or shape legislation. This point is similar to that raised by Blair and Fottler in the related context of stakeholder management?2 A failure to identify a critical stakeholder may result in actions that create a negative reaction. A failure to anticipate a public policy issue could leave the
hospital with few strategic options and in a predominately reactive position.

The second challenge is to develop an integrated corporate political strategy. Goodwill or communication strategies, for example, are not independent strategies employed later in a public policy issue's life cycle. They develop a base of support and serve as a resource for hospitals seeking to influence the political process. However, it is not clear to what extent hospitals that engage in extensive goodwill strategies explicitly employ that resource in subsequent strategies. Nor is it clear to what extent hospitals develop goodwill strategies in the context of their corporate political strategies. While many hospitals engage in a wide range of goodwill strategies, unless placed in the context of a corporate political strategy, their value may be restricted.

In conclusion, the environment in which hospitals operate is highly politicized. Numerous groups are affected by hospital strategies, policies, and behavior and seek to protect those interests through political action. As a result, economic performance is as likely to be affected by competitive strategies as by corporate political strategies, particularly when legislation has the potential to affect how hospitals are reimbursed, their access to and use of funds, or their relationships with other providers, such as managed care groups. Hospitals that assess their social and political environments and engage in corporate political strategies throughout a public policy's life cycle are less likely to face unanticipated issues and will be better positioned to shape those environments in ways compatible with their policies and practices.

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