Institute of Health Management Research
Master of Business Administration
Hospital and Health Management
Batch-23 (2018-2020)
Hospital Management
Strategic Management
Term Examination

Time - 3 Hour **MM-70**

There are four printed pages in the paper. There are two questions, and both are compulsory.

Question 1. Caselet based Question

The Indian healthcare industry is estimated to be more than USD 35 billion, presently. According to the analysts, the market is expected to double by 2012 and reach USD 280 billion by 2020. The sector has registered a growth of 9.3 per cent between 2000-2009, comparable to the sectorial growth rate of other emerging economies such as China, Brazil and Mexico.

The primary growth drivers include the growing population, increasing at an annual rate of 2%, which is expected to surpass China and reach 1.6 billion by 2050. In addition, the prosperity in the income levels has elevated the standards of living and has increased the affordability towards better medical care and treatment. While per capita income was USD 620 in 2005, over 150 million Indians have annual incomes of more than USD 1,000, and many who work in the business services sector earn as much as USD 20,000 a year. While this is a fraction of the income that their US peers earn, it is the equivalent of more than USD 100,000 per year when adjusted for purchasing power parity.

Another driving factor of the Indian Healthcare Industry has been the rise in diseases, increasing awareness and better diagnosis techniques. While ailments such as poliomyelitis, leprosy, and neonatal tetanus will soon be eliminated, some communicable diseases once thought to be under control, such as dengue fever, viral hepatitis, tuberculosis, malaria, and pneumonia have returned in force or have developed a stubborn resistance to drugs. India is grappling with the emergence of diseases such as AIDS as well as food- and water-borne illnesses.

And as Indians live more affluent lives and adopt unhealthy western diets that are high in fat and sugar, the country is experiencing arise in lifestyle diseases such as hypertension, cancer, and diabetes, which is reaching epidemic proportions. According to the industry experts, at present there are around 41 million Indians are suffering from diabetes alone. This incidence is expected to reach 74 million in next 15 years, which would require an estimated cost of USD 30 billion for treatment and management of this disease.

Given the current state of India’s healthcare system, its challenges and its growth prospects, there are several market opportunities for foreign companies who can establish themselves in this high-growth market. For instance, Medical tourism is one of the major external drivers of growth of the Indian healthcare sector. India’s medical tourism sector is expected to experience an annual growth rate of 30%, making it a USD 2 billion industry by 2012. Also, due to the increasing investments in the hospital sector, India is gradually becoming a hub for medical tourists.

Currently, the global medical tourism market is estimated to be around USD 80-90 billion and is expected to grow in double digits for the next five years. More than 5 million US patients travel to foreign destinations for various medical procedures, every year. The number is expected to become 6 million by 2010 and 15 million by 2015. Around 35 countries have enhanced their medical infrastructure to support the increasing number of patients traveling abroad for medical care. According to analysts, the medical tourism market is expected to become 7% of total healthcare spend by 2015.

As per data released by the Department of Industrial Policy and Promotion (DIPP), the drugs and pharmaceuticals sector has attracted FDI worth US$ 1.66 billion between April 2000 and January 2010, while hospitals and diagnostic centers have received FDI worth US$ 761.18 million in the same period. Moreover, in March 2010, Fortis Healthcare announced the largest overseas acquisition by an Indian company in the healthcare space. It bought the entire 23.9 per cent stake held by TPG Capital in Singapore's Parkway Holding Ltd for US$ 686 million.

Asia's leading hospital chain, Columbia Asia Group, which already has six hospitals in the country, plans to ramp-up its operations in India by opening eight more multi-specialty community hospitals with a total capacity of 800 beds by mid-2012. The group has earmarked a total investment of US$ 177.1 million for the 14 hospitals.

Some of the best-in-class medical care facilities include Medanta Medicity, Max Healthcare, Apollo Hospitals, Fortis Healthcare, Sir Ganga Ram Hospital to name a few. All such health providers are well equipped to provide best-in-class medical care facilities across various medical conditions, including cardiac, neuro, orthopedics, eye care, dental, cosmetic and all forms of surgery.

In addition to the primary healthcare providers, India is witnessing the establishment of medical tourism facilitators, who are meant to provide all the value-added services to patients who travel to India to avail medical treatment. Some of the key HCFs include Medico Global, AADI MediTour, Indo Medical Tourism, and Mediescapes India.

To capitalize on medical tourism and build a sustained public-private partnership in the hospital industry, the government is providing a variety of incentives, including lower import duties and higher depreciation rates on medical equipment, as well as expedited visas for overseas patients seeking medical care in India. Also, it is supporting public-private partnerships, e.g., Rajiv Gandhi Super Specialty Hospital that can provide the best-in-class medical care facilities that can match the ones available in the developed nations.

Using the data as above develop the complete Strategy formulation for a successful Medical Tourism Profitability Strategy for a proposed Indian Hospital under the following steps:

A. Develop vision of the proposed hospital 05
B. Develop mission of the proposed hospital 05
C. Conduct an External assessment of the sector 10
D. Conduct an Internal assessment of the hospital 10
E. Establish long term objectives for such a facility 10
F. Conduct a detailed Strategy formulation while generating alternative strategies which can be pursued by the hospital in question 15
G. Select a particular strategic alternative to pursued by you and explain why? 10

Question 2: MCQ, please indicate the correct choice in your answer-sheet (All questions carry one mark each) 05

1. Which level of management is responsible for establishing a vision for the organization, developing broad plans and strategies, and directing subordinate managers?

    A) first level managers

    B) middle managers

    C) executive managers

    D) second level managers

2. The term “core competency,” was coined by which of the following influential business thinkers?

    A) W. Edwards Deming

    B) C.K. Prahalad

    C) Ken Blanchard

    D) Frederick W. Taylor

3. Which statement is true?

    A. The strategic management involve the determination of the organisation's mission, strategic policies, and strategic objectives

B. Strategic management is a stream of decisions and action which leads to the development of an effective strategy or strategies to help achieve corporate objectives

C. The strategic management process is the way in which strategists determine objectives and make strategic decisions.

D. All of the above.

4. Which statement is true

A. Effective goals are related to the important features of job

B. Feedback arrangement with revaluation is also an effective goal

C. The goal improves organisational and personal execution, clearly tells about reason for increment in control

D. All of the above

5. What is meant by focused differentiation?

A. Providing a high perceived value service or product to a selected market segment that justifies a substantial price premium

B. Simultaneously seeking to achieve differentiation and a price lower than that of competitors

C. Concentrating on a particular feature of a product or service to achieve differentiation

D. Concentrating on differentiation as the primary means of achieving competitive advantage.