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Financial Distress in the Health Care Business

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Walden University

College of Management and Technology

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Firas Musmar

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Walden University
2016

Abstract

Financial Distress in the Health Care Business

by

Firas Musmar

MS, University of Maryland, 2011

BS, University of Jordan, 1992

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

December 2016

Abstract

Sixty-four United States hospitals closed for poor organizational performance during 2010 through 2016. Because of hospital closures, community members experienced delays in obtaining needed care, reduced access to specialty care, and increased travel distances. Based on the balanced scorecard model theory, the purpose of this qualitative single case study was to explore strategies that 10 health care leaders used at a healthcare organization in central Texas to prevent financial distress. Semistructured interviews were conducted and archival organizational accounting records were reviewed, including company surveys with employees and patients. Data were thematically analyzed and triangulated to ensure the trustworthiness of interpretations. The findings identified 3 themes: effective leadership to improve organizational performance; training, skills development and continuous learning to improve performance; and customer focus strategies to increase customer satisfaction. The findings of this study may contribute to social change by improving access to healthcare services, increasing access to specialty care, and increasing customer satisfaction.

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Dedication

I dedicate this doctoral study to my mother and the soul of my father for their tremendous support for me along the lifetime journey. Your support, prayers, understanding, and wisdom allowed for my success.

Acknowledgments

I want to thank the professors and staff at Walden University for their support and guidance throughout this process. Specifically, I want to thank Dr. Gergana Velkova for her encouragement, excellent guidance, and countless reviews of my DBA proposal drafts from the beginning through the end of this process. Without your constant support, patience, and making yourself available beyond your work hours, the process of putting my doctoral study into final form would not have been possible. Furthermore, I want to thank Dr. Scott Burrus the (SCM) and Dr. Gwendolyn Dooley the (URR) for their expert input regarding the content, which encouraged me to think reflectively and critically while writing.

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Section 1: Foundation of the Study

Leaders of public hospitals have mounting financial and political pressures to survive in an increasingly competitive health care market and constrained budgetary environment. Hospitals owned by public entities closed at rates exceeding those of privately owned hospitals (Needleman & Ko, 2012). The loss of urban public hospital services may disrupt regional services, given that they account for more than 23% of emergency visits, provide 63% of burn care, and provide 40% of trauma care in metropolitan areas (National Association of Public Hospitals and Health Systems, 2012). Because of hospital closures, local populations have experienced poorer overall health, delays in obtaining needed care, reduced access to specialty care, and increased travel distances (Bazzoli, Lee, Hsieh, & Mobley, 2012). Given the potential consequences for access to care, policymakers would benefit from a greater understanding of what types of communities are at risk for reductions in public hospital services.

In the United States, urban public hospitals are not only health care providers but also local institutions that account for a sizable portion of public sector budgets. Leaders of public hospitals noted a need to consult or consider a variety of stakeholders while proposing closures and ownership conversions, including elected officials, private providers, unions, and advocacy groups to prevent closures and improve organizational performance (Needleman & Ko, 2012). The purpose of this study was to explore the strategies that health care leaders use to improve organizational performance.

Background of the Problem

The number of hospitals in financial crises that can lead to closure and loss of business in the United States has increased in the past 6 years (Chuang, Liu, Lu, & Lee, 2014; Kelley et al., 2012). From 2010 through 2016, 64 hospitals closed due to poor organizational performance (National Rural Health Association, 2016). The consequences of financial distress lead to business problems such as increased accounting asset, liability, and strategic risks (Rosenberg & Ferlie, 2014). The consequences of financial distress are disastrous because it may lead to discontinuity of operations and increase legal costs, administrative expenses, and other indirect costs (Carlson et al., 2014). Mazumder and Miller (2014) explained that apart from the adverse effects of financial distress on corporations, financial markets also decrease; therefore, it is necessary to assess financial conditions of the firm from time to time to evaluate its liquidity position. Predicting business failure will help management take preventive measures, such as operational policy changes, reorganizing the firm’s financial structure, voluntary liquidation, and adopting good corporate governance practices (Mazumder & Miller, 2014). The purpose of this explanatory qualitative single case study was to explore the strategies that health care leaders use to improve organizational performance for sustainability and prevent financial distress.

Problem Statement

Despite the high cost of health care, the number of hospitals in financial crises leading to closure (Chuang et al., 2014) in the United States increased in the past 6 years (Ko et al., 2014). From 2010 through 2016, 64 hospitals in the United States closed for

business owing to poor organizational performance (National Rural Health Association, 2016). The general business problem is that failure to assess and manage organizational performance leads to hospitals closure. The specific business problem is that some hospitals leaders lack the strategies to prevent financial distress and improve organizational performance for sustainability.

Purpose Statement

The purpose of this explanatory qualitative single case study was to explore the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability. I interviewed 10 health care leaders and analyzed data records at a primary care organization in central Texas that experienced poor performance but prevented financial distress and improved organizational performance for sustainability. Understanding the criteria that contribute to financial distress may provide the health care leaders with understanding of the required skills to maintain a competitive advantage and increase profitability without experiencing financial distress (Edward, Kumar, Kakar, Salehi, Burnham, & Peters, 2011). The implications for social change include the potential to improve sustainability, promote organizational growth and profitability that may lead to new employment opportunities, and promote prosperity for local families and the community.

Nature of the Study

In this study, I selected a qualitative research method and an explanatory single case study design to explore the strategies that health care leaders use to assess financial risk to avoid financial distress and enhance organizational performance in the southwest

United States. Qualitative research is appropriate to obtain specific information about the values, opinions, behaviors, and social contexts of particular populations (Applebaum, 2012). Sharpley and Bitsika (2014) indicated that qualitative research is used to understand the *what* and *how* of a research question with the associated antecedents of *who* and *why*. Beck (2014) stated that the perspective of leaders is important to assess the risk of financial distress. Therefore, I used the qualitative method to understand the strategies that health care leaders need to assess the risk of financial distress. Morrisey, Viola, and Shi (2014) stated that the qualitative research method is beneficial in articulating the perceptions and experiences of the research participants.

Alwin (2013) indicated that a researcher's objective in using the quantitative method is to confirm hypotheses about phenomena, quantify variation, and predict causal relationships. The quantitative method involves data collection to examine relationships between variables (Anastas, 2014). Yin (2014) indicated that quantitative inquiry yields statistical, objective information to support the presence or absence of a phenomenon. The quantitative method was not suitable for this study because I wanted to gain a deeper understanding by using semistructured, open-ended questions to explore the strategies that health care leaders use to assess financial risk to avoid financial distress and enhance performance in the southwest United States. Greckhamer and Cilesiz (2012) stated that the mixed-method approach is a combination of the qualitative and quantitative research methods. Because of the quantitative component, the mixed-method approach was not appropriate for this study.

Applebaum (2012) noted that qualitative research is an interpretive approach of human science. Some of the most popular qualitative study designs are phenomenology and case study (Rennie, 2012). For this particular study, the explanatory case study approach was most appropriate. Researchers using the case study explore cases through observations, personal interviews, and data records in an in-depth-collection process (Rohrer, 2014). The explanatory case study design was an excellent approach for this study because it allowed me to explore the strategies that health care leaders need to assess the risk of financial distress. Furthermore, this design allowed me to better understand the factors that contributed to financial distress.

Other qualitative approaches, such as phenomenological study, were not appropriate for the proposed study. Brinkmann, Jacobsen, and Kristiansen (2014) stated that researchers using the phenomenological approach focus on the lived experience of participants to generate new ideas. Through phenomenology, a researcher seeks to understand the experiences of the participant rather than the relationships between antecedents, consequences, or outcomes of the event (Kanngieser, Neilson, & Rossiter, 2014). The phenomenological approach was inappropriate for this study because the purpose was to explore a complex phenomenon at a single organization by interviewing knowledgeable professionals and collecting and analyzing data records, none of which is the objective of researchers using the phenomenological approach.

Research Question

I used the following research question in the study: What strategies do health care leaders use to prevent financial distress and improve organizational performance for sustainability?

Interview Questions

1. What strategies do you use to prevent financial distress and improve organizational performance for sustainability?
2. What strategies were most effective in improving organizational performance?
3. What are a few positive outcomes from using the identified strategies for improving organizational performance?
4. What assessments do you use to assess fiscal risk and organizational performance?
5. What are leaders in your organization doing to assess and prevent financial distress? How effective is the utilized approach?
6. Have you ever experienced financial distress in any facility? If yes, what were the factors that contribute to it? What were the indicators that the organization was in financial distress? What approach did you take to manage it? What was the outcome?
7. What were some challenges experienced concerning strategy implementation to prevent financial distress and improve organizational performance?

Conceptual Framework

The balanced scorecard (BSC) model theory served as a conceptual framework for the explanatory qualitative case study. The BSC model is a framework for industry analysis and business strategy developed by Kaplan and Norton in 1992 (Meena & Thakkar, 2014). Developed as a strategic approach and performance management system, leaders use the BSC model to translate a company's vision and strategy into implementation and actions than ensure sustainability.There are four perspectives: financial, customer, business process, and learning and growth (Meena & Thakkar, 2014). Kaplan and Norton suggested measuring organizational performance in these four areas because doing so enables organizational leaders to gain a holistic view of performance measurement (Sainaghi, Phillips, & Corti, 2013). Elbanna, Eid, and Kamel (2015) noted the BSC model involves incorporating a handful of strategically critical measures together in a way that shows the relationships between them and helps managers to avoid suboptimization by improving one measure or more at the expense of others. The success of an enterprise is the result not only of the performance management in the four BSC perspectives, but also of measurement and management of intangible assets (Emami & Doolen, 2015).

The BSC model provides organizational leaders and managers with a mechanism for initiating or expanding on existing metrics in their efforts to improve overall organizational performance. Monitoring and improving these areas of performance lead to improvements in internal processes of health care organizations and eventually support high levels of customer satisfaction and financial profitability (Emami & Doolen, 2015).

Strategic planning, increased customer satisfaction, and continuing learning and growth may enhance firm value and investment performance, and it may reduce financial distress in the health care industry (Rosenberg & Ferlie, 2014). Grigoroudis, Orfanoudaki, and Zopounidis (2012) stated that the BSC model enables leaders to describe the current performance sufficiently and understand how well the organization is positioned to perform financially in the future. Poor performance in the four perspectives is an indicator of future decline (Emami & Doolen, 2015). Using the propositions offered by the BSC model in this study may enable participants to effectively share experiences regarding organizational performance strategies to avoid financial distress.

Operational definitions

Balanced scorecard (*BSC*): The BSC is an approach to measuring an organization's performance by linking measurement to strategy (Edward et al., 2011).

Financial distress: Financial distress refers to the inability of managers to meet scheduled payments, owing to cash flow problems caused by declining asset values (Sun, Li, Huang, & He, 2014).

Key performance indicators (*KPI*): The key performance indicators are quantifiable measures that measure the strategically planning progress toward the organizational goal, and they are monitored against key decisions or objectives (Edward et al., 2011).

Organizational performance: The organizational performance refers to company's performance in comparison to objectives and goals (Keeley, West, Tutt, & Nutting, 2014).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions in a study are aspects believed to be true without verification (Halkier, 2013). These assumptions are so basic that without them the research problem could not exist (Dumangane, 2013). The basic assumption of this study was that health care leaders use strategic planning methods, management tools, and techniques to avoid financial distress. In addition, I assumed that the local service managers are the decision-makers, the local managers are responsible for the strategic planning of the facility, and the business success is a function of strategic planning processes and decision-making. The final assumption was that all study participants provided honest responses.

Limitations

Limitations are matters and occurrences that arise in a study and are out of the researcher's control (Brown, 2010). The limitations bound the extensity of the study, and they often affect the result and conclusions. Every study has limitations (Maureen & Thomas, 2011). I assumed that health care managers were likely to have expertise and authority to influence strategic planning and financial distress. However, because the interpretations, implementations, and enforcement of the health care laws and policies are different at the level of government (i.e., state and local authorities), the expertise might not be the only or even optimal set of requirements needed to influence the required strategic planning. Because the participants of the study were volunteers who could withdraw from the study at any time, the results might not truly reflect the effectiveness

of the internal process, strategic planning, learning, and customer satisfaction influence on the firm's financial sustainability.

Delimitations

Eileen and Joan (2011) explained that the delimitations of a study are those characteristics that define the boundaries and the scope of the study, and they define the conscious exclusionary and inclusionary decisions made during the development of the study plan (Taylor, 2014). Unlike limitations, which result from implicit characteristics of method and design, delimitations result from specific choices by the researcher (Kadija, 2011). The exploration of strategic planning methods applied by management in health care organizations was a limitation of the study. The exploration of those organizations operating within the southwest region of United States was a limitation to the scope of the study. This study occurred at a single health care organization that provides rehabilitation and nursing home services in the community.

Significance of the Study

Despite the high cost of health care, the number of care facilities in financial distress leading to default, bankruptcy, and loss of business (Chuang et al., 2014) in the United States increased in the past 6 years (Kelley, McGarry, Fahle, Marshall, & Skinner, 2012). From 2010 through 2016, 64 hospitals in the United States closed for business owing to poor organizational performance (National Rural Health Association, 2016). Understanding the factors that contribute to financial distress may provide health care leaders with the required knowledge to maintain a competitive advantage and increase the profitability without experiencing financial distress (Edward et al., 2011).

Health care facilities performance depends on an organization's mission, vision, and associated goals (Manoni, Mushi, Kessy, Salome, & Naja, 2014). Owing to the complexities of health care services, investigating the quality, organization, financing, and outcomes of health care services is important to informing providers, consumers, and decision-makers about health-related issues. Health services researchers examine the health care costs, processes, and the performance of health services for administrators to improve the national health care systems (Lech, 2013). By exploring the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability, health care leaders can learn consider using effective strategies to sustain financially and enhance the performance results of the organization (Ko et al., 2014). Health care leaders may consider the findings from this study that may add to the body of knowledge that could generate significant information to support social change, such as the improvement of people's access to health care services.

Review of the Professional and Academic Literature

This section is a review of current literature related to factors that may contribute to financial distress in the health care industry. The purpose of this explanatory qualitative single case study was to explore the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability. Understanding the business strategic approach may help leaders of organizations to translate the company's vision into implementation working from four perspectives: financial, customer, business process, and learning and growth (Meena & Thakkar, 2014).

The purpose of this professional and academic literature review was to compare and contrast the similarities and differences between the various sources that relate to the research topic. The importance of the literature review stems from the need to avoid unintentional duplication of existing research while adding significant contributions to the existing literature (Van der heijde & Buchbinder, 2014). I compared and contrasted the subject field in support of identifying future research questions (Rowley, 2012).

I researched several academic databases for peer-reviewed articles through Walden University Library, Academic Search Complete, Business Source Complete, Emerald Management Journals, ProQuest Central, SAGE Premier, ProQuest, and Science Direct. Most important, the search pertained only to articles published within the last 5 years. My search yielded approximately 175 references, with approximately 93% peer reviewed and 86% published after 2012.

The key search words used included combinations of *financial distress*, *factors contributing to financial distress*, *business success*, *business failure*, *strategic planning*, *business financing*, *business strategy*, *business innovation*, *balanced scorecard theory*, *learning and growth*, *customer satisfaction*, *business process*, *health care financial distress*, and *hospital financial distress*.

The Balanced Scorecard Theory

A BSC model is a strategic approach using the principles and processes of management to identify the corporate objective or mission. The BSC model is a performance management system that enables organizations to translate a company's vision and strategy into implementation (Meena & Thakkar, 2014). The purpose of using

the BSC model is to help leaders translate the mission of an organization into a concrete and comprehensive set of measures of performance. The leadership team transforms the mission, vision, and strategic imperatives into a balanced scorecard, particularly designed as a tool to help the leaders to addresses both short and long-term success in meeting the strategic goals. The scorecard contains measures of outcomes based on each maximum performance area that includes both prior successes and performance drivers, which will lead to future performance successes. I used the BSC model to explore the strategies that health care leaders use to assess the risk of financial distress to avoid financial distress and enhance performance results.

The BSC model is an effective strategic planning and management methodology and system employed by a wide spectrum of entities in areas ranging from business to government (Namaki, 2012). From banking (Wu, 2012) to information technology (Hsu et al., 2011), using the BSC model helped in taking the strategy and goals to the front lines of organizations. The premise of the method is linking the strategy and performance through integrating the organization activities with the organizational mission and vision. It also serves to improve overall communication, both internally and externally, while providing a tool for monitoring performance measures against the strategic goals. Kaplan and Norton (2008) emphasized the importance of traditional performance indicators. Though inadequate by themselves, the performance indicators serve a dual purpose, functioning as a clear monitoring tool and a means of integrating the key perspectives of landscape, customer, internal processes, learning, and growth.

Incorporating the learning and growth perspective in the performance measurement through employee's engagement, training, and robust corporate culture yields both individual as well as corporate improvement. The companies' leaders who educate workers to meet the demands for the more educated workforce and develop metrics to assure employee's performance will address the goals of the organization (Balanced Scorecard Institute, 2012). The internal process provides metrics to allow operational management to see the overall picture of how effectively the organization is running. In an internal operation (one without consultants), all levels workers using these metrics will engage in investing in the organization's success through information exchange. The foundational premise is the organization must meet its intent, as developed in its mission about its customers (Balanced Scorecard Institute, 2012). Financially, as previously noted, traditional measurements have a significant role in an organization meeting its bottom line and remaining solvent in today's market by incorporating the risk management and cost-benefit analysis. These areas directly affect the use of funds to achieve the maximum gain or benefit (Krishnan, Ravindran, & Joshi, 2014).

The four perspectives of the BSC model are financial, customer, business process, and the learning and growth. From the business and health care literature, research studies revealed that many business companies leaders adopted the BSC model to move strategically beyond financial measures when examining organizational performance (Darvish, Mohammadi, & Afsharpour, 2012; Erbasi, 2014; Kordnaeij, Salmasi, & Fruzand, 2011; Wu, 2012). The increased use of the BSC model resulted in greater overall performance (Seal & Ye, 2014). Health care reforms proposed at the federal and

state level, in conjunction with significant changes in the reimbursement structure, had a dramatic effect on health care organization's approaches to examining new ways of strategic planning (Lupi et al., 2011). The BSC model is a comprehensive approach that allows an organization to take a cohesive approach to meeting strategic initiatives, as compared to a pillared system of independent goals, which do not relate to one another (Lupi et al., 2011). Using the BSC, the associated organizations were able to identify underlying existing problems and examine coordinated opportunities for improvement (Lupi et al., 2011). The BSC model had difficulty in the application of those environments with difficulty in data collection, and many times this was due to incomplete mainframe systems in the organization (Tarigan & Widjaja, 2014).

In a study conducted by Wu (2012) on the banking industry, the researcher explored the use of the BSC in determining causal relationships and developing a plan map to maximize staff engagement toward meeting the key indicators. The methodology for Wu's study involved the use of a panel of experts in communication and a review of the literature to determine the most important indicators of banking performance. From the group of experts, three key performance indicators (KPIs) emerged as the most prominent. They were customer satisfaction, sales performance, and customer retention rate. The primary need was to assess causal relationships between the various perspectives and key performance indicators.

Once the key performance indicators were determined, the author used the Decision Making Trial and Evaluation Laboratory (DEMATEL), an analysis tool used to identify direct relationships between the identified indicators. Using the DEMATEL tool

allowed the team to determine the causal relationships between the critical indicators and develop central themes, subsequently developing a framework for constructing a strategy map. The methodology employed both qualitative data based on surveys performed by senior leadership within the banks and quantified data through analysis of the metric effect on financial performance within each BSC perspective.

Wu's (2012) study included expert consultations in determining the threshold value for developing the strategy map with a range of 0.7667 to 0.5058. The findings of the DEMATEL demonstrated a clear causal relationship between the three perspectives. By plotting a causal diagram, the study demonstrated that the customer is the main effect factor among the perspectives. Eighteen other indicators directly affected customer satisfaction. In learning and growth, employee stability was the lead indicator, with a strong influence on customer satisfaction. Finance was the central indicator of share earnings, directly influenced by 11 indicators. Wu noted the correlation of these findings with the premise established by Kaplan and Norton (2008) that nonfinancial measures need to obtain success before financial measures would follow. Wu's study on the banking industry was a good example of using the BSC with the goal of developing a plan map to maximize staff engagement toward meeting the key indicators. Wu concentrated on customer satisfaction, sales performance, and customer retention rate. In my study, I explored all four of the perspectives incorporation in the performance and operational measurement.

Wu's (2012) provided the necessary strategic evidence for an organization to direct its limited resources into the three perspectives, noting the cross-linked effects. Wu

provided a systematic approach to developing a strategy map and denoted causal relationships between perspectives and indicators. The managerial implications include resource allocation, capital investment, and employee engagement and training. The study results revealed that the framework for the BSC, though universal, does not yield the relevant measures from the template alone but requires an organization to develop measures based on driving factors within the industry (Wu, 2012). Wu concentrated on the financial perspective and did not develop a metrics to show the leader how the four perspective of the BSC incorporate in the performance and operational measurement.

Hsu et al. (2011) conducted a study in the semiconductor industry utilizing using the framework of the BSC with modifications to the original perspectives by exchanging the financial and customer service for areas that met industry need. The setting of this study was in Taiwan. The semiconductor industry has experienced industrial pressures and restrictions on development and the rapid pace of industrialization. The goal of the study was to develop a method for measuring performance in the industry, particularly regarding the perspective of sustainability.

Hsu et al. (2011) employed a methodology that consisted of a questionnaire within a pool of experts to determine 25 measures of sustainable performance. Hsu et al employed the Fuzzy Delphi method (FDM) to obtain the most reliable consensus among a group of experts and to determine the relationship between perspectives and measures. Hsu et al. reviewed the weights of the various measures using an analytic network process (ANP). This process integrates qualitative information and quantitative values (Mackelprang, Robinson, Bernardes, & Webb, 2014).

Hsu et al.(2011) presented a model for measuring performance using the BSC model. The outcome of Hsu et al. provided a complete management scorecard, one that incorporated environmental and social factors into the operations of the company. The study also provided a sustainable framework in a competitive environment. Though not conclusive, the study demonstrated the use of the scorecard allowed for the various measures to be inter-linked providing a sustainable program that can be managed well (Hsu et al., 2011).

Lupi et al. (2011) demonstrated the clinical application of the principles of the balanced scorecard. The author's objective was to measure the capacity of the BSC to measure outcome differences and to note relationships between the four perspectives and associated performance indicators. The researchers then established the standards and value for each objective. Lupi et al. demonstrated that the community perspective was 57 of 100 with six of 10 indicators meeting the total objective yielding a green representation. The internal process was also green with a score of 65 of 95. The financial perspective was 75 of 100 with green scoring, and the growth and learning perspective with 70 of 70. During the survey process, the only perspective to show outcome differences was the community perspective. The first survey indicator was yellow indicating a mismatch between objectives. Applying some corrections and the second round of surveys demonstrated the final green result. The overall evaluation of the confirmed an entirely satisfactory performance as noted by the green indicators.

Lupi et al.'s (2011) findings demonstrated that the BSC provided a tool for managing existing problems as well as new opportunities for improvement. By

examining the results from the BSC perspectives, each perspective contributed to the overall increase in performance. There was no clear link before this phase of study between strategic initiatives from different perspectives that led to better outcomes. The study limitation was the size and location of the study, within one department. The results of the study revealed that the use of the BSC through time provided a solid method for managing results and revealing opportunities for improvement (Lupi et al. 2011). The limitation of the Lupi et al. study was the size and location of the study within one department. I conducted my study using all of the departments in the proposed study location to avoid having the same limitations of Lupi et al. study.

Hsu et al. (2011), Lupi et al. (2011), and Wu (2012) documented that the framework for the BSC provides a solid platform for developing a tool for managing strategic imperatives but also measuring performance. The researchers of three studies changed the various perspectives to meet the strategic goals of an industry and the needs of the market served. Collectively, the studies demonstrated the versatility in the application of the scorecard.

The 7S Framework Theory

The 7-S Framework of McKinsey is a management model that includes seven factors used to determine the way in which a corporation operates to organize it in a holistic and efficient way (Naipinit, Kojchavivong, Kowittayakorn, & Sakolnakorn, 2014). Managers should take into account all seven factors, to ensure successful implementation of a strategy. All seven factors are interdependent, and failing to pay proper attention to one of them, might affect all others as well. On top of that, the relative

importance of each factor may vary over time. Robert H. Waterman introduced the 7-S Framework in the Business Horizons journal, and then the framework appeared in In Search of Excellence Journal by Thomas J. Peters and Robert H. Waterman in 1980 (Naipinit et al., 2014). The global management consultancy company McKinsey adapted the framework as a fundamental tool and changed its name to the 7-S model of McKinsey. The seven perspectives of the framework are superordinate goals, strategy, structure, systems, staff, style, and skills.

The interconnecting center of McKinsey's model is *superordinate goals*. This term includes higher elevation concepts of what the organization wants to achieve, vision, mission, shared values, and strategic intent (MacBryde, Paton, Bayliss, & Grant, 2014). The strategy perspective is about the firm resources over time to reach the identified goals. The structure perspective is about the way in which the organization's units relate to each other. The systems perspective is about the procedures, and processes that characterize the financial systems, recruiting, promotion, performance appraisal systems, and information systems. The staff perspective is about the numbers and types of personnel within the organization. The style perspective is the management style of the organization to achieve the organization's goals. The skills perspective is about the distinctive capabilities of the entire organization. The managers that use the 7-s model are capable of diagnosing and understanding the ineffective organizations, guides organizational change, and combines rational and hard elements with emotional and soft elements (Naipinit et al., 2014).

Naipinit et al. (2014) conducted a study on local small and medium enterprises (SME) construction shops with a purpose to study the successful business strategies and the guidelines for the management strategies of supply chain management. Naipinit et al. (2014) used the McKinsey 7S model for the conception of this study by providing 400 questionnaires to participants and used focus groups for the management guideline. The finding of the study was that of the seven strategies in the model, most entrepreneurs scored highly in strategy; however, most entrepreneurs scored low in several areas: working with software applications, lack of outside training, and most entrepreneurs maintain command as the owner and do not give authority to others. For that reason, the Thai government should create a policy by collaborating with Lao PDR to reduce some barriers to international trade to help SME construction shops in Thailand (Naipinit et al., 2014).

The 5 P's Model Theory

Pryor, Toombs, and White developed the 5 P's model for the book, *Strategic Quality Management* and used it at their respective places of employment. The 5 P's model is a strategic management model, which requires the alignment of five variables to improve organizations performance, these variables are purpose, principles, processes, people, and performance (Hill, Jones, & Schilling, 2014).

The purpose variable involves the elements that constitute the intention of the organization, which includes the organization's mission, vision, goals, objectives, and strategies. The principles variable is the guiding assumptions or attitudes of how the organization should operate and conduct its business. The purpose variable includes the

integrity base, ethics, and core values of the organization. The processes variable is the organizational structures, systems, and procedures associated with the provided services, as well as the infrastructure and rules supporting these systems and procedures. The people variable is the individuals who perform the work to accomplish the organizational purpose. The performance variable encompasses all the metrics, measurements, and expected outcomes that indicate the status of the organization for decision-making purposes (Hill et al., 2014).

The strengths of the 5 P's model are: The 5 P's model is suitable at the corporate level and throughout every level of the organization. The 5 P's model applies to all types and sizes of organizations. The 5 P's model applies along with a variety of other leadership and management theories, concepts, and tools. While the limitations of the 5 P's model are the required knowledge of strategic management, organizational development, process management, and systems thinking per all people using the model (Pryor, Toombs, Cook, & Humphreys, 2011).

Financial Distress

The financial managers of a firm in financial distress does not have the financial ability to meet scheduled payments, due to cash flow problems caused by declining asset values (Sun et al., 2014). Carlson, Lewis, and Nelson (2014) stated that firms in financial distress inquire an increase in operational cost, which will affect the firm financial performance.

The number of health care facilities in financial distress that can lead to default, bankruptcy, and loss of business in the United States has increased over the past few

years (Chuang et al., 2014; Kelley et al., 2012). The consequences of financial distress lead to business problems such as increased accounting risk, asset risk, liability, and strategic risk (Rosenberg & Ferlie, 2014). The consequences of financial distress are disastrous since it may lead to discontinuity of operations, increase legal costs, administrative expenses, as well as other indirect costs (Carlson et al., 2014). Mazumder and Miller (2014) explained that apart from the adverse effects of financial distress on corporations, financial markets also suffer. It is, therefore, necessary to assess financial conditions of the firm from time to time to evaluate its liquidity position. Predicting business failure will help the management take preventive measures, such as operational policy changes, reorganizing the firm's financial structure, voluntary liquidation, and adopting good corporate governance practices (Mazumder & Miller, 2014). Strategic planning, customer satisfaction, and continuing learning and growth may enhance firm value, investment performance, and reduce financial distress in the health care industry (Rosenberg & Ferlie, 2014).

Hospital financial distress is a common problem in the health care industry. From 1995 to 2010, 15-30% of hospitals were considered financially distressed based on a negative total profit margin (Richards, 2014). Very few authors to date have assessed in studies the effect of hospital financial distress on quality of care indicators or patient outcomes. Richards (2014) conducted a comprehensive and systematic literature review to assess hospital financial distress and quality of care or patient outcomes. Despite the limited research on this topic, Richards (2014) suggested there was a significant relationship between hospital financial distress and patient outcomes. After conducting

the systematic literature review, Richards (2014) stated that it was clear that very few studies ever assessed the relationship between hospital financial distress and patient outcomes, because of the various measures of hospital financial distress.

Xu, Xiao, Dang, Yang, and Yang (2014) conducted a study on the relationship between financial distress, firm performance, and corporate governance using companies listed on the Taiwan Stock Exchange and found that the ability of a smaller company to recover from financial distress depends on its corporate governance practices. They also stated that financial and corporate governance variables could better predict financial distress rather than macroeconomic variables. Although business failure is common with smaller firms, large companies also fail but governmental intervention and mergers are an alternative to bailing them out.

Bunyaminu and Bashiru (2014) studied two predictive models of business failure using discriminant and logistic regression analysis. Bunyaminu and Bashiru (2014) demonstrated that most of the failed firms showed signs of financial distress long before the failures occurred. Bunyaminu and Bashiru (2014) showed that methodologies and models for predicting business failure include univariate and multivariate analysis. Univariate models include the use of financial ratios such as liquidity and coverage ratios to predict financial distress. However, financial ratios are ineffective because they are unique to specified industries and provide information only in the context of comparison.

Multivariate discriminant analysis (MDA) has been used in corporate finance to predict financial distress and corporate bankruptcies (Bunyaminu & Bashiru, 2014; Carlson et al., 2014; Mazumder & Miller, 2014). The multivariate discriminant analysis

is a statistical technique similar to regression analysis. The objective of MDA is to construct a boundary line through a graph such that if a firm lies on the left of the line, it is not likely to be bankrupt whereas it is probable to go bankrupt if it falls to the right. The boundary line, *z* is called the discriminant function, with the form *z* score = a + b1 (current ratio) + b2 (debt ratio). If the *z* score is < 0 there is less than 50% chance of bankruptcy, if *z* score is > 0 the probability of bankruptcy is greater than 50% but if *z* score 0 the company lies exactly on the line and it has a 50% probability within the next 2 years to go bankrupt (Sun et al., 2014). Altman's study showed that MDA used in a sample of corporations predicted corporate failures and bankruptcies with a success rate of 84%. Chen (2011) implied that the Z score significantly predicts financial distress but suggested the use of a two-stage model to take into accounts macroeconomic variables.

After reviewing the literature, it was clear that not only there were very few studies that assessed the relationship between hospital financial distress and patient outcomes, but the amount of limited evidence regarding the validity of various measures of hospital financial distress. While reviewing the studies performed by Bunyaminu and Bashiru (2014), Carlson, Lewis, and Nelson (2014), Mazumder and Miller (2014), Richards (2014), Sun et al. (2014), and Xu et al. (2014), business failure was common within smaller firms. While large companies also fail, governmental intervention and mergers are an alternative to bailing them out. There was a significant relationship between hospital financial distress and patient outcomes. The ability of a smaller company to come out from financial distress depends on its corporate governance

practices, and most of the failed firms showed signs of financial distress long before the failures occurred.

Corporate Financial Distress

Based on a comprehensive analysis of current concepts available in the theoretical literature, the definitions of financial distress falls into three broad categories: event oriented, process oriented, or technical definitions of financial distress. Within the scope of the first classification group, financial distress definition is the default, failure, or bankruptcy. Financial distress is the inability of an organization to pay its financial obligations as they mature. Geng, Bose, and Chen (2014) pointed out that financial distress could have different forms of appearance. Dependent on the type of the event occurring, bankruptcy, bond default, or overdrawn bank account can represent the operational form of financial distress.

Macinati and Anessi-Pessina (2014), Geng, Bose, and Chen (2014), and Child (2013) interpreted financial distress as an event whose occurrence separates the period of a company's financial health from the period of financial illness. Geng et al. (2014) identified two forms of financial distress: default on a debt payment and an attempt to restructure the debt to prevent the default situation. Child (2013) classified a company as financially distressed if the business is implementing restructuring measures to avoid a default. Spruit, Vroon, and Batenburg (2014) criticized a determination of financial distress in terms of a single event. They argued that default not be a financial distress because a company bears the vast majority of losses and other adverse effects during the time preceding default or bankruptcy. Verbano and Crema (2013) defined financial

distress more broadly as a costly event that happened when a company gains an extra access to new capital and bears the costs of maintaining the new capital.

Lin, Yu, and Zhang (2014) determine financial distress in terms of solvency. The authors developed a theoretical model of corporate risk management in the presence of financial distress costs considering financial distress as an intermediate state between solvency and insolvency. A company is distressed when it misses interest payments or violates debt covenants. The transformation from a solvent to an insolvent state happens only on the date of maturity if the terminal value of the company's assets is lower than the face value of debt. Thus, this definition clearly distinguishes financial distress from default and possible bankruptcy. A company can be distressed without defaulting. However, default and bankruptcy are not possible without the preceding period of financial distress. The model by Lin et al. (2014) is similar to the concept of financial distress by Bazzoli, Fareed, and Waters (2014). In study, Bazzoli et al. (2014) showed that financial distress has different financial characteristics than bankruptcy. The features of financial distress is cumulative negative earnings over at least a few consecutive years, losses, and poor performance.

A company in financial distress has the choice to restructure its debt and reach an appropriate level of solvency. The company can merge and disappear as an independent business entity, or file for bankruptcy as a strategic response by the management or owners to financial problems. Jhass (2013) and Bunyaminu and Bashiru (2014) stressed a legal and rather a strategic character of bankruptcy. They criticize the identification of financial distress with bankruptcy procedure because strategic filing for Chapter 11 can

happen even if a company is economically solvent. Filing for Chapter 11 is especially suspicious without going through financial distress beforehand. Reexamining the predictive ability of auditors opinions regarding corporate bankruptcy, Jhass (2013) confirmed this hypothesis and noted that bankruptcy without preceding financial distress is driven rather by management fraud than by a naturally stressed situation. Hence, the concept of financial distress seems to have a significant distinction from the theory of bankruptcy. Unlike filing for Chapter 11, financial distress does not depend on the legal procedure of a single country; it is an initial period of the distress cycle, and it still allows the company to reflect, react, and recover without having to bear the administrative and direct costs of bankruptcy procedure.

The last group of classification of the definitions of financial distress interprets the latter through identification of the main indicators. These indicators are usually used in empirical studies predicting financial distress, analyzing the performance of distressed companies, distressed restructuring, and implications of the national and international legal proceedings on the capital structure of the firm in question. The most important signals of financial distress are the financial ratios of the company. Despite the critique that financial ratios are past-oriented and cannot capture the future dynamics and prospects of the enterprise, they perform well in models predicting financial distress and the probability of default. Edmonstone (2013) identified financial distress when a business experiences losses over at least three consecutive years. Results of empirical analysis of the dividend policy in financial distress show that after a company enters into financial distress, it usually experiences cash flow problems and is unable to pay

dividends. Therefore, rapid and aggressive dividend reductions together with consecutive negative income are an alarming signal of a financial distress situation.

To give brief summary, different approaches to the definition of the term *financial distress* show how versatile, complex, and sometimes even controversial this economic category is. The state of the art in the theory of financial distress is rather to interpret it as dependent on the purpose of research under a particular point of view: financial, operational, or legal, which leads to using this term interchangeably with other similar financial definitions. The theory of financial distress, full of specific mechanisms and anomalies, still needs consolidation, an agreement about the consistent formal usage of similar economic criteria. The modern approach should interpret financial distress as a heterogeneous and dynamic process with diverse characteristics that evoke various economic signals.

Risk Factors Contributing to Financial Distress

Difficulties in measuring financial distress very often lead to an identification problem of whether an individual factor is a trigger of financial distress or rather its consequence. In this section, I will analyze the risk factors contributing to financial distress. The risk factors are either exogenous or endogenous risk factors. The endogenous risk factors usually refer to the internal problems. Therefore, they negatively affect a particular firm or a small number of companies within the same network. The exogenous risk factors are pervasive; they affect all businesses within the market. Adams, Muir, and Hoque (2014) divided all possible causes of financial distress into two groups: internal risk factors and external shocks. Internal risk factors are an attribution to poor

management. Potential forms of the appearance of bad management are the absence of a sense of a need for of change, inadequate communication, overexpansion, unintentionally improper handling of projects, or fraud. Exogenous shocks are independent of managerial skills. They are inefficiencies in regulatory development, turbulences in the labor market, or natural disasters.

Similarly to Adams et al. (2014), but providing more detail in distinguishing between external and internal risk factors, Kash, Spaulding, Gamm, and Johnson (2013) examined the proportion of every risk factor within each group. Kash et al. (2013) revealed five significant sources of external risk: economic change, competitive change, government constraints, social alterations, and technological change. Survey of 81 companies which failed because of external risks shows that about 41% of the companies experience declining performance as a result of bad macroeconomic conditions, 31% of the firms are subject to distress because of a changing competitive environment, 13% face regulatory restrictions on expansions in strategic sectors of the economy, and 15% suffer because of social or technological change. However, the overall survey states that 80% of all cases of financial distress happen because of the management factor, namely managerial incompetence. Verbano and Crema (2013) also reported that the management inadequacy is the primary source of financial distress.

Edmonstone (2013) obtained mixed results on the sources of financial distress. Analyzing leveraged buyouts from 2000 to 2009, he identified a partly cause of financial distress by endogenous problems. The frequency of the incidence of financial distress in his sample shows a positive dependency on periods with an increasing short-term interest

rate. This positive time trend, as well as the observation that many firms failed in those years despite a positive operating performance, are sufficient conditions to assume a causality of exogenous factors in financial distress. Mauro et al. (2013) recognized three reasons why a firm can become distressed. The most significant cause of financial difficulties in sample was poor performance, which is endogenous and responsible for the distress of 56.4% of the companies in the sample. Poor industry performance accounts for 22.2% of all failures and 21.4% fail because of high advantage. Virtue, Chaussalet, and Kelly (2013) obtained similar results on the primary source of financial distress in the study. 76.8% of the firms suffer from purely poor management, 37.5% fail because of a mix of poor corporate governance combined with industrial decline. The role of pure exogenous reasons is surprisingly small in the sample by Virtue et al. (2013) only 9.4% of all firms fail because of poor industry performance.

Financial problems caused by economic shocks tend to be deeper and more severe. A comprehensive analysis of the empirical work on the reasons for financial distress provides evidence that companies can fail for different reasons. The results of empirical investigations depend on the chosen period and the sample of the companies in question; they vary in the cross-section compared to the evaluations on the industry level. However, the review of the literature shows that while in the 1990s financial distress was mostly driven by endogenous risk factors, in the 2000s researchers reported an upward of exogenous sources of financial distress. Adams et al. (2014) offered a possible explanation for this trend: the evolutionary development of corporate enterprises, the change to service-oriented economies and the increase of the governmental regulation,

provoke a shift from endogenous to exogenous causes of corporate failure. Financial distress occurs as a consequence of management's failing ability to control and anticipate negative economic effects on the firm's profitability and future prosperity. In the sample by Adams et al. (2014), unanticipated economic shocks cause about 15 to 40% of all distressed situations.

Sun et al. (2014) and Carlson, Lewis, and Nelson (2014) identified some causes of business failure as economic factors, financial, fraud, and treatment effect of corporate governance. Chen (2011) stated that financial statements do not help in the prediction of any financial distress. Many financial crises occurred in the international marketing arena, such as Enron, Kmart, Global Crossing, WorldCom, and Lehman Brothers. How these financial events affect global business, in particular for the financial service industry or investors has been of public concern.

Sun et al. (2014) stated that financial distress predictions (FDP) act as an important role in the decision-making of various areas, including accounting, finance, business, and engineering. Financial distress can have a detrimental influence on the performance of hospitals. Kim and Partington (2014) stated that hospital management should monitor potential financial distress efficiently and predict a response depending on the severity of the circumstances. Kim and Partington (2014) examined the multiple factors that may explain the financial distress of nonprofit hospitals during 1998 to 2001 and discussed importance. Kim and Partington (2014) assessed the financial distress in two ways. First, using financial strength index to incorporate four financial dimensions including profitability, liquidity, advantage, and physical facilities. Second, cash flow

(CF) addressed the issues of accrual-based accounting in hospitals. The results of this study indicated that there is a connection between the decrease in occupancy rates, the increase in Medicaid payer mix, health maintenance organization penetration, market competition, physician supply, and the financial distress of urban hospitals.

Ramamonjiarivelo et al. (2014) stated that public hospitals operate in more challenging environments than private hospitals. Such environments put public hospitals at greater risk of financial distress, which may result in privatization and deterioration of the safety net. Ramamonjiarivelo et al. (2014) conducted a study to investigate the connection between financial distress and privatization among public hospitals. The findings of the study were public hospitals in financial distress had greater odds of being privatized than public hospitals, not in financial distress.

Uğurlu (2013) stated that operating profitability related negatively with distress and has the highest effect on the likelihood of distress. Liquidity decrease is the second most important determinant of distress for cash-constrained firms. Uğurlu (2013) said the governance variables have a weaker effect on distress. Group-affiliated firms have a lower likelihood of distress, and globalization reduces distress in all models. Reducing investments and increasing diversification raises the probability of failure in equity constrained firms. Evidence documents that the risk of distress is the most important determinant of diversification.

Borrajo, Baruque, Corchado, Bajo, and Corchado, (2011) conducted a study with the purpose of developing innovative tools that can help small to medium sized enterprises predict business failure as well as financial crises through the presentation of

a hybrid intelligent system aiming at monitoring the financial operation module of the companies and predicting possible failures. Borrajo et al. (2011) implemented a system using a neural-based multi-agent system that models the different actors of the companies as agents.

Bunyaminu and Bashiru (2014) conducted a study using a combination of quantitative and qualitative models to predict business failure. Quantitatively, they used Factor Analysis (FA), which reduced the dimensionality of the data by adopting a notable qualitative A- score, suggesting that business failure processes follow three predictable sequences: defects, mistakes made, and symptoms of failure. Bunyaminu and Bashiru (2014) used the Generalized Linear Modelling (GLM) technique that skips and/or relaxes the use of the normality assumption test employed by the general linear models. Symptoms of failure were financial signs, creative accounting, non-financial signs, delayed capital expenditure, and terminal signs.

Cohen, Naoum, and Vlismas (2014) investigated the relationship between intellectual capital (IC) with the strategy of small-medium enterprises (SMEs) and executive decisions regarding IC portfolio during a financial crisis. The analysis performed on the responses of 162 Greek SMEs on a structured questionnaire. Greek SMEs developed an appropriate research setting noting that the operation was within an environment of economic recession, financial turbulence, and operational uncertainty. Cohen et al. (2014) stated that the practical implications of the study had two parts: managers should consider that intellectual capital seems to be a strategic enabler during

times of financial crisis, and experts tend to follow different recommended literature on executive decisions.

Hautsch, Schaumburg, and Schienle, (2014) developed a study to examine the realized systemic risk beta. This measure uses financial contributions to systemic risk given network interdependence between the tail risk exposures of firms. The study was conditional on statistically pre-identified network access effects and market in addition to balance sheet information. Hautsch et al. (2014) found individual banks in the financial crisis of 2007-2009 indicated that a cross-sectional dependence between assets and credit exposures have the ability to cause risks and build up a substantial crisis for the stability of a complete financial system. Risks in one company have the capacity to spill over into other companies causing isolated problems without accounting risks.

The recent recession had a profound effect on all sectors of the U.S. economy, including health care. Bazzoli, Fareed, and Waters (2014) examined how private hospitals fared through the recession and considered how changes in financial health may affect ability to respond to future industry challenges. Bazzoli et al. (2014) categorized 2,971 private short-term general medical and surgical hospitals (nonprofit and for-profit) according to pre-recession financial health and safety-net status, and then examined operational status changes and operating and total financial margins during 2006-11. The researchers found hospitals that were financially weak before the recession remained so during and after the recession. The total margins of nonprofit hospitals declined in 2008 but returned to pre-recession levels by 2011. The recession did not create additional fiscal pressure on hospitals that were previously financially weak. However, both groups

continue to have notable financial deficiencies that could limit abilities to meet the growing demands of the industry.

Holmes, Pink, and Friedman (2013) compared the financial performance of rural hospitals with Medicare payment provisions to those paid. The authors estimated the financial consequences of the elimination of the Critical Access Hospital (CAH) program. Holmes et al. (2013) collected the financial data for 2004-2010 from the Healthcare Cost Reporting Information System (HCRIS) for rural hospitals and used the data to calculate measures of the profitability, liquidity, capital structure, and financial strength of rural hospitals. Linear mixed models accounted for the method of Medicare reimbursement, time trends, hospital, and market characteristics. The findings were CAHs had lower unadjusted financial performance compared to other types of rural hospitals, but after adjustment for hospital characteristics, CAHs had higher financial performance. Based on the findings, special payment provisions by Medicare to rural hospitals are vital determinants of financial performance.

The summary of the risk factors contributing to financial distress within the last 20 years falls into two groups: exogenous risk factors versus endogenous risk factors. The most prominent internal sources of financial distress are bad management, poor operational performance, and high advantage. External reasons for financial distress are economic shocks, overcapacity and structural changes, deregulation of the key industries as well as natural disasters. Sometimes researchers take a wrong path by oversimplifying the real reasons for financial trouble. However, it would be wrong to draw a line between the two groups of factors. Even if managerial incompetence represents the most frequent

causal factor of entry into financial distress, the reasons in many cases are mixed, interrelated, and should be analyzed in all complexity.

Dimensions of Financial Distress

The dynamic nature of financial distress varied while moving in and out of financial trouble, the company passes through separate stages, each of which has specific attributes and, consequently, contributes differently to corporate failure (Trotta, Cardamone, Cavallaro, & Mauro, 2013). Changes in financial conditions affect the transition from one state of financial distress to another. If financial conditions become aggravated, the company will face bankruptcy; if the performance of the company improves, it has a chance to overcome its financial difficulties and recover without defaulting. Therefore, an analysis of the corporate failure should exploit three main dimensions: behavior over the period, the effect on different financial states, and the performance at various distress stages (Virtue, Chaussale, & Kelly, 2013).

The behavior over the period covers the period from the first signs of slight deterioration in performance through accelerated impairment down to the deepest point and subsequent recovery. The financial distress cycle is the behavior over the period (Fuxiu, Bing, & Jicheng, 2013). The determination of the average length of the failure process is inapplicable because of difficulties in the measurement of the onset of financial distress. Ex-ante predictions are unable to estimate the date when bankruptcy occurs by more than three years in advance (Saxby, 2013). Predicting default more than three years before bankruptcy significantly reduces the accuracy of the forecasting models. An ex-post analysis of financial distress shows that the first observable signs of the deterioration

of corporate health appear five to six years prior to bankruptcy (Parry, Mumford, Bower, & Watts, 2014). The existence of earlier signs of declining performance is unobservable, fragile, mostly of strategic and not of a financial nature and, therefore, difficult to measure. The financial managers usually ignore these factors because of low significance. Adverse developments become observable about one to two years before default when the company becomes severely distressed. It takes two to three years after default to restructure the debt of the company and achieve a pre-distressed level of performance (Spruit, Vroon, & Batenburg, 2014).

Financial states represent the second dimension of the corporate failure process. The fall of business into distress usually happens because of a shift in liquidity. However, a reduction of liquid resources does not necessarily have an adverse influence on a firm's solvency position (Trotta et al. 2013). Typically, in the early stages of financial distress the company continues to be solvent, which makes it difficult to recognize the existence of negative processes in the enterprise. Deepening financial distress triggers the illiquidity of the firm's assets; the value of the firm deteriorates below some lower threshold. In this case, the financial state of the company is not stable anymore (Fuxiu et al., 2013). Since financial distress does not necessarily lead to default, also in this period the company remains solvent that implies that it is possible that its financial position will improve before the date of maturity of the debt (Bazzoli, Fareed, & Waters, 2014).

The distressed but solvent state has different characteristics than the solvent one. The accelerating fall in value emphasizes an increasing role of the advantage in the detection of a possible transformation to insolvency. The change in financial status to the

insolvent state happens on the date of maturity when the company defaults on repaying its debt. The legal consequence of this event is bankruptcy. A transformation or the return to the solvent state is only possible after successful completion of distressed debt restructuring (Jhass, 2013).

Financial Distress and Organizational Performance

To conduct a quantitative case study, Yin (2014), designed a case study that involved the use of multiple sources of data to explore case specifics. Yin (2014) stated that there are six potential sources of data. These are documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts. In this study, I will focus on two sources of data as the key components of my data collection technique. I will use the facility archival financial records to estimate the facility financial value to predict any possibility of financial distress.

Valuation is the process of estimating the amount for which an asset should exchange hands between willing parties in a transaction, wherein the parties had acted knowledgeably, prudently, and without any compulsion (Dutta, Lawson, & Marcinko, 2013). According to Dutta et al. (2013), valuation is mostly required for investment, accounting, insurance, taxation, and rating purposes. Ramamonjiarivelo et al. (2014) considered the market price and asset in the financial markets as the best measure of value. However, it would be difficult to value firms or assets not listed in financial markets (Mecaj & Bravo, 2014; Rudasingwa, Soeters, & Bossuyt, 2014).

There are several concepts of value including book values, market values, intrinsic and fair values, or economic value that serve as a foundation for valuation

models in investment analysis. Chen, Chidambaran, Imerman, and Sopranzetti (2014) distinguished between book value and market value. Haugen defined book value as the accountant's estimation of the value of equity holdings in a firm based on the historical cost. The problem with book value is that it does not reflect future growth prospects. The economic value of an asset is the present value of the expected cash flows (Chaudhuri & De 2011; Li & Sun, 2012). The economic value should equal market value, which reflects the price investors are ready to pay for the asset and reflects the characteristics and growth prospects of the asset (Li & Sun, 2012; Pereira, 2014).

For the purpose of business valuation, Li and Sun (2012) defined asset valuation as the estimation of an asset's value based on variables perceived to be related to future investment returns or comparisons with similar assets. According to Li and Sun (2012), there is a difference between liquidated value and going-concern value. A liquidated value is dissolving the current value of a corporation today without taking into account future cash flow expectations. It is what remains after deducting total liabilities from total assets. A going-concern value is the value of the firm under the assumption that the corporation will continue to maintain its business activities into a near future.

A firm's fair value is the price at which assets would freely change hands between a willing buyer and a willing seller. The assumption is that the purchaser and the seller are not under any influence of compulsion to buy or sell the asset (Li & Sun, 2012). As a result, fair value differs from market value, determined by the aggregate market participants. Behavioral finance theorists believe that prices are psychologically and emotionally influenced, and as such do not reflect the true value (Aloy & Afred, 2014;

Caixe & Krauter, 2014). Fundamental values determine a firm's fair or intrinsic value by considering the firm's financial, management, operating characteristics, and growth prospects.

There are several fundamental valuation models used to estimate going-concern values of a company including the use of price multiples such as price-to-earnings ratio, price-to-sales ratio, price-to-book value, price-to-cash flow ratios, and discounted models (Caixe & Krauter, 2014; Li & Sun, 2012; Pereira, 2014). Using P/E for illustration, if P/E for a firm is $10.00 per share, and average earning per share (EPS) is 4, the equity price is estimated to be $40.00 and if shares outstanding is 100,000, then the firm value is $40.00 × 100,000 shares or $4 million (Caixe & Krauter, 2014; Li & Sun 2012). According to Pereira (2014), the total value of a firm relates to earnings and accounting methods. The problem with price multiples method of valuation is that they measure the relative value, and it is influenced by accounting choices and standards (Dadfar, Dahlgaard, Brege, & Arzaghi, 2014; Li & Sun, 2012).

For fixed income securities, it is appropriate to use fixed interest payments instead of the dividend (Caixe & Krauter, 2014; ElBannan & ElBannan, 2014). It is useful for valuing companies that have a consistent dividend policy. The use of DDM, however, becomes problematic for corporations that do not pay dividends. Again, if the investor is an institution such as a pension fund or mutual fund with the intention of influencing or controlling the business, the DDM is not appropriate because the dividend is not the only source of payments (Li & Sun, 2012). It is possible to modify the constant growth assumptions in the model to account for dividend policy and growth rate changes.

Free cash flow (FCF) models use cash flow available to shareholders after deducting operating expenses, interest payments, and investments in working capital and fixed capital (Li & Sun, 2012; Pereira, 2014). Free cash flow models are appropriate to use if the business does not pay dividends or if dividends cannot be predicted (Li & Sun, 2012). If the company has negative cash flows over the valuation period, it is not appropriate to use the model.

Pereira (2014) implied a positive relationship between stock prices of firms and positive cash flows as management increase dividend payouts to stockholders. Pereira (2014) stated that if management fails to increase dividend payouts and spend free cash flow on unprofitable investments and perquisites, the free cash flow model predicts a fall in stock prices. The problem with the discounted valuation model including dividend and free cash flow models is that it is hard to forecast accurately streams of cash flows over the long-term.

Residual income (RI), defined as earnings in excess of required rate of return on financial investment, may also be used to value equities (Chaudhuri & De, 2011). Chaudhuri and De reported that economic value added (EVA), and market value added (MVA) based on residual income are useful in asset valuation. However, economic value added is superior to market value added. RI is appropriate to use if the company is not dividend-paying or has negative free cash flows within the time horizon of investment analysis, and if it is hard to determine the terminal value of the equities. The RI model uses book values plus expected economic value added to the firm. Therefore, terminal equity values are less useful in the evaluation process (Li & Sun, 2012).

Aloy and Afred (2014) used complexity theory and behavioral finance issues to discard the valuation, models. Aloy and Afred (2014) argued that the result of complex market behavior and difficulty in forecasting input variables momentum indicators should be used to value equities. Momentum indicators are a form of technical analysis and reject market efficiency hypotheses and fundamental analyzes.

After reviewing the literature pertaining to the financial valuation, there are several concepts of value, including book values, market values, intrinsic and fair values, or economic value that serve as a foundation for valuation models in investment analysis (Chen, Chidambaran, Imerman & Sopranzetti, 2014). I concentrated on the firm's book value and the going-concern value to value and predict the firm's financial standing under the assumption that the corporation will continue to maintain its business activities into the near future.

Transition and Summary

Section 1 consisted of the foundation of the study. I provided a background of the problem with an emphasis on the potential relationship between four perspectives: financial perspective, customer perspective, business process perspective, and learning and growth perspective and financial distress. I also offered a problem statement defining the magnitude of the problem and the general and concrete scope of the study.

Further, I noted the purpose of this explanatory qualitative case study was to explore the strategies that health care leaders need to assess the risk of financial distress in the southwest United States. In addition, I outlined the research questions that I used to guide the study. I chose a qualitative case study design. I matched my explanatory

interests and research questions to this design, as it was suitable for research involving the investigation of participants' perceptions and observations regarding the problem. I also offered a discussion concerning why this method and design were superior to other options in light of my purpose and research questions.

Finally, I provided several other elements for orientation to the foundation of my study. I outlined the conceptual elements of strategic management theory and the competing values framework. I then provided a list of operational definitions used in the study. I offered an account of my perceptions and observations of the issues under study to define my assumptions, as well as the limitations and delimitations of the research. I provided an outline of the business and social effect I hoped to achieve because of the work, followed by a review of the relevant literature.

In Section 2, I discuss the research project, including a review of the study's purpose, my role in the project, an overview of the participants including a description of characteristics and my justifications for selecting them, the ethical considerations in the study, and finally, an overview of my data collection and analysis procedures. In Section 3, I present the findings and implications of my research. This includes an overview of the data collected, applications to the professional practice, implications for social change, and recommendations for action, personal reflections, and opportunities for future research.

Section 2: The Project

In this section, I focus on understanding the factors contributing to financial distress in the health care business. This section includes detailed information concerning the research method and design, population, data collection procedures, and data analysis techniques. Also included is a discussion of the means for assuring the study's validity and reliability and methods for maintaining confidentiality

Purpose Statement

The purpose of this qualitative single case study was to explore the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability. I interviewed 10 health care leaders and analyzed data records at a primary care organization in central Texas that experienced poor performance but prevented financial distress and improved organizational performance for sustainability. Understanding the criteria that contribute to financial distress may provide the health care leaders with understanding required skills to maintain a competitive advantage and increase profitability without experiencing financial distress (Edward et al., 2011). The implications for social change include the potential to improve sustainability, promote organizational growth and profitability that may lead to new employment opportunities, and promote prosperity for local families and the community.

Role of the Researcher

Data collection is the process of systematically gathering and analyzing information. Systematically gathering and analyzing the data enables a researcher to answer the stated research questions, test hypotheses, and evaluate the outcomes

(Emanuelson & Egenvall, 2014). Pezalla, Pettigrew, and Miller (2012) noted that the role of a researcher in a qualitative case study is to explore the experiences of participants. In qualitative research, a researcher becomes the primary research instrument (Granot, Brashear, & Motta, 2012). For this research study, I was the primary instrument. Accurate collection of data is essential to maintaining the integrity of the study (Pezalla et al., 2012). The semistructured interview was the secondary instrument.

I conducted my study at a health care facility in central Texas. Establishing a relationship between researchers and participants is critical to qualitative research (Corbin & Strauss, 2014). There was no professional relationship between the prospective study participants and myself. I have worked in health care management positions for the last 19 years.

As a researcher, I must respect the participants and treat them ethically in line with the guidelines provided in the Belmont Report protocol. The protocol in the Belmont Report consists of three basic ethical principles of research: respect for persons, beneficence, and justice (Rodrigues et al., 2013). There are three applications of ethical principle: informed consent, assessment of risks and benefits, and the selection of subject. My research process, concerning ethical considerations, involved several aspects. I gave a formal consent form to each prospective participant outlining essential study components. I stated in the form that potential participants would be able to withdraw from the study at any time. The process of withdrawal would require participants to email a written response to me stating the desire to withdraw from the study.

In the process of collecting significant quality data for my research questions, researchers must put aside any bias and minimize the potential damage (Holloway & Biley, 2011). Avoiding bias is challenging in the research process because the researchers like to favor evidence supporting their own beliefs, referred to as confirmation bias (Malone, Nichol, & Tracey, 2014). Malone et al. (2014) warned against introducing another form of bias in an attempt to eliminate a particular bias. To mitigate bias, I followed the interview protocol with all participants and made every effort to ensure that the interpretations of the results were from the participant's observations and experiences through member checking.

In a qualitative study with interviews, it is important for the interviewer to create an interview protocol (Jacob & Furgerson, 2012) in line with Belmont Report protocol. I chose semistructured interviews for the interview protocol. Conducting semistructured interviews enables a researcher to develop follow up interview questions, which enables the creation of interpretive context (Reuben & Bobat, 2014). Turner (2010) recommended following the same interview techniques for all study participants. Therefore, I created my own interview protocol and used the same interview techniques and procedures for all research participants.

Participants

May and Perry (2014) recommended the selection of experienced participants who have an interest in positively affecting the research. A researcher must define the eligibility criteria for participants (Hillhouse et al., 2012) to ensure alignment with the research question. A researcher can define eligibility requirements by ensuring that

participants are knowledgeable about the research topic and have knowledge of the research topic (Scher et al., 2011). Elo et al. (2011) stated that the study participants must meet specified criteria. Only health care leaders who experienced poor performance but prevented financial distress and improve organizational performance for sustainability participated in the study.

Gaining access to participants is critical for any research study (Keshavarz, Ftahikenari, Rohani, & Bagheri, 2014). Linking participant's interests to the study's potential is important to gain access to participants (May & Perry, 2014). Gaining access is not a simple task and it requires a combination of strategic planning, hard work, and luck (Neale, Miller, & West, 2014). To obtain access to recruits, I sent the potential participants an e-mail introducing the research study and the reason for the research. There was a follow up phone call to discuss the purpose of the study with potential participants.

Hirschberg, Kahrass, and Strech (2014) noted that trust have a critical role in establishing a working relationship with participants and their decision to participate in the study. Supplying the participants with informed consent will help gain participants' trust and support and increase the research validity (Bristol & Hicks, 2014; Scianni, Teixeira-Salmela, & Ada, 2012). Some of the strategies for establishing a working relationship with participants include recruitment, retention, and linking participant's interests to the study's potential (May & Perry, 2014).

In the initial contact e-mail with participants, I outlined the purpose of the study, participant eligibility criteria, research timeline and process, informed consent based on

the ethical principle of the Belmont report, privacy protection, and invitation to participate in the telephone interview process. Birasnav (2014) recommended a successful criterion would ensure that the participant will deliver the project scope, timeline, and benefits expected in the original project plan. Based on the recommendations of Birasnav, I invited and interviewed 10 participants from central Texas health care business sector to answer the central research question of my study.

Research Method and Design

Research Method

In this study, I used a qualitative research method to explore the strategies that health care leaders use to assess the risk of financial distress to avoid financial distress and enhance performance in the southwest United States. Qualitative research is appropriate and effective in obtaining specific information about the values, opinions, behaviors, and social contexts of particular populations (Applebaum, 2012). Sharpley and Bitsika (2014) indicated qualitative research may help to understand the *what* and *how* of a research question with the associated antecedents of *who* and *why*. Beck (2014) stated that the perspective of leaders is important to assess the risk of financial distress. Therefore, I used the qualitative method to understand the strategies that health care leaders need to assess the risk of financial distress. Morrisey et al. (2014) stated that the qualitative research method is beneficial in articulating the perceptions and experiences of the research participants.

Alwin (2013) indicated a researcher’s objective using the quantitative method is to confirm hypotheses about phenomena, to quantify variation, and to predict causal

relationships. Quantitative approaches are ideal for testing hypotheses (Miner-Romanoff, 2012), and useful for examining relationships among variables (Alwin, 2013). Researchers use quantitative approaches when deductive reasoning is necessary (Anastas, 2014). Because testing hypotheses and examining relationship among variables are not the purpose of this study, the quantitative approach was not appropriate for this study.

Greckhamer and Cilesiz (2012) stated that the mixed-method approach is a combination of the qualitative and quantitative research methods. Researchers using the mixed-methods approach combine quantitative and qualitative approaches when data from a single method cannot provide sufficient insights to understand a phenomenon (Yin, 2012). The mixed-methods approach includes data collection, analysis, and a combination of quantitative and qualitative facts (Koskey & Stewart, 2013). Because of the quantitative component, the mixed method approach was not appropriate for this study.

Research Design

Applebaum (2012) noted qualitative research is an interpretive approach of human science. Some of the most popular qualitative study designs are: (a) phenomenology, (b) case study, (c) narrative, (d) historical, and (e) heuristic (Rennie, 2012). For this particular study, the explanatory case study approach was most appropriate because researchers use the explanatory case study to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. In evaluation language, researchers would use the explanations to link program implementation with program effects (Yin, 2012).

Sharpley and Bitsika (2014) defined the case study as a detailed intensive report about a particular person, group, or business over a period. Rresearchers using the case study design explore cases through observations, personal interviews, and data records analysis in a detailed, in-depth-collection process (Rohrer, 2014). Sharpley and Bitsika (2014) indicated that researchers conduct an explanatory case study when the goal is to understand and explain the *what* and *how* of a research question or phenomenon with the associated antecedents of *who* and *why.* I used the explanatory case study design for this study because I wanted to explore the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability.

Other qualitative approaches, such as phenomenological study, narrative research, and ethnography were not appropriate designs for the proposed study. Brinkmann et al. (2014) stated that the researchers using the phenomenological approach focus on the lived experience of participants to generate new ideas during the study. Through phenomenology, researchers seek to understand the experiences of the participant rather than the relationships between antecedents, consequences, or outcomes of the event (Kanngieser et al. , 2014). The phenomenological approach was inappropriate for this study because the purpose of this study is to explore a complex phenomenon at a single organization by interviewing knowledgeable professionals. The narrative design was inappropriate for this study. Leedy and Ormrod (2013) noted that researchers are using narrative research to focus on the organization of human knowledge more than data collection and interpretation. For that reason, the narrative research design was not appropriate.

Data saturation occurs when data becomes repetitive (Morse, Lowery, & Steury, 2014; Tavakol & Sandars, 2014). Hirschnitz-Garbers and Stoll-Kleemann (2011) demonstrated saturation with more than 10 case informants. Data saturation occurs when no new data add findings or themes (Bowen, 2008). Marshall and Rossman (2011) stated that additional interviews might be required to assure the researcher achieved data saturation. I continued to interview participants until data become repetitive.

Population and Sampling

My population choice for this qualitative case study was one health care organization with at least 500 employees in central Texas. The sample size for this study was 10 leaders who included: (a) three medical directors and one (b) chief financial officer, (c) chief operations officer, (d) Patient care support manager, (e) clinical documentation manager, (f) director of clinic operations, (g) human resources manager, (h) and research and development director, who experienced poor performance, but prevented financial distress and improve organizational performance for sustainability.

I used a purposeful sampling method. Purposeful sampling is ideal when researchers seek to understand events or issues from the perspective of subject experts with similar characteristics (Perla & Provost, 2012). The utilization of purposeful sampling is appropriate for qualitative research because a researcher selects participants who can help address the objectives of the study (McCabe, Stern, & Dacko, 2013). Failure to select suitable participants affects the reliability and validity of the findings (Barry, Chaney, Piazza-Gardner, & Chavarria, 2014).

The sample size for qualitative research is an important aspect of gathering information (Hanson, Balmer, & Giardino, 2011). Sampling provides benchmarks for assessing if the study is valid (Cao & Hoffman, 2011). In general, qualitative researchers should recruit at least 10-15 participants (O'Reilly & Parker, 2013). Robinson (2014) noted that the purpose of selecting 10-15 participants is to ensure there are sufficient data to conduct the study. Suri (2011) noted 10-15 participants for a case study are sufficient to obtain rich data to understand the organizational problems. For that reason, selecting 10 leaders of central Texas health care business aided me in gaining a clear and concise understanding of the strategies that health care leaders use to improve organizational performance.

According to Yin (2014), data saturation is a critical concern in qualitative case study designs. Data saturation occurs when data becomes repetitive (Morse, Lowery, & Steury, 2014; Tavakol & Sandars, 2014). Hirschnitz-Garbers and Stoll-Kleemann (2011) demonstrated saturation with more than 10 case informants. Data saturation occurs when no new data add findings or themes (Bowen, 2008). Marshall and Rossman (2011) stated that additional interviews might be required to assure the researcher achieved data saturation. I continued to interview participants until data become repetitive.

The setting for interviews is also important to the rigor of the research project (Earp, Mitchell, McCarthy, & Kreuter, 2014). Yin (2014) argued that case studies should take place within the natural settings of cases. For that reason, and according to Rapley (2014), the research occurred in the natural settings of the facility.

Ethical Research

Conducting research in an ethical manner is a researcher's obligation to comply with the guidelines provided in the Belmont Report protocol. There are three elements to consider in ethical research: informed consent information, decisional capacity, and voluntarism. Securing an appropriate sample of eligible participants and ensuring informed consent is a high priority for the study and would result in successful research outcomes. Recruitment and retention of eligible participants support research validity (Bristol & Hicks, 2014; Scianni et al., 2012).

Participants had the option to withdraw from the primary research at any point. To withdraw from the study, participants had the option to email me a written response stating the desire to withdraw from the study even after agreeing to participate, at which time I thanked them and terminated the interview. There was no payment for participation in the research. The protection of participants becomes a topic identified by the global community as critical to the security of the participants to maintain professional positions (Bell & Waters, 2014). Cugini (2015) identified the protection of the participants is highly important.

Respect for people entails autonomy and protection (Corbin & Strauss, 2014). As a researcher, I acknowledged participants' autonomous capability or diminished autonomy without posing any threat to them. While collecting significant quality data for my research questions, I put aside any bias, and minimized the potential damage (Holloway & Biley, 2011). To mitigate bias, I followed the interview protocol with all

participants and made every effort to ensure that the interpretations of the results were from the participant's observations and experiences through member checking.

It is important for participants to understand the potential risks and benefits by participating in a research study (Cook & Hoas, 2014; Schrems, 2014). I provided each participant with an informed consent form in person and via e-mail, outlining essential study components. The consent form included the purpose of the study, procedures for the interview process, and confidentiality safety measures. Most important, I stated in clear and concise language that participants’ consent is voluntary and they could withdraw from the study at any time. Potential benefits and risks outlined in the consent form consist of, the nature of the collected information, data collection method, and participants’ privacy. I did not exclude any prospective or actual research participants based on attributes such as race, sex, age, culture, or mental or physical disability.

The study is a nonclinical study, and in no way includes processes or procedures that could potentially compromise participant health or safety. Extreme care and protection is necessary to secure research data containing personal information. This protection includes password-protected files for electronic storage. Retention of research data adhered to the business regulations of the state of Texas, including all videos, audios, notes, and data obtained from interviewing participants. The research data are secured separately from the study documents adding additional confidentiality safeguards. A locked home office file cabinet secures all paper-based research data for five years until destroyed through shredding.

The collection of data on electronic devices contains a secure password to protect the confidentiality of the participants. Private or confidential information will remain private, and I did not attribute the commentary from the individual participants, as member's identity and confidentiality protection are critical. A researcher has to assure each participant that proper safeguards are in place to prevent accidental disclosure of the study sensitive data (Pletcher, Lo, & Grady, 2015). Confidentiality is vital for both the participants and the organization in the study. To protect the names of the participants and the organization, I assigned a letter code for each participant (P), followed by a number (Participant 1= P1). The codes ranged from P1 to P10, representing 10 participants and the name of the organization will remain unknown to the reader.

Data Collection Instruments

Houghton, Casey, Shaw, and Murphy (2013) contended that researchers are the primary data collection instrument in the case study. Researchers make numerous decisions throughout the process, inherently affecting the trajectory of the study (Houghton et al., 2013; Yin, 2014). In this study, I served as the primary data collection instrument. For this study, I used semistructured interviews to explore the strategies of how health care leaders prevented financial distress and hospital closures. Researchers conducting semistructured interviews can efficiently collect data and mitigate substantive misunderstanding (Aampbell & Scharen, 2013). Participant interviews are critical sources of data in case study designs that enable a researcher to create a dialog with case actors to extract thematic data for accurate case representation (Yin, 2014). Researchers use

interviews as a data collection technique to ensure the focus remains on the topic (Baškarada, 2014).

I also used archival records. According to Phillips, Kenny, Esterman, and Smith (2014), case study design involves the use of multiple sources of data to explore case specifics. Yin (2014) stated there are six potential sources of data, including documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts. Most scholars agree that qualitative data collection techniques include various forms of interviews, observations, textual data, or even data from previous qualitative inquiries (Miner-Romanoff, 2012; Onwuegbuzie et al., 2012).

I used an interview protocol (Appendix A) to ensure the face-to-face interview is successful and to ensure asking the participants the same questions systemically. Conducting interviews is advantageous for researchers because of the opportunity to establish rapport with participants, and thereby obtaining their perceptions about the research topic (Yin, 2014). The qualitative interview method is a technique researcher employ to capture people's experiences and to comprehend how they give meaning to those experiences (Rabionet, 2011). The interview session commenced with greetings and introductions followed by giving the participants a hard copy print out of the signed consent form letter for their records. It is important for participants to understand the potential risks and benefits by participating in a research study (Cook & Hoas, 2014; Schrems, 2014). Using an interview protocol (Appendix A) enabled me to reduce inconsistencies in the data collection process with each participant by ensuring that each step in the interview process is consistent. I provided the participants with information

regarding the member checking procedures that researchers use to ensure the reliability and validity of the data.

Harper and Cole (2012) stated that the member checking is a quality control process through which a researcher seeks to improve the accuracy, credibility, and validity of the recorded research interview. Member checking is the process of giving participants the opportunity to clarify and correct erroneous interpretations after the interviews (Miner-Romanoff, 2012). Andraski, Chandler, Powell, Humes, and Wakefield (2014) stated that another kind of member checking occurs near the end of the research project, by giving the transcript and report to the participants to review for the authenticity of the work. After conducting the interviews, I used the member checking strategy to enhance the reliability and validity of the data collection process. I interpreted the participants'' responses from the interviews and allowed the participants to confirm or correct my interpretations of responses provided during the interview.

I used an interview protocol (Appendix A) to ensure asking the participants the same questions systemically. The interview protocol is essential to guide the participant's dialogue and interaction (Draper & Swift, 2011; Erickson, 2014). Researchers use the focused interview format in case study research to probe participant perceptions and observations concerning components of an issue or event previously established (Yin, 2014).

Data Collection Technique

The qualitative data collection process begins with the selection of the data collection format (Draper & Swift, 2011). The data collection process will include two

data collection techniques. The primary source of data for my study came from semistructured interviews, and the secondary sources of data included archival evidence. I conducted the semistructured interview with health care directors and managers from central Texas, with each manager having, at least three years of experience. According to Yin (2014), interviews are the most important case study information source, and by the integration of the interviews and the supplemental materials, triangulation can occur.

Yin (2014) recommended asking participants open-ended interview questions to give participants the freedom of expression and opportunities to share views and experiences. During the interview, I took notes of the participant's facial expressions and voice tones in a reflective journal. I audio recorded all interviews, kept detailed notes, and then transferred the content from the notes to the Microsoft Excel and Microsoft Word. Doody and Noonan (2013) suggested recording each interview to ensure the maximum transference of participant responses and to enhance the eventual data analysis process. The second source of data is documents related to the firm's archival records such as budgets, and personnel records.

The advantages of using the semistructured interview are: (a) the ability of researchers to predefine interview questions according to the theoretical underpinnings of research (Yin, 2014), (b) researchers use the interview protocol guide to keep the interview relatively confined to the theoretical focus of the study (Draper & Swift, 2011), (c) the ability of researchers to cover all of the items needed for the research (Blair, Czaja, & Blair, 2013), and (d) participants may not deviate from the objective of the study (Doody & Noonan, 2013).

The disadvantages of using the semistructured interviews are researchers: (a) do not allow participants to develop the conversation around themes (Draper & Swift, 2011), (b) do not enable the participant to recount information as experienced in the event (Seidman, 2012), and (c) do not permit the flow of the interview process to continue unconstraint (Bryman, 2012).

For qualitative case studies, Yin (2014) recommended the use of secondary data such as company archives. Collecting documentation and archival records are advantageous because participants may provide access to company information that is not available in public records (Bryde, Broquetas, & Volm, 2013). The disadvantages of using secondary data collection techniques are that the information may be outdated, incomplete, or inaccurate (Doody & Noonan, 2013). Although the use of secondary data source had disadvantages, the advantages of requesting supporting documentation enabled me to access data that I could not otherwise obtain. According to Yin (2014), interviews are the most important data collection source for case studies and by the integration of the interviews and the supplemental materials, triangulation can occur.

I used a field-testing with two health care leaders to assess the adequacy of the semi-structured interview questions after the IRB approval (Approval number 06-23-16-0407944). Denscombe (2014) stated that it is important for the researcher to field test the research questions using a small number of respondents to ensure the appropriateness and comprehension of the research questions. After the interviews, I asked the participants to confirm my interpretations. Harper and Cole (2012) stated that member checking is a quality control process through which a researcher seeks to improve the accuracy of the

interpreted data. Member checking includes going back to the participants to confirm the researcher's interpretation of responses to the questions (Marshall & Rossman, 2011). During the member checking process, participants confirm whether the researcher interpreted the information that participants conveyed during the interview correctly (Chang, 2014).

Data Organization Techniques

In qualitative studies, a significant concern is the data organization process (Davidson, 2012). Green and Thorogood (2013) suggested using an easy retrieval system to organize data for analysis and to adapt pre-defined categories during the analysis phase if required. After transcribing the interview, I organized the data using word processing and spreadsheet software, saved each interview as a separate file according to the date of the interview, and stored it within one designated folder on my personal computer. I used a rolling coding process, which included the following: (a) identifying units of meaning according to the word table categories relating to each theoretical proposition, (b) establishing initial in vivo codes based on participant responses, and (c) organizing these codes by color and extract the main key themes based on the analysis procedure. Chenail (2012a) suggested color-coding each key theme to keep the potentially large number of themes organized. Following the recommendations of Chenail (2012a), I listed each theme on a spreadsheet; color coded each key theme and the associated subthemes, and organized both sub-themes and key themes in the spreadsheet.

In creating a research project, it is important to create a secure storage repository for all raw data collected for the research project (Richards & Morse, 2012). While

conducting a case study project, researchers should create a formal database to increase the reliability of the study and allow other investigators to review collected evidence (Davidson, 2012). The database of collected data from notes, documents, tabular materials, and narratives is necessary to document evidence and increase transparency (Yin, 2014). I kept and organized all physical elements associated with each interview in a physical file for electronic filing procedures, then organized the physical files according to the association with either interview events or thematic descriptions. I transferred all electronic files to a compact disc, stored this disc and all physical files associated with the research in a locked safe at my home for a predetermined period of at least five years, and I will destroy all data at the end of this retention period.

Data Analysis Technique

Data analysis is a process researchers use to arrange, evaluate, and interpret all information from the data collection process (Yin, 2014). The five steps process recommended by Yin (2014) while conducting qualitative data analysis includes compiling, disassembling, reassembling, interpreting, and concluding. The data analysis process begins with researchers compiling all data (Yin, 2014). During the second step, scholars disassemble the collected data into manageable fragments (Yin, 2014). In phase three, researchers create codes and clusters (Yin, 2014). After creating the relevant themes, the data interpretations begin (Yin, 2014). The final step of the data analysis process requires that researchers make conclusions from the interpretations from stage four (Yin, 2014).

I used methodological triangulation to validate data during the data analysis process. Miles et al. (2013) suggested using more than one method for gathering data for the research study. Triangulation refers to crosschecking data from multiple sources to produce accurate results for certainty in data collection (De Massis & Kotlar, 2014). Triangulation is the process of aligning multiple perspectives that may lead to a comprehensive understanding of the phenomenon (Denzin & Lincoln, 2011). Newman and Covrig (2013) stated that researchers using methodological triangulation add confidence into the aspects of the study by demonstrating the unity that existed between research questions and the thematic identification process.

According to Denzin and Lincoln (2011), triangulation can occur through the use of multiple data sources, multiple methods of data collection (individuals, focus groups), multiple data collectors (a minimum of two interviewers), multiple data collection points (same participant interviewed several times over a defined period), or multiple theories (utilizing theories from various disciplines). The four types and definitions of triangulation include (a) data (time, space, and persons); (b) investigator (multiple researchers); (c) theoretical (using more than one theoretical theme to interpret the phenomenon); and (d) methodological (more than one method to gather data such as interviews, observations, and documents) (Denzin & Lincoln, 2011). I conducted methodological triangulation in this study via three data collection sources, including semi structured interviews, company archival records such as accounting records, company surveys with employees and patients, and the field notes to validate data during the data analysis process.

After data collection and post member checking, triangulation of the interview data and company documentation occurred, then analyzing the study results based on the (a) coded transcripts, (b) detailed notes, and (c) company documentation. Chenail (2012b) stated that effective data analysis begins with a focus on blocks of meaning rather than approaching the data from a line-by-line perspective. While themes might exist within individual lines of code, themes might also exist within multiple lines of text or even paragraphs of data (Chenail, 2012a). According to Rowley (2012), researchers should use qualitative data analysis software to reduce errors during the data analysis process. The resource of greatest value in the data analysis process is data processing software (Chenail, 2012b). Miles, Huberman, and Saldana (2013) indicated that NVivo is an effective tool for identifying key themes, coding, and mind-mapping data. Edwards-Jones (2014) stated that researchers could use NVivo to generate themes in seconds while reducing human error during the coding and theme selection process. Rowley (2012) recommended the following process of analyzing data: (a) organize data (b) get acquainted with the data, (c) classify, code, and interpret the data, and (d) present and write up the data. The first step in the data analysis process was to review the completed interviews; Appendix A includes the interview protocol. The next step was to code the interviews, and look for themes. In this study, after the interview process, I entered the field notes and the archival organizational accounting records that included company surveys with employees and patients into Microsoft Word and used the NVIVO 11 Pro for Windows software to import the information from the recording device and word documents. The using of this software allowed me to explore themes and identify patterns

emerging in the study. The themes emerged included *organizational performance, continuous learning, focus strategy, and customer satisfaction.* Successful coding resulted in topics that aligned with the theoretical constructs of the study including (a) aspects of financial performance, (b) customer satisfaction, (c) business process and (d) learning and growth. Yin (2014) asserted successful coding ties responses to the theory. The second step of data analysis was to review the company archival records. Terms, coding and themes, in the company records that matched interview terms enhanced the interview method triangulation. The data aligned and supported the interview responses. If the data did not align, nonalignment would have defined opportunities for further exploration analysis. I concluded the final step of the data analysis process by making conclusions from the final emerging themes.

Chan et al. (2013) stated that the justification for research lies in the ability of the researcher to correlate themes that emerge from data with theory and existing literature. According to Yin (2013), relating the themes to the study framework is one data analysis strategy. Castleberry (2014) suggested coding commences when certain [triggers] from the literature review identified during the interview. Through data analysis, themes emerged that are similar to the constructs of organizational performance, continuous learning, focus strategy, and customer satisfaction as emerged from the body of literature. The keywords located in the literature review, strategies, organizational performance, sustainability, financial distress, business process, and learning and growth, served as the levers, as suggested by Marshall and Rossman (2015), to form triggers or researcher generated categories during the interviewing process (Castleberry, 2014; Yin, 2013).

Researchers can identify key themes by searching the data for word frequency (Castleberry, 2014; Yin, 2013). Clustering and analyzing the collected data assisted in developing themes across the conceptual framework.

Validity and Reliability

The researchers can substantiate the dependability, credibility, and accuracy of the findings when data are reliable and valid (Barry, Chaney, Piazza-Gardner, & Chavarria, 2014). Research is reliable when results are valid when the findings include an accurate representation of the studied phenomenon (Gilbert, Jackson, & di Gregorio, 2013).

Reliability

For a study to be dependable, researchers should evaluate the whole context with transparency, fostered from design alignment, rigorous sampling, and data analysis (Daigneault & Jacob, 2013). Dependability is a strategy researchers use to ensure reliability in qualitative research (Harper & Cole, 2012). Turgut (2014) defined reliability as the assurance another researcher can duplicate the original research findings. Reliability can be in the form of documenting the research procedures so other researchers can repeat the study by following the steps documented. Proper documentation of research procedure provides repeatability of the research study (Turgut, 2014). I documented the procedures for tape recording interviews, taking interview notes, and interviewing participants. Consistently following the research method will increase reliability in the study (Turgut, 2014).

In qualitative studies, scholars can use member checking and transcript review to strengthen the reliability and validity of the research findings (Yin, 2014). Member

checking includes going back to the participants to confirm the interpretation of responses to the questions (Marshall & Rossman, 2011). Member checking can build trust between participant and interviewer and potentially opens participants up to offering more information on the phenomena after the interview process (Marshall & Rossman, 2011). Member checking is the process of giving participants the opportunity to clarify and correct erroneous interpretations after the interviews (Miner-Romanoff, 2012). Andraski, Chandler, Powell, Humes, and Wakefield (2014) stated that another kind of member checking occurs near the end of the research project, by sharing the interpretations of the participants' responses with participants for validation. After conducting the interviews, I used the member checking to enhance the reliability and validity of the data I collected from the interviews. I met with the participants the day after the interviews and gave participants the opportunity to confirm or correct my interpretations of responses provided during the interview to ensure accuracy.

Validity

The qualitative researchers use credibility, transferability, and conformability to validate the study. Thomas and Magilvy (2011) suggested that credibility, transferability, and conformability bring an element of *truth* to qualitative research. Daigneault and Jacob (2013), Sondhi (2011), and Wilkerson, Iantaffi, Grey, Bockting, and Rosser (2014) stated that qualitative researchers use the terms credibility, trustworthiness, or quality as substitutes for validity. To ensure validity, I used member. I validated data for accuracy by asking the participants to confirm my interpretations of responses provided during the interview.

Credibility is the degree to which individuals perceive a message believable by the individual receiving the message (Aguirre & Bolton, 2014). Researchers' interpretations and accurate representations of participants' views ensure credibility in qualitative studies (Houghton et al., 2013). A qualitative study is credible when individuals share the same experience immediately recognizing the descriptions of human experiences (Cope, 2014). Prolonged engagement, triangulation, and member checking are valuable to enhance credibility of a study (Yin, 2011). To ensure credibility, I recorded the interviews and used member checking to validate the data from the interviews. I validated data for accuracy by asking the participants to confirm my interpretations of responses provided during the interview.

Transferability is a reference of the findings that can apply to other settings or groups (Cooperrider, 2012). Fusch (2014) indicated that transferability is different, as others will determine value and applicability to other environment. Elo et al. (2014) described transferability as the ability to apply the findings of one research study to another setting. Houghton et al. (2013) confirmed that scholars use transferability to refer the transfer of the findings from the completed study to another similar context or situation while still preserving the meanings and inferences. A qualitative researcher can enhance transferability by doing a thorough description of the research context and limitations (Frels & Onwuegbuzie, 2013). Providing a thorough description allows readers and future researchers to decide whether the findings of a study are transferable to another context (Cooperrider, 2012). Threats to transferability in qualitative research derive from the researcher's failure to provide a generous description of the research (Elo

et al., 2014). High quality results, reporting of the analysis process and clear descriptions of participants and research context contribute to readers and future researchers' ability to evaluate if the findings apply to another context (Elo et al., 2014). Since I explored the effective strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability in east Texas, the boundaries of this study might affect the transferability of the findings to other sectors and geographical locations. To ensure transferability of my study, I provided a detailed description of the participants, research context, and data analysis process.

Aguirre and Bolton (2014) described confirmability as a degree of neutrality in the study findings shaped by the participants and the researcher's interest. I assured confirmability through member checking, documentation of procedures for checking and rechecking the data during the data collection process, and through recording all personal feelings, biases, and insights. Most important, I followed, instead of leading the interviews by asking participants for clarity of definitions, metaphors, and sayings. Marshall and Rossman (2011) noted that member checking enables a researcher to share data and interpretations with participants to ensure the integrity, trustworthiness, and accuracy of the findings. Reviewing the data for accuracy after analysis and interpretation of data can decrease the incidence of incorrect information (Marshall & Rossman, 2011). To increase the confirmability of the study, I followed the steps suggested by Frels and Onwuegbuzie (2013), including (a) participants' confirmation of the interview questions interpretations, and (b) the correlation of these interpretations with literature and the conceptual framework.

Data saturation occurs when participant responses become repetitive (Morse, Lowery, & Steury, 2014; Tavakol & Sandars, 2014). According to Yin (2014), data saturation is a critical concern in qualitative case study research. Bowen (2008) stated that data saturation occurs when no new data add findings or themes. Hirschnitz-Garbers and Stoll-Kleemann (2011) achieved data saturation with more than 10 case informants. Marshall and Rossman (2011) stated that if the sample size is small, additional interviews might be required to assure the researcher achieved data saturation. For that reason, I continued to interview study participants until data become repetitive, no new information emerged and no further coding is feasible. For this study, data saturation occurred at interview 10.

Transition and Summary

In Section 2, I noted that the purpose of this explanatory qualitative case study was to explore the strategies that health care leaders use to assess the risk of financial distress in the southwest United States. I utilized the qualitative method to understand the strategies that health care leaders need to assess the risk of financial distress. Morrisey et al. (2014) stated that the qualitative research method is beneficial in articulating the perceptions and experiences of the research participants. The explanatory case study design was an appropriate approach for this study because it allowed the exploration of the strategies that health care leaders needed to assess the risk of financial distress, and to understand the factors contributing to financial distress. Furthermore, I included a discussion of my role as a researcher, the research participants, the ethical considerations of the study, and the data collection and analysis techniques.

In Section 3, I presented the findings of this study. The findings included a detailed description of the analysis of the semi-structured interview responses of the participants, the documents review, the themes that emerged, and comparison of the findings with other peer-reviewed studies from the literature review. In addition, in Section 3 I provided a detailed discussion on the applicability of the findings on the professional practice of business and the implications regarding tangible improvements to individuals, communities, organizations, or institutions as the findings could affect to social change.

Section 3: Application to Professional Practice and Implications for Change

In this section, I discuss (a) the overview of the study, (b) presentation of the findings, (c) applications to professional practice, (d) implications for social change, (e) recommendations for action, (f) recommendations for further study, and (g) reflections. This section concludes with my reflections stemming from completing the study and with my conclusions.

Introduction

The purpose of this explanatory qualitative single case study was to explore the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability. The primary research question was: What strategies do health care leaders use to prevent financial distress and improve organizational performance for sustainability? I conducted in-depth interviews with leaders (totaling 10) who experienced poor performance but prevented financial distress and improved organizational performance for sustainability.

Other sources of data used were organizational performance track indicators, archived organizational records on the department's performance, and archived organizational records on customer satisfaction. Before the interviews, participants reviewed and signed consent forms. Each interview lasted 60 minutes, and all interviews occurred at the participant's place of business. I assigned the participants numbers from 1 through 10. For instance, P1 represented Participant 1 in the organization. The findings showed methods that the managers used to prevent financial distress in their organizations and improve organizational performance. In this section, I discuss (a) the

overview of the study, (b) presentation of the findings, (c) applications to professional practice, (d) implications for social change, (e) recommendations for action, (f) recommendations for further study, and (g) reflections. This section concludes with my reflections stemming from completing the study and with my conclusions.

Presentation of the Findings

The overreaching research question that guided this study was: What strategies do health care leaders use to prevent financial distress and improve organizational performance for sustainability?

I transcribed the interview data and ensured that the interview transcripts and audio recordings matched. Reading transcripts while listening to interview recordings ensures the transcripts accuracy of the interviewees' words and meaning (De Massis & Kotlar, 2014). I used the NVIVO 11 Pro for Windows for analyzing, coding, data triangulation, and theme extraction. The interview data contained elements that revealed that some strategies improved organizational performance and enabled the detection of financial distress at a health care organization in central Texas. Upon the conclusion of the data analysis, three themes emerged:

- Effective leadership improved organizational performance.
- Training, skills development, and continuous learning improved performance.
- Customer focus strategy increased customer satisfaction.

Theme 1: Effective Leadership Improved Organizational Performance

Effective leadership improved organizational performance was the first theme that emerged from exploring the participants' responses. The participants articulated that

effective leadership is important to strategy development and improving the organization's financial performance. Participant 1 stated, "Effective leadership improved the performance of the organization." Participant 3 mentioned, "I am happy that the organization's leaders use effective leadership skills to improve the organization's performance." Another participant (P4) expressed, "Particular leaders use their effective leadership skills and organizational assessments to ensure that the organization's performance levels are stable." Participant 2 said that effective leadership provides a successful environment for improving organizational performance. Participant 5 noted that the organization's financial performance increased after the leadership started managing properly. Some participants stated that of the many effective leadership skills, effective communication is one of essential strategic leadership skills that contribute to improving the organization's performance (P1, P4, P7, P8, P9, and P10). Participant 1 revealed that effective communication leadership leads to superior performance within an organization. The rest of the participants articulated that effective leadership is important to strategy development and improving the organization's financial performance (P6, P7, P8, P9, and P10). Effective leadership skills such as effective communication skills improved the organizational performance were consistent with the findings of Kim and Partington (2014), who also found that effective communication leadership led to the superior performance of an organization and concluded that effective leadership is essential to both strategy development and organizational performance (Kim & Partington, 2014).

According to some participants, a leadership commitment is an effective strategic leadership skill that contributed to the organization's performance (P2, P3, P5, and P6). When asked about the positive outcomes from using the identified strategies for improving organizational performance, some participants mentioned that a committed management team with effective leadership skills sets the direction and evaluates the performance of the organization (P1, P3, P5, P6, and P9). Highlighting leadership commitment as an effective strategic leadership skill is consistent with the findings of Meena and Thakkar (2014). The authors found that the leadership commitments improve the leadership skills and the performance of the leader (Meena & Thakkar, 2014). Specifically, participants P1 through P10 mentioned that creation, inspiration, and effective communication are essential leadership skills that senior management and directors must exhibit to enhance the health care business performance. These findings are consistent with the findings of Richards (2014), who concluded that effective leadership is essential to both strategy development and performance.

While the participants at the health care center deliberated about the positive outcomes of effective leadership skills, they considered the negative outcomes of poor leadership as well. Participant 7 stated, "Poor leadership has several negative outcomes. Poor leadership affects the way the business makes money; shareholders lose their funds, and employees lose their jobs." Additionally, Participant 6 revealed that an organization that has corporate leaders who are reckless will fail the organization. Another participant (P3) indicated that ineffective leaders affect the financial performance of the health care business; they can fail or promote the organization at their end. Concurring with this

notion, Participant 4 emphasized that ineffective leaders can influence the organization's performance in a negative way when there is an issue of personal interest. Participant 1 indicated that poor leadership might be the result of a leader's conflict of interest that has the potential to affect a business performance negatively. The findings that poor leadership negatively impacts business performance are consistent with the findings of Tarigan and Widjaja (2014) who also found that leaders and board of directors need effective decision-making skills to make safe decisions that contribute effectively to the strategic plan of the organization.

The participants talked about the attributes of successful leaders on business performance. Participant 1 noted that in situations when corporate leaders are honest, transparent, and professional in dealing with the institution they manage, the business is often successful. Another participant (P7) stated that professional and transparent leaders set the example by aligning actions with integrity and values and by creating a spirit of community, which increases the communication levels within the organization, and improves the overall performance. According to various participants, integrity, honesty, and leading by example are the most successful attributes of successful leadership (P2, P3, P4, P6, and P9). Participant 5 noted that integrity is an attribute of successful leaders. Adams, Muir, and Hoque (2014) addressed the attributes of successful leaders on business performance. The authors found that the appearance of weak performance attributed to bad management, the absence of a sense of a need for change, inadequate communication, overexpansion, unintentionally improper handling of projects, and fraud. Theme 1 relates to Robert Kaplan and David Norton (1992) BSC. Mazumder and Miller

(2014) communicated that the organization' performance is dependent on the leadership performance. Effective leaders work in the best interest of the business to maximize the investors' wealth (Mazumder & Miller, 2014). In the context of this study, poor leadership impedes performance.

To gain an understanding of the organization's financial performance, I reviewed the organizational archived data on financial performance from 2010 to 2015. Figure 1 reflects the organization's performance from 2010 through 2015.

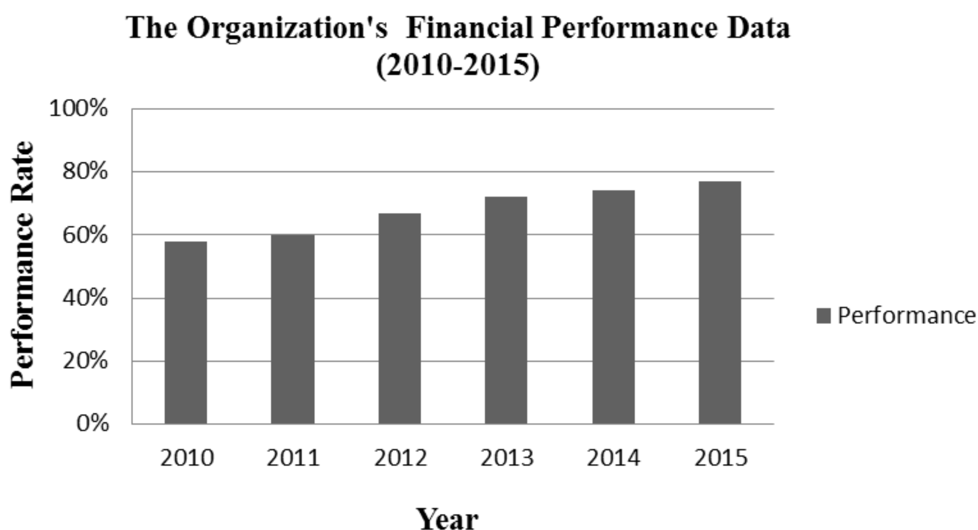

Figure 1. Data on financial performance (2010–2015).

The data in Figure 1 shows that the financial performance levels have improved gradually from 2010 over the next five years. The data in Figure 1 shows that the performance in 2010 was 58%. In 2011, the performance was 60%, which is an increase of 2%. In 2012, the performance was 67%, which is an increase of 7%. In 2013, the performance was 72%, which is an increase of 5%. In 2014, the performance was 74%, which is an increase of 2%. In 2015, the performance was 77%, which is an increase of

3%. The overall growth in financial performance was 19% over the period from 2010 to 2015. The growth in the financial performance signifies how well management is managing the organization's resources. It is a demonstration on how long it takes the organization to pay off its accounts payable and receive payments (Chidambaran, Imerman & Sopranzetti, 2014).

Theme 2: Training, Skills Development, and Continuous Learning Improved Performance

Training, skills development, and continuous learning improved performance were part of the second theme that emerged from exploring the participants' responses. Participant 1 stated, "Continuous learning increased some of my co-worker's productivity and performance." Another participant (P8), expressed, "After leadership had implemented continuous learning programs, employees' commitment, and productivity levels increased." Participant 4 mentioned that because of the constant training activities that leadership implemented, employees' job skills improved as well as their overall job performance. Along those lines, Participant 3 stated, "In general, the health care organization leadership used continuous learning programs as an instrument to increase employee productivity and motivation." Mentioning continuous learning, Participant 10 noted, "The continuous learning programs implemented reinforce the organization's leadership core values of commitment, improvement, quality, pride, and integrity. I am grateful to gain new knowledge and skills while improving my performance." On the same topic, Participant 7 stated, "Continuous learning helped our personnel to update their skills, remain marketable in the workplace, and improve their overall performance."

Some participants expressed that the continuous learning process is essential because it enabled employees to develop and refine their skills to increase productivity for the organization's day-to-day operations (P2, P5, P6, and P9). The findings related to continuous learning programs that improve employee's performance are consistent with the findings of Rosenberg and Ferlie (2014) who also found that continuous learning leads to business performance success. Rosenberg and Ferlie (2014) noted that by implementing new procedures and improving employee skills, continuous learning and growth might enhance firm value, investment performance, and productivity.

The participants articulated how continuous training and learning is important to improve organizational performance. Four participants articulated that the continuous training and skills development programs implemented by the health care organization leadership did not simply improve the employee performance, but the programs enabled management to improve the organization's business performance (P3, P5, P7, and P9). Participant 8 stated, "Leadership implemented a key component of the continuous learning system with a variety of learning methods, including classroom training, mentoring, and participation in workshops to improve organizational performance." Participant 2 mentioned that involving personnel in constant training activities improved employees' skills to handle job responsibilities. Subsequently, employees' focused on accomplishing objectives while increasing the organization's business performance using skills learned from training. According to Participant 1, "The productivity and motivation of our employees are essential to improving organizational performance and providing quality services to the community we serve." Participant 4 noted that a proactive

approach to employee skills development is essential to business success to maximize performance. Participant 6 stated, “I would encourage business leaders to implement a comprehensive training system like our leadership did, to take their businesses to the next level and achieve higher productivity and profits.” To improve the organization performance, leadership started engaging employees in organizational strategies, applying lifelong training programs that helped in improving the organization’s overall performance (P1 through P10).

Krishnan et al. (2014) found that incorporating the learning and growth perspective in the performance measurement, through employee engagement, training, and robust corporate culture yields both individual as well as corporate performance improvements. Furthermore, the authors concluded that when trained, employees’ skills might improve and an organization’s performance and productivity could increase. Theme 2 relates to Robert Kaplan and David Norton (1992) balanced scorecard model theory. Meena and Thakkar (2014) communicated that the learning and growth perspective of the BSC aligns closely to employees and organizational performance; specifically, continuous training and skills development improve or impede performance. In the context of this study, continuous training and skills development improved performance. The managers that implement continuous learning programs might ensure better performances of the employees and the organization (Meena & Thakkar, 2014).

When asked what the most effective strategies for improving organizational performance were, Participant 1 indicated:

I start working for this company in 2010, and the organization's performance and financial standings were low for five years because of lowering the productivity expectations. It was to the point that the board members were ready to close the business because some of the members felt that a weak performance would lead to losing not just employees but also the business. However, since 2015 our performance levels have improved because implementing continuous training programs and score matrix programs.

To gain a better understanding of the organization's performance, I reviewed the organizational archived data on performance rates by the department from 2010 to 2015. Figure 2 reflects the organization's five years (2010-2015) performance rates by the department.

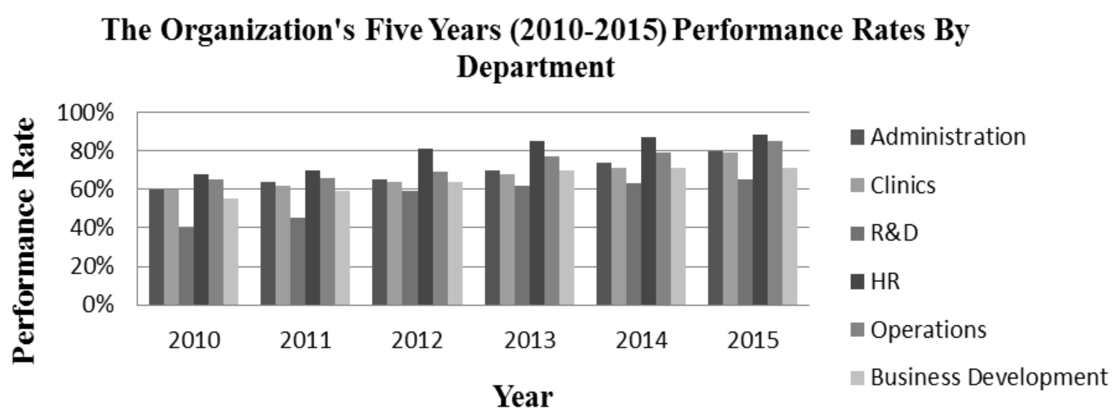

Figure 2. 5-year (2010–2015) performance rates by department.

The data in Figure 2 shows that the overall organizational performance levels were poor but have improved gradually over the course of the five years. This is improvement is due to implementing continuous training programs, the use of current performance and score matrix programs, the increase in the degree of the effective

communication, and the increase in the commitment leadership level. The data on Figure 2 shows that the human resources department scored the highest performance rate over the course of five years, particularly in 2015. Conversely, this occurred while the Research and development department scored the lowest performance rate over the course of five years. It appears that the organization gave more attention to leadership (administration), employees (HR), and customers (clinics) than research and development, which was reflected in a slight increase in performance over the 2010-2015 period.

Theme 3: Customer Focus Strategy Increased Customer Satisfaction

Customer focus strategy increased customer satisfaction was the third theme that emerged. At the health care center, Participant 1 stated, “The outcomes of implementing a customer-focused strategy are; building long-term revenue through winning customer trust, attracting new customers, and maximizing operational performance.” Participant 8 stated, “Embedding a proven customer focus strategy might create long-term customer retention and long-term revenue. Every business might have unhappy customers; companies with the best customer service could still lose some of their customers to competitors.” Continuing with that theme, Participant 5 mentioned that using a customer focus strategy might increase customer satisfaction and retention, which might increase a company’s profitability. Another participant (P7) stated, “We implemented a customer-focused strategy to demonstrate an unwavering commitment to service excellence, increase customer satisfaction and loyalty, and to sustain profitability. Participant 2 stated, “Our focus is to achieve a 100 percent customer satisfaction rate. Training our

employees to apply the principles of a customer focus strategy is our top priority to improve organizational performance." Six of the participants articulated that using a customer focus strategy to measure customer satisfaction might reduce the number of unhappy customers (P3, P4, P5, P7, P9, and P10). Monitoring and improving patient-focus care led to improvements in the levels of customer satisfaction and financial profitability and concluded that there is a significant relationship between hospital financial performance and patient satisfaction (Emami & Doolen, 2015).

The participants articulated how customer satisfaction is important to improve the organization's performance. Participant 1 mentioned, "The leadership team wanted to address the issues with customer satisfaction effectively while improving the overall performance of the organization." Another participant (P10) stated, "Customers are looking for maximum satisfaction when spending their money. Some customers complain when they receive bad service, and some don't waste time complaining because they just take their business elsewhere." Participant 9 mentioned, "Customer satisfaction, sales performance, and customer retention rates are performance indicators for effective strategies." Along those lines, Participant 7 stated, "When customer satisfaction rates drop below 60%, it is a serious indication of a weak performance." Participant 5 revealed that the main indicator of customer dissatisfaction is a poor customer retention rate over consecutive years. Continuing with that theme, Participant 2 said, "Customers make their buying decisions based on their level of satisfaction and service perceptions, not by my perception. Improving the knowledge of customer satisfaction and buying decisions could improve the organization's business performance." Four of the participants

expressed that maximizing patients' satisfaction levels are a crucial component to remain competitive in the health care industry (P3, P4, P8, and P9). The findings that customer satisfaction is important to improve the organizational performance are similar to the findings of Verbano and Crema (2013) who also found that customer satisfaction led to the superior performance of an organization and concluded that the three key prominent performance indicators are customer satisfaction, sales performance, and customer retention rate.

The leadership at the health care center selected customer focus strategy to improve customer satisfaction and organizational performance. When I asked the participants what strategies are most effective in improving organizational performance, Participant 1 indicated, "Before deciding on which strategical programs to implement, leadership started the process by reviewing the status of the firm. Leadership developed performance plans based on customer focus principles that could lead to improving the overall performance of the organization."

Participant 3 stated, "Adopting the customer focus strategy was an excellent decision. Using the customer focus strategy reduced the dissatisfaction rate, increased customer satisfaction, and improved the financial standings of the business." Participant 2 explained, "Customer satisfaction survey is an important tool of the customer focus strategy. As leaders, we use this tool to see how we can improve customer satisfaction while increasing organizational performance." Another participant (P6) stated," The customer focus strategy is the most efficient strategy for improving the organizational performance. While applying this strategy, we have to challenge ourselves to compete

with customers' expectations, and that is the fun part about implementing this strategy." The other participants mentioned that a customer focus strategy contributes to a good reputation, retaining customers, attracting new customers, and improving an organization financial and business performance (P4, P5, P5, P7, P8, P9, and P10). The findings are consistent with Erbasi (2014) who also found that patient-focus care has a positive influence on patient satisfaction and business performance and described patient-centered care as patient satisfaction. Theme 3 relates to Robert Kaplan and David Norton (1992) balanced scorecard model theory. Meena and Thakkar (2014) communicated that the customer perspective of the BSC aligns closely to customer focus strategy. Leaders incorporate the customer satisfaction in the performance measurement by utilizing a customer focus strategy to improve corporate performance and enhance the organization financial stability (Meena & Thakkar, 2014). In the context of this study, utilizing customer focus strategy increased customer satisfaction rate and enhanced the organization financial stability.

Figure 3 reflects the organization five-year customers' satisfaction rates from (2010) through (2015).

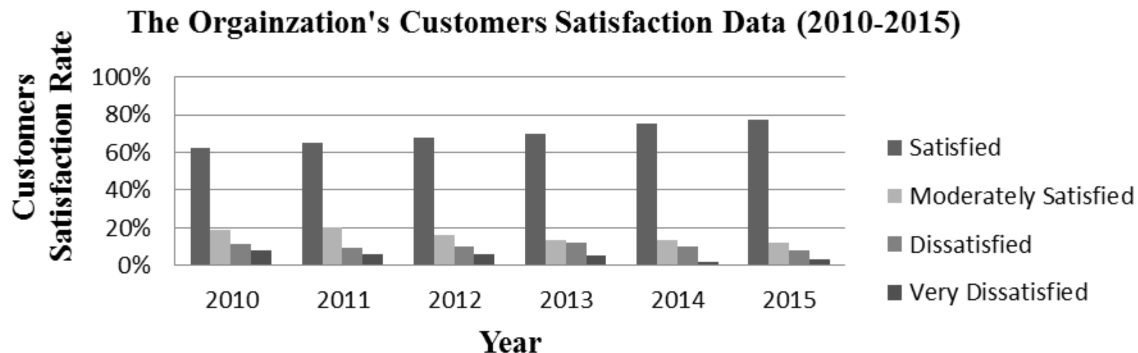

Figure 3. Data on customer satisfaction (2010–2015).

The data in Figure 3 shows that the satisfied customer criteria scored the highest rate over the course of the years from 2010 to 2015, while the very dissatisfied exhibited the lowest rate over the course of the years from 2010 to 2015. However, the data show a slight and constant increase in the satisfaction criteria on a yearly basis, a slight increase, and then a constant decrease in the moderately satisfied criteria, a slight and constant decrease in the dissatisfied criteria, and a constant decrease in the very dissatisfied criteria. The constant decrease is an indication of the effectiveness of the employed customer focus strategy. Reviewing the customer satisfaction data demonstrated that the organizational leaders concentrated on building long-term revenue through winning customer trust, attracting new customers, and maximizing operational performance.

Applications to Professional Practice

Health care facilities performance is dependent upon an organization's mission, vision, and associated goals (Manoni et al., 2014). Due to the complexities of health care services, investigating the quality, productivity, financing, and outcomes of health care services is essential to informing providers, consumers, and decision-makers about

health-related issues (Keeley et al., 2014). Health services researchers examine the health care costs, processes, and the performance of health services so administrators can improve a clinic’s productivity (Lech, 2013). By exploring the strategies that health care leaders use to prevent financial distress and improve organizational performance, health care leaders may consider the findings as effective strategies for financial sustainability and enhance the performance results of the organization. Understanding the factors that contribute to financial distress may provide health care leaders with the required knowledge to maintain a competitive advantage and increase profitability without experiencing financial distress (Bristol & Hicks, 2014).

I conducted this qualitative case study to explore the strategies health care leaders use to prevent financial distress and improve organizational performance. The interviews and study archival data provided information on the potential benefits of effective leadership, continuous training, and customer focus strategies. Based on data collected, all participants affirmed that there were previous issues with (a) strategy awareness, (b) funds availability, (c) customer satisfaction, (d) sustainable operation, (e) training, and (f) measurement systems before the implementation of a performance management model. Overall, the health care organization leadership made a commitment to implement a performance management model that is effective in detecting financial distress to enhance the organization’s performance.

The findings in this study may provide business professionals strategies to improve organizational performance and maximize productivity and profitability. Furthermore, the findings might contribute to altering business practices of managers in

different industries for the development, implementation, and utilization of performance management systems to improve organizational performance. Health care organizations might use the instrumental findings from this study in assessing the consequences of financial distress and organizational performance. Additionally, the directors could use the implementable information from this study in designing, implement strategic approaches to improving performance, and maximize profitability. Finally, the information stemming from this study might provide an approach for viewing performance management models as a mean to improve overall organizational sustainability through proper stakeholder, management, and employee's engagement.

Implications for Social Change

Mounting financial and political pressures ensued for public hospital leaders to survive in an increasingly competitive health care market and constrained budgetary environment (Needleman & Ko, 2012). The urban public hospital services account for more than 23% of emergency visits, provide 63% of burn care, and 40% of trauma care in metropolitan areas, the loss of urban public hospital services may disrupt regional services (National Association of Public Hospitals and Health Systems, 2014). Because of hospital closures, local populations experienced poorer overall health, delays in obtaining needed care, reduced access to specialty care, and increased travel distances (Bazzoli et al., 2012). Implementing a strategic approach and performance management system can be beneficial for managers because the pressures of funds availability can directly affect the organization's performance and manager's anxiety (Anastas, 2014). Implementing a performance system promotes a sense among managers that they have

the ability to manage work-related responsibilities, and this option contributes to less occupational stress and burnout (Lech, 2013).

Adams, Muir, and Hoque (2014) promote social change by providing organizational leaders and business professionals with insight on the effectiveness of their strategies and policies, as well as selecting strategic approaches that align with their business goals and objectives (Birasnav, 2014). Furthermore, vast numbers of leaders desire to be successful in their profession, which ultimately draws them into situations where they are working longer hours and experiencing mounting financial and political pressures (Needleman & Ko, 2012). The implications for a positive social change include a better understanding of the effectiveness and importance of some strategic performance programs, their effect on various outcomes in the workplace, as well some strategic performance programs contributions in predicting financial distress, reducing budget constraints, and improving overall business performance. Equally important, health care leaders may consider the findings from this study that may add to the body of knowledge that could generate significant information to support social change, such as the improvement of access to health care services, new employment opportunities, and the promoting of prosperity for local families and the community.

Recommendations for Action

The intent of my research was to explore the strategies that health care leaders use at one health care location in central Texas to prevent financial distress and improve organizational performance for sustainability. The findings provided evidence of the association of the management strategies and organizational performance. Managers

underutilized the financial, training and skills development, customer focus strategies and the risk assessments programs, and this was for a variety of reasons (e.g., confidentiality of job positions, bad experiences, skepticism, and no interest).

As the findings revealed, the issue of organizational performance and stability was so significant that the business developed and deployed strategies to reduce the chances of financial distress. The implementation of a performance management system was the first step that illustrated that the business cared about translating the company's vision and strategy into tangible implementation (Meena & Thakkar, 2014). However, leaders' awareness was key in improving (a) organizational performance, (b) customer satisfaction, (c) service quality, and (d) productivity (Darvish et al., 2012; Erbasi, 2014; Kordnaeij et al., 2011; Wu, 2012). For these reasons, I recommend that organizational leaders and business professionals complete financial risk assessments as a part of an ongoing effort to ensure the efficient, effective, and responsive delivery of the strategic programs and services to improve performance. The goal of these assessments is to focus exclusively on evaluating areas where the business may be experiencing financial obstacles that affect the performance and disrupt daily operations.

Culture is unique for every organization and could be about management performance, financial performance, business process, and ongoing training. In other words, culture is an observable, powerful force in any organization and is comprised of beliefs, behaviors, and shared values (Shahzad et al., 2013). Therefore, organizational leaders and business professionals should create and sustain a healthy corporate culture to achieve its mission objectives. To that end, these assessments should focus on factors that

are internal to the organization, which impede or contribute to less than optimal performance. Overall, the purpose of these assessments is to help facilitate a thriving internal environment for organizational success. Equally important, it is important that organizational leaders and business professionals implement sound strategies for improving the financial performance by aligning the corporate culture, activities, and processes. In this sense, organizational leaders and business professionals should ensure that they clearly define, effectively communicate, monitor, and execute strategies throughout all levels of the organization. Organizational and business professionals should build management commitment illustrating that they are genuinely concerned about their managers' opinions on work issues that may affect daily operations. Furthermore, organizational leaders and business professionals identify barriers to business performance by conducting surveys to gain an understanding of exactly what is getting in the way of performance. Understanding the barriers to managers' overall performance could guide fiscal responsibility regarding the allocation of resources.

As the researcher, I am personally committed to informing organizational leaders and business professionals of the findings from this study as they relate to organizational practices. In general, organizational leaders and business professionals play a significant role in helping to assess and enact where appropriate, business strategies that maximize performance, while addressing service quality and customer satisfaction. For this reason, organizational leaders and business professionals can review the information in this study and consider its potential efficacy for designing, implementing, and monitoring the effectiveness of appropriate strategic programs for improving performance, stability,

productivity, and reducing the risk of financial distress. My goal is to publish the findings of this study for the broader audience. I will submit the findings of this study to the following professional journals: (a) *Total Quality Management & Business Excellence*, (b) *Journal of Management & Strategy*, and (c) *International Journal of Current Research*.

Recommendations for Further Research

This study on the strategies that health care leaders use to prevent financial distress and improve organizational performance for sustainability at a health care organization is important to business practices. The results from this study come from a single health care business in a rural area. For this reason, I recommend conducting a similar case study at other health care businesses with different demographics. Thorough investigations could take place to study if the issues of financial distress at the health care organization in central Texas occur at other health care organizations. Furthermore, researchers might use those findings to compare the views of managers and leaders from this study to analyze similarities and differences with administrators' perspectives at other types of organizations.

Equally important, researchers could explore additional strategies and programs with the intent of establishing innovative ways of assessing business needs and measuring the effectiveness of the strategic measurement programs. Effective strategic measurement programs may help health care leaders examine new ways of strategic planning (Lupi et al., 2011). The comprehensive approaches may allow an organization to take a cohesive

approach to meeting strategic initiatives, as compared to a pillared system of independent goals, which do not relate to one another (Tarigan & Widjaja, 2014). I also recommend that future researchers investigate the role of organizational board members.

Reflections

Although I learned from my experience about strategies and performance, I realized that it is far more efficient to learn from other people's experiences because I could learn something new if I sufficiently allocate the necessary time to listen and observe carefully. For this reason, my role in this qualitative explanatory case study was to gather data without bias. In this sense, my role as the researcher was to comprehend and learn about manager's views and experiences as well as present the findings and recommendations in an organized, ethical, and objective format (Marshall & Rossman, 2011). The experience of dealing with a patient with a rural health care organization, at times, can be frustrating because of the bureaucracy, antiquated technology, and fewer resources. The experiences of (a) executive directors, (b) director of clinic operations, (c) chief financial officers, (d) human resource directors, (e) chief operations officer, and (f) patient care support manager reinforced my view on how businesses tend to underestimate the extent to which effective strategies contribute to better organizational performance.

Summary and Study Conclusions

The results from the case analysis revealed the association of the organizational performance strategies used by the health care leaders to detecting financial distress and improving performance. While not surprising, the BSC model surpassed any other

programs as having the perceived highest ranking in detecting financial distress and improving organizational performance. With the rapid changes and uncertainty in the health care business environment, organizational leaders and business professionals must continually evaluate their work environment to identify the business needs. An organization's success rests, in part, on how good management can anticipate change, demonstrate effective leadership, increase productivity, and embrace social responsibility. Organizational leaders and business professionals have the responsibility of influencing the direction that their business will take. This responsibility calls for organizational leaders and business professionals to assess their service quality conditions when setting organizational priorities. When health care leaders cease to evaluate the organization performance, then patients will suffer the consequences. In this sense, health care organizational leaders and business professionals should also align performance programs implementation with business goals and objectives, and reiterate the importance of the service level to their customers. Readers and practitioners are encouraged to use my findings, conclusions, and recommendations to improve their professional practices.

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Appendix A: Interview Protocol Form

Interview Title: Exploring the perceptions and lived experiences of healthcare leaders regarding sustainability strategies, financial distress, and organizational performance

1. The interview session will commence with greetings and introductions.
2. The study participants will have previously read the informed consent form and provided their consent via e-mail, agreeing to participate in the research. I will thank the participant for their agreement to participate in the research study. I will also provide information regarding the member checking process that will follow the transcription and interpretation of the data. Following transcript interpretation, I will schedule time with the interview participants for member checking procedures to assist with ensuring the reliability and validity of the data.
3. I will give the participants a hard copy print out of the informed consent letter for their records.
4. I will turn on the audio recorder, and I will note the date, time, and location.
5. I will indicate the coded sequential representation of the participant's name, e.g., 'Participant 1' on the audio recording, documented on my copy of the consent form and the interview will begin.
6. I will give each participant the required time to answer each predetermined interview question in detail (including any additional followup/ probing questions).
7. At the close of the interview, I will thank research participants for their time and participation in the study.