

CONSIDERATIONS REGARDING THE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM IN PRIVATE HOSPITALS

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***Abstract:** Obtaining performance in private hospitals require a proper management of costs and implementing a situation for performance monitoring. The implementation of a cost calculation method in hospitals is a complex process that must take into account the particularities of the activity in health care system. This paper presents a comparative analysis of four costing methods and a model of performance monitoring situation, adapted to the specific of the hospitals.*

***Key words:** Hospital; Performance; Calculation; Standard cost; UVA; Dashboard; Balanced Scorecard.*

JEL Codes: M41, M10, M20

1. INTRODUCTION

Hospital facilities have a number of features that should be considered when initiating an approach for the design of a performance management system. In recent decades, in Romania, we have witnessed a decline of public hospitals and the emergence of the private sector, particularly in response to patient dissatisfaction with the services received in public hospitals. We will focus on the implementation of a system of management through costs applicable to private hospitals.

Private hospitals, legally organized in the form of trading companies, aim at providing medical services but this does not preclude the objective of making profit, which is essential for any company, regardless of their scope. Facilities in the health system are characterized by diversified activity. Even small hospitals provide a large number of services for patients. Their activity is influenced by innovations as a result of technological and scientific discoveries in the medical field.

According to the dualistic concept, the accounting system has two major components: financial accounting and management accounting. Management accounting can be organized by the hospitals to fulfill the needs of their managers. Being dedicated to the hospital management only, the information offered by management accounting system is not published outside and is confidential.

In the case of private hospitals, given the cost structure, the question arisen is that of setting tariffs allowing for covering such costs and for achieving a financial result that should enable the future operation of the respective facility. However, in a competitive economy the prices and tariffs are set by the market, and in the field of private medical services there is such market and an increasingly stronger competition.

The performance of a hospital is assessed differently by the participants in its life, based on their divers and often divergent interests. As a consequence, the performance can be studied from the perspective of each category: patients, shareholders, managers, employees, creditors, state, business partners, mass media and the general public.

A private hospital can not give up the traditional measurement of performance through profit: the financial performance. But, the hospitals should also take into account social performance, wich means to act in a socially responsible manner, and environmental performance wich involves minimizing the impact on the environment. These three sides of the performance are perfectly integrated in the “triple bottom line” concept, which was first coined in 1994 by John Elkington.

2. COST MANAGEMENT IN HOSPITALS

Choosing the cost calculation method and its implementation in the healthcare facilities are essential for obtaining accurate information on costs, at the appropriate time. The implementation and/or refinement of management accounting and cost calculation methods in hospitals imply adopting and adapting systems, methods and techniques of budgeting, tracking and calculating costs. This systems, methods and techniques should allow for simplicity, economy, efficiency and for making forecasts with the purpose of improving the quality of the information provided. The method of cost calculation should allow for performing forecasting analyses representing the basis for making soundly substantiated decisions. Traditional full costs have the disadvantage of being targeted to the past and are obtained through an inaccurate calculation. The decisions made based on the costs determined by these methods may be erroneous.

We will present below a comparative analysis of four cost calculation methods: the standard cost method and three methods of calculation based on the constant ratio principle (the equivalence coefficients method, the GP method and the UVA method).

The standard cost method is successfully used in many fields, being an important cost control system for several reasons:

- no activity, including that in the medical field, can be conceived without knowing the cost that will be used and the difference between the actual cost and the pre-established cost;
- waste is eliminated and the production capacity is used more efficiently by developing cost and production performance standards;
- eliminate the influences related to the fluctuation of the various expense structures and that involve correlated absorption rates, because the standard calculation is defined as a normal cost for a normal production.

In the case of standard cost method, decision-makers are provided with surplus information compared to the traditional methods. This is the reason why the method is widely used by the companies whose core business is production, as presented by Ch.Horngren et al (Table no. 1).

Table 1. The use of the standard cost method worldwide

Country	Companies using standard costs in their accounting system (%)
USA	86
Ireland	85
Great Britain	76
Sweden	73
Japan	65

Source: Horngren, Ch., Datar, S., Foster G. - *Contabilitatea costurilor, o abordare managerială*, 11th Edition (romanian edition), ARC Publishing House, Chişinău, 2006, p. 250

C. Horngren et al also presented a study on the usefulness of this method in the opinion of the responsible employees in the companies. Following the questionnaires, companies in four countries identified the following purposes for using standard costs, in order of their importance (1 being the most important, 4 the least important of the presented purposes). The answers to these questionnaires are summarized in table no. 2.

Table 2. The use of the standard cost method

Purpose/country	USA	Canada	Japan	Great Britain
Cost Management	1	1	1	2
Decisions on pricing	2	3	2	1
Budget planning and control	3	2	3	3
Preparation of financial statements	4	4	4	4

Source: Horngren, Ch., Datar, S., Foster G. - *Contabilitatea costurilor, o abordare managerială*, 11th Edition, (romanian edition), ARC Publishing House, Chișinău, 2006, p. 250

The use of the standard cost calculation methods has both advantages and disadvantages. Basically, the use of this method is positive because it has the role of stimulating and enhancing accountability. Nevertheless, it must be noted that the use of standards can be a negative element if the objective is to punish employees who are “guilty” for the recorded deviations.

The method offers simplicity - standards are not influenced by short-term variations and are only re viewed when they are no longer corresponding to reality. Another major advantage is speed – there is no need to wait for the collection of information on the cost per unit. The standard cost method facilitates decision-making because, by calculating deviations, corrective actions can be implemented. Moreover, standards can be the basis for setting prices/tariffs and allow for the assessment of the performance of the composing units. The calculation of the deviations from the standards allows for enhancing staff’s accountability concerning the financial incidents occurred due to failure to observe rules. The possibility of using the management by exception is another advantage of the method: managers are contacted only if major deviations occur, such deviations being deemed exceptions.

Besides the clear advantages, the method also has a number of disadvantages. The implementation of the method requires a long time and the process is slow. In certain situations, conflicts may be triggered for determining the person responsible for the deviation. A very important aspect in the application of the method is setting standards that must me accessible yet ambitious at the same time. Standards can be difficult to set and monitor in areas such as research and development, trade, training, etc.. The costs of implementing and adapting the method to changes can be significant.

Standards can be highly rigid. This is caused by the long and tedious way that is necessary for their development. Employees naturally tend to keep these standards for a period of time as long as possible. If the activity of a facility is drastically changed or changes occur in the business environment in which it operates, standards lose their informational valences.

The flexibility of the standards is the opposite of their rigidity and is a disadvantage when, due to the desire to adapt them, they are frequently changed and do not have the necessary stability over time. Standards are designed to be exciting, but can be perceived by employees as a source of oppression leading to the occurrence of negative attitudes of resistance to them.

Costs are also used to establish tariffs for certain services provided to patients. Given that the provision of a service to different patients has different costs, in the case of the standard cost method the tariff at which the provision of a service makes profit instead of loss is not accurately known.

However, the biggest disadvantage of the application of the method in hospitals is the fact that standardization is often difficult: patients are different and have different needs. We consider that standard cost method could be also used in hospitals but only in combination with other method, given the fact that services offered to the patients are different.

The method of coefficients of equivalence can be successfully applied in small facilities that provide a small number of services. In the case of large facilities, the application of this method can be quite difficult given the large workload involved and the quick changes of the range of services provided. The method of coefficients of equivalence is based on a certain stability of the activity and is not viable in the case of the quick developments of the range of services provided. This aspect is its main disadvantage.

In the case of hospitals, we believe that the application of the method of coefficients of equivalence is not appropriate because, currently, it cannot provide the information needed by modern management.

The GP method, by imputing processing costs based on causality criteria, allows for calculating the cost for each service with enhanced accuracy. This method offers the possibility of identifying the internal reserves of the company and mobilizing them with the purpose of achieving performance.

The GP method offers the possibility of a management system suitable to a modern organization, which allows for controlling achievements compared to the set objectives. A shortcoming of the GP method is represented by the difficulties caused by the calculation of the GP that require a large workload. This disadvantage is offset, however, by its use for a longer period of time. At the same time, the method provides certain advantages compared to the standard cost method and the method of coefficients of equivalence. However, taking into account the emergence of the UVA method, whose purpose was to improve it, in my opinion it is useful to focus our attention on it.

The UVA method offers better answers to the aims of a performance management in private hospitals: accurately knowledge of the services, patients and service/patient combinations. Currently data processing systems enable the development of complex cost calculation methods. We should take into account the fact that, depending on the method of calculation adopted by the company, the cost of such a system can be very high.

At the origins of UVA method are both G.P. method (by using a common equivalence units of production/services) and the ABC method (by splitting processes into activities). UVA method was developed by Jean Fievez and LIA¹ consulting.

Using equivalents in the management accounting is an alternative approach in the cost calculation field and represents a real alternative to the methods used so far. By creating UVA we can measure the value added created by all the functions of a hospital. The method is characterized by accuracy and reliability and enables the accurate knowledge of services and patients.

The UVA method requires maintenance and periodic review, but the related costs are lower than with traditional methods. With the exception of depreciation costs that depend on the selection of the depreciation method, this method does not work with arbitrarily determined amount or with approximations. Another major advantage of this method is that it allows for turning the management of a complex organization (several services and several customers) into the management of a simple organization (one service and one customer).

The only costs that are randomly distributed are those related to the management of the company which generally account for 5-7% of the total, in the opinion of V. Buffet et al. (2005)².

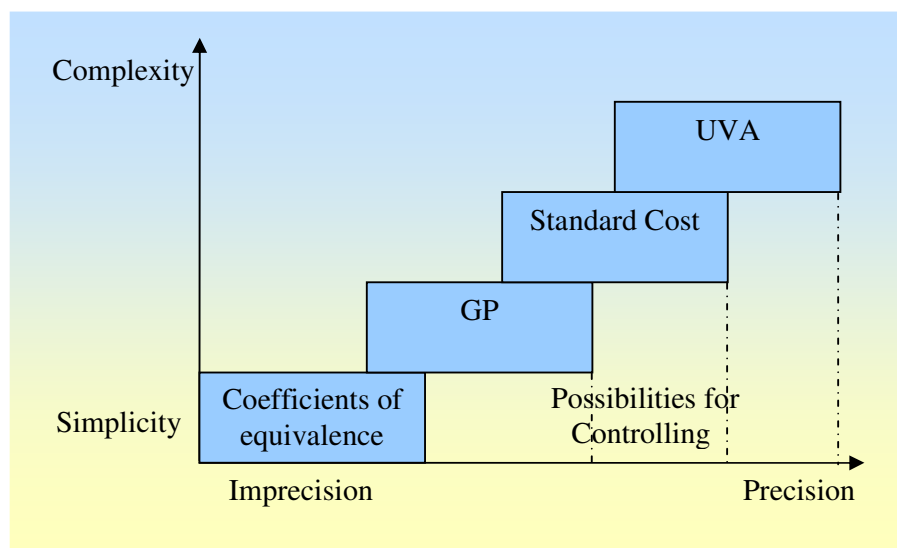
¹ Les Ingenieurs Associés

In our opinion the UVA method is interesting not only from the theoretical point of view; it is also useful in practice due to the many advantages it offers. The application of this method simplifies the cost assessment and analysis of a hospital at an acceptable cost, irrespective of its category.

With the UVA method, the equivalences between products/services are not determined directly, they are determined starting from the equivalences determined among operations, called UVA indices. The principle of occult constants or the assumption of the stability of the UVA indices over time is the foundation of the method. However, this is seen by some researchers as its main weakness, as underlined by P. Mévellec (2002)³ and F. Meyssonier (2003)⁴. For the success of the method it is essential to select a basic item which can be a real or an imaginary one, provided that it best represents the activity of the organization. This aspect can be one of the weaknesses of the method, because the selection of an unrepresentative item can lead to errors that compromise the use of the method.

If the services offered by the organization are standardized, the UVA method allows the adoption of appropriate policies on the tariffs charged. The method offers the possibility of comparing the number of standard with the number of consumed UVA. The method is not only an instrument for the measurement of costs but also a tool for performance management.

De la Villarmois and Levant (2010)⁵ consider that cost calculation methods can be compared taking into account two criteria: simplicity/complexity and imprecision/precision. Figure 1 presents the place of the UVA method among other methods with which it is compared in this paper.



Source: prepared by the author

Figure 1. Place of the methods compared using the criteria “precision” and “complexity”

² Buffet, V., Fiévez, J., Staykov, D. – *Méthode UVA : quelles réalités ?*, Comptabilité, Contrôle, Audit, communication at Congrès de l'Association Francophone de Comptabilité, Lille, 2005;

³ Mévellec, P. – *Libres commentaires : à propos de l'article 'Origine et développement d'une méthode de calcul des coûts : la méthode des unités de valeur ajoutée (UVA)'*, Comptabilité, Contrôle, Audit, Tome 8, Vol.1, pp.183-185, 2002;

⁴ Meyssonier, F. – *L'approche des coûts complets par les équivalents de production, voie d'avenir ou impasse ? (Une analyse de la méthode GP-UVA)*, Comptabilité, Contrôle, Audit, pp. 111-124, 2003;

⁵ de la Villarmois O., Levant Y. – *Evaluation de coûts complets:des méthodes multiples pour un compromis entre précision et complexité*, Revue Française de Comptabilité, no. 433, pp. 64-68, 2010;

We believe that the UVA method reaches a balance between complexity and simplicity, between precision and imprecision, therefore it could be a real solution for cost calculation in hospitals. Compared with the other methods, the UVA method also offers the biggest possibilities for controlling, as can be seen in figure 1.

There is no perfect calculation method, each one having advantages and disadvantages. Generally each cost calculation method is presented by its promoters as the ideal solution, but, in reality, these methods are evolutions of other older methods whose disadvantages they try to eliminate. By building a method in an attempt to eliminate the drawbacks of other methods certain aspects are not considered, which become the disadvantages of the new method.

We consider that the optimal solution may be a combination of these methods, in order to best meet the needs of information that exists within each facility. The application of a method that does not exclude its combination with the procedures of other methods, insofar as this is deemed viable by the decision-making factors in the company.

Y. Levant and O. de la Villarmois (2001)⁶ found, in the companies that applied the method UVA a number of differences between the recommendations of the promoters of the method and its implementation into practice: standard information was used instead of real ones. The use of standard information may be justified with the purpose to simplify the application of the method in companies. Standard values can be used for the number of work units and for the quantities of materials consumed. This deviation from the concept of the method can be justified by the high cost implied by gathering factual information.

Despite the clear advantages offered by the UVA method, it has a limited use in organizations worldwide.

In our opinion, a combination between UVA method and standard cost method is the way to eliminate the disadvantages of both methods in hospitals. Standard costs should be used in the frame of UVA method.

3. THE NEED TO ADOPT/ADAPT TO A PERFORMANCE MONITORING AND MANAGEMENT SITUATION

Finding the most appropriate situation for monitoring and reporting performance is a continuous challenge given the role and benefits of using such a situation in the organization. In order to achieve performance, managerial decisions should be made based on situations that should provide the necessary information at the appropriate time. The amount of information received by the manager must be dosed so as to facilitate the management process knowing the fact that the information overload is as harmful as the lack of information. The need to use a monitoring situation emerges from the inconsistency between the strategic objectives of the organization and the manner of fulfilling the tasks to be performed. An adequate performance management requires monitoring and reporting situations that should allow for making correct decisions.

Healthcare organizations can use a variety of performance management models, this diversification being based on the values of the organization, the vision of the management, the possibility to adjust a model to its specificity, etc. In order to monitor and report the performance obtained organization a number of models such as the dashboard, balanced scorecard or Skandia Navigator were developed in the economic theory and practice The purpose of creating these tools is to provide the possibility to act quickly in case of the occurrence of disturbances of the

⁶ Levant, Y., de la Villarmois, O. – *La méthode UVA une étude empirique d'une méthode alternative de comptabilité de gestion*, 4ème congrès international de génie industriel, Communication au 4e Congrès International de Genie Industriel, France, 2001;

managed system. The form of presenting these situations varies from one organization to another.

We will discuss the advantages and disadvantages of each of these situations, trying to find the optimal solution for healthcare organizations. The attention will initially be focused on the dashboard and then we will present a few aspects concerning the balanced scorecard that eliminates big part of the shortcomings of the dashboard.

Sizing an organization's competitive strategy involves focusing on its core business - the provision of medical services, by applying a development program that will lead to cost reductions. The actions that can be taken for this purpose include: performing a tight cost control; reviewing responsibilities and implementing a system of internal reporting; establishing dashboard indicators; implementing a proactive management system that should provide an adequate steering of the organization.

Dashboard is, on the one hand, a way to streamline the information system within the organization and on the other hand, a management method with a direct, favourable impact on the time budget of the managers and on its structure. The purposefulness of the dashboard is not only to convey information concerning the results achieved in the managed environment, but also to adopt corrective decisions, depending on the nature of the causes of deviations.

The use of the dashboard allows for tracking, over time, the achievement of the objectives and the level of the results obtained in order to ensure an improvement in the degree of substantiating decisions. It allows managers to control or monitor areas or the organization as a whole. The use of the dashboard is also recommended when the information system of the organization operates in an inappropriate manner, and there are many cases in which the informational message is changed, and parallelisms in the conveyance and processing of information or the existence of an oversized volume of information to which no adequate answers can be provided any longer. Most of the time, managers' time budget, especially that of those in higher hierarchical levels is crowded, and they are "bombarded" with a multitude of information, some of it at a time of little importance and relevance for the position held.

In response to the French model of the dashboard, the American style of management has developed the balanced scorecard (BSC). By grouping the indicators in multiple perspectives, BSC proposes a multidimensional view on the performance of the organization and tries to strike a balance between financial and non-financial measures of performance assessment, between the interests of the organization and those of the society.

The use of non-financial measures of performance assessment is not new but has been fully developed in the 1990s. The Balanced Scorecard has been in the spotlight the past two decades in both the U.S. and many other countries. However, in France the enthusiasm has been limited, especially in the academic environment. According to A.Bourguignon et al. (2001)⁷, this reluctance is based on the fact that in France the dashboard was used by French companies at least five decades before the advent of the BSC.

Despite the integration of a non-financial perspective, BSC focuses primarily on the financial perspective and on the value created for shareholders. This aspect is also explained by the attention given to the value created for shareholders in the USA, the place where the BSC emerged. If this aspect were neglected, the BSC would not have been successful in American companies.

⁷ Bourguignon, A., Malleret, V., Norreklit, H. – *Balanced Scorecard versus French tableau de bord: beyond dispute, a cultural and ideological perspective*, available on: <http://www.hec.edu/var/fre/storage/original/application/b238ea034d08e3b258e080d334376553.pdf>

The dashboard and the balanced scorecard are two performance management systems with different cultural roots as shown by A. Bourguignon et al. (2001)⁸: the French and the American system, respectively. The dashboard was designed to meet the information needs of managers in order to adopt quick decisions. In France, as in other countries, the top managers of industrial enterprises were engineers by training. Even in the 1990's at least 50% of the chairmen-general managers in the French companies were engineers as shown by M. Lebas (1994)⁹. This is one of the determining factors for the differences between the French and American management practices.

The balanced scorecard provides managers with a range of relevant financial and non-financial information, concerning the activities conducted. The translation of the strategy into action is the principle underlying this company performance monitoring and reporting situation. Management accountants prepare statements supporting managers to monitor the implementation of the strategy.

In the development of the BSC for private hospitals, not only objective indicators, but also subjective indicators should be used (patient satisfaction, employees' satisfaction). The use of the subjective indicators requires attention in order to find a balance between the benefits of their use and their imprecision. Managers tend to focus on aspects that are taken into account in assessing their performance and that is the reason why they pay less attention to non-financial indicators. Even that subjective indicators are not taken into account at the assessment of the manager activity, nevertheless, in the medical field it is a well-known fact that patients' satisfaction has a decisive influence on the future financial performance of the hospital.

The traditional BSC has the disadvantage that it does not show all the forms of performance (economic, social and environmental). The studies in this area have revealed that the BSC can be successfully adapted to meet the need of measuring the overall performance of the company. R. Kaplan and D. Norton (2001)¹⁰ proposed the integration of the social and environmental issues into the traditional model by integrating these issues into the traditional BSC axes. They proposed the existence of societal indicators at the level of internal process axis and expanding the customer axis at all the partners of the company.

Reviewing the specialized literature, M. Dumitrana and C. Caraiani (2010)¹¹ emphasise three ways of developing a viable BSC starting from the traditional model:

- integrating social and environmental performance indicators into the customer axis and the internal process axis, which axes are deemed to be exposed to the sustainable development problems;
- integrating social and environmental performance indicators into all four axes of the BSC (full integration);
- adding another axis, separate from the other four traditional axes and that regroups social and environmental performance indicators (additive integration). This axis changes the traditional architecture of the BSC.

The Balanced Scorecard was implemented in Romania in both the private and public sectors, as shown in Table no. 3.

⁸ Bourguignon, A., Malleret, V., Norreklit, H. – *Balanced Scorecard versus French tableau de bord: beyond dispute, a cultural and ideological perspective*, available on: <http://www.hec.edu/var/fre/storage/original/application/b238ea034d08e3b258e080d334376553.pdf>

⁹ Lebas, M. – *Managerial Accounting in France: Overview of Past Tradition and Current Practice*, European Accounting Review, vol 3, no. 3, 1994, pp. 471-487

¹⁰ Kaplan, R. S., Norton, D. P. - *The Strategy-Focused Organization*. Boston, MA: Harvard Business School Press, 2001

¹¹ Dumitrana, M, Caraiani, C. (coord) – *Control de gestiune*, Universitara Publishing House, Bucharest, 2010, p. 246

Table 3. Implementation of the Balanced Scorecard in Romania

Private sector	Public sector
Petrom	Ministry of Finance
Rompetro	Ministry of Administration and Interior
ING Romania	Giurgiu Prefecture
Vodafone Romania	Timiș Prefecture
UniCredit Țiriac Bank	Gorj County Council
Kraft Food	Brăila County Council
Brau Union	Botoșani City Hall
Danone	Bucharest Sector 2 City Hall
Lindab Romania	-
Johnson Controls	-
Siemens Romania	-

Source: www.balancedscorecardinromania.ro

The Balanced Scorecard tries to strike a balance in several respects:

- long-term and short-term indicators are equally important and there is a balance between indicators of means and indicators of results;
- monitors both the internal aspects (internal processes, organizational development) and external aspects (customers, shareholders);
- uses both financial indicators and non-financial indicators and pursues the interests of the organization and those of the society.

The promoters of the BSC do not emphasize the importance of clearly delimiting action indicators from result indicators. Action indicators are signals that occur before the results appear. In the BSC implementation there is risk of confusion between the two categories of indicators and for favouring result indicators. The BSC concept deems that the financial results representing the ultimate purpose of the company are primordial. There is sometimes a tendency not to look at the other three dimensions as means. Despite its limitations, the BSC is a formidable alternative to conventional steering tools represented by the dashboard.

Balanced Scorecard has been criticized by some Swedish experts who believe that it is based on a logic of industrial enterprise which produces goods and aims to satisfy the customers and shareholders. Therefore, Skandia Navigator was created. Intellectual capital has gained importance, managers gradually realizing its value. While the BSC concept does not consider human capital as the main profit generator for the organization, Skandia Navigator is a tool that privileges the human capital.

4. PREPARATION OF A PERFORMANCE MONITORING SITUATION ADAPTED TO THE NEEDS OF HEALTHCARE ORGANIZATIONS. THE “SEE” MODEL

As we stated above, for cost calculation, a solution could be the combination of different calculation methods. We consider that the same thing is true concerning the tools for performance monitoring and management. In our opinion, starting from the models discussed above (traditional dashboard, BSC, Skandia Navigator), a model applicable in the healthcare field can be developed, which will be presented below.

The main objective of the model (which is a combination of the three models discussed above) is to be a tool for monitoring and management of an organization overall performance: social, environmental and economic performance (SEE).

In order to outline this model we will start from the internal processes, which are the basis of the activity carried out by the organization. In the medical field, the staff's role is essential. The reputation of the medical staff can attract or drive patients away. Therefore, we consider human resource as having a key role in obtaining performance in all its forms. Managers should monitor indicators that should provide brief information concerning seven axes:

1. Social performance (including performance in the medical field). In the medical service field, obtaining social performance is the purpose for which the organization was created and contributes to its improvement among patients, generating future economic benefits.

2. Environmental performance. Taking into account the European developments in recent years it is expected that the environmental legislation become increasingly restrictive. The organization can gain a competitive advantage by adopting measures to minimize impact on the environment. In the case of hospitals, the waste of used materials is a sensitive problem that should be solved in accordance with law in order to prevent any problems that could be caused to humans or environment.

3. The economic and financial performance. This is the main goal of any business entity and its reason to exist. The affirmation is true for private hospitals also. Here we should take into account both traditional economic performance indicators (operating profit) as well as performance assessment indicators by creating value for shareholders.

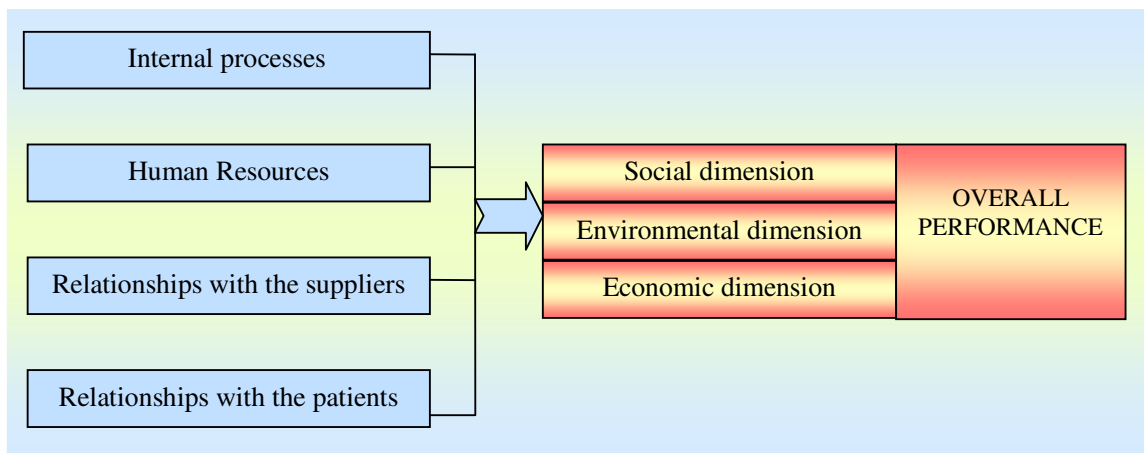
4. Relationship with the suppliers (drug, materials and specific tools) In order to ensure its sustainability, the organization must develop stable relationships with its suppliers. This relationship can be the base for negotiating a better price or better conditions for material purchases.

5. The relationship with the patients is essential because the psychological factor plays a crucial role in determining their behaviour. One of the reasons for choosing a private hospital is, beside the quality of treatments, the special relation with the medical staff.

6. The human resources are essential to the success of an organization in which the labour factor has a critical role in the activity. The appropriate motivation of the employees (both financial and non-financial), given that the mood of the employees and their loyalty to the organization, have a major impact on the image and smooth functioning of a private hospital.

7. The internal processes. We consider that the smooth activity of the organization depends on their efficiency. The achievement of the performance in the above-mentioned fields depends on the performance obtained in the internal processes within the organization.

In our view, taking into consideration the seven axes presented above, the model for obtaining performance in private hospitals can be graphically presented as in figure no. 2.



Source: prepared by the author

Figure 2. The relation between the seven axes of the SEE model

The axes 1-3 (social, environmental and economic sides of performance) are highly influenced by the actions taken in axes 4-7, as shown in figure 2. Based on this affirmation, in order to facilitate the monitoring of the indicators, we consider that they can be presented as a table (Table 4).

In recent decades we have seen a boom in the development of the computing technique that can be used to collect and process data to the performance management. Nowadays there is a multitude of data processing and there is even a risk of informational suffocation.

Table 4. Model for presenting the indicators

Axis	Indicators	Actual value	Target value	Lines of action
Internal processes				
Human Resources				
Relationships with the suppliers				
Relationships with the patients				
Economic performance				
Environmental performance				
Social Performance				

Source: prepared by the author

For the development of such a model, teamwork is required in which responsible employees from several departments of the organization should be involved:

- top managers;
- medical staff of the facility;
- staff in charge with preparing the currently used monitoring situation (if any);
- representatives of subdivisions in which the model is to be implemented.

The implementation of a performance monitoring situation in a healthcare organization can be made at low cost if own staff is used. We believe that for the implementation of SEE model, there is no need to resort to specialists outside the organization, the costs associated to such implementation being thus minimal. The implementation of such a situation should take into account the specificity of the facility and the activity performed.

5. CONCLUSIONS

In our opinion, the action of improving and diversifying cost calculation methods in hospitals should take into account two essential aspects. A first aspect is related to the decrease of the workload for obtaining information on costs and thus for the reduction of the cost required to obtain such information. The second aspect refers to the complex capitalization of the information obtained. The capitalization of the information means providing the management with a supporting tool in making decisions, resulting in the increase of the accountability of all decision-making factors.

We believe that an efficient information system for a private hospital involves the integration into the accountancy of the following modules: financial accounting, management accounting, patient management, supplier management, collection/payment management, stock management, staff wages, tangible assets and calculation of depreciation, management - dashboard/balanced scorecard. Each module will satisfy the needs of certain compartments in the company. The results obtained in each module are transferred and controlled as a whole by the financial accounting, management accounting and dashboard.

We consider that private hospitals can choose and adapt to their own information needs the SEE model that we presented. Using it can provide quick answers to managers' expectations. The successful implementation in the organization of any of the reporting and monitoring tools, depends on the involvement of the managerial team. The SEE model, being a combination of previous tools such as dashboard, Balanced Scorecard and Skandia Navigator, tries to eliminate their disadvantages. In a future paper we will present more details about the SEE model, including some key indicators that could be used to monitor performance for each of the seven axes.

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