

## Chapter 20

# Staying Competitive in the Political Unrest and Global Financial Crisis: Perspective of a Thai Healthcare Organization

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### **ABSTRACT**

*Global competition today is a complex dimension to add in the success of a healthcare organization. Providing state of the art technology along with the manpower and management skills to bridge boundaries and cultures, confronts today's healthcare organizations with challenges that, while on the surface may appear simple, may also prove to be a bigger challenge to their success and survival than the medical care they are actually providing. This study is a follow up to an earlier study conducted on a major healthcare organization in Thailand posing the question of how the current political unrest in Thailand and the global financial crisis has affected their global competitiveness. An inductive approach was utilized for a method of determining competitiveness. The resulting qualitative analysis of that data addresses issues of threats to maintaining global competitiveness, providing superior quality care with competitive and reasonable pricing of sub-specialty and high acuity services and work effectively through strategic alliances. In the case of the healthcare organization in this study, their global competitiveness is threatened potentially by the global recession and most recently, the political instability in Thailand. Reputation and the ability to provide comfort and hospitality at the same time as providing excellent medical care and facilities give them both economy of scale to provide reasonable pricing and a uniqueness in the medical care provided. This uniqueness and quality in service attracts strategic alliances and allows for retention of competitiveness in global markets.*

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## INTRODUCTION

With recent global economics changing, the competitive pressure on organizations becomes more intense. This is never more evident than in the current political and economic environment that is seen today in Thailand. The main question to be answered today is, from the perspective of this healthcare organization, what impact have these factors had on their global competitiveness?

The private healthcare organization in this case study is one of a total of 344 hospitals with 35,086 beds in Thailand. Of these hospitals, 102 are private hospitals with a total of 15,000 beds located in Bangkok. 43% of the entire country's facilities are concentrated mainly in Bangkok (Kasikorn Research, 2007). Thailand as a destination for medical treatment has rocketed in recent years. As an example, over 60,000 United Arab Emirates citizens a year come to Thailand to receive treatment (Tourism Authority of Thailand, 2007). Tourism Authority of Thailand (TAT) is planning to promote health and wellness tourism online by launching a new Arabic-language web site for medical tourism, [www.thailandmedtourism.com](http://www.thailandmedtourism.com). Together with more than 70 Thai private hospitals, plastic surgery clinics and spas in Thailand, TAT will provide information on all their respective health and wellness services. Thailand continues to be the largest health and wellness destination globally with more than 1.5 million medical tourists last year according to the Tourism Authority of Thailand (2009). Medical tourism is quickly becoming one of Asia's fastest growing industries. It is projected by 2012 to be worth a minimum of \$4 billion USD. Why? Tourists get the promise of low cost quality healthcare in countries like Thailand where the average medical tourist spends on average \$362 USD per day, compared to the average traveler spending \$144 USD. In addition those costs are five to ten times less expensive than in Europe and the US as in the following examples:

- Cardiac surgery – India \$4,000 vs. United States \$30,000 (Stokes, 2007)
- Hip Replacement – Thailand, Singapore \$13,000-\$13,500 vs. United States \$44,500 - (Global Doctor Options Guide, 2008)
- Knee Replacement - India \$7,000 vs. United States \$45,000 (Wockhardt Hospitals, 2008)

The main reasons for this influx of medical travelers are lack of health insurance and the high cost of healthcare (Bernheim, 2008).

But to retain global competitiveness in health-care, do quality of care, low prices and easy travel offset the uncertainty of the political unrest and global economic crisis? According to official data from the Tourism Authority of Thailand, international passengers arriving at Suvarnabhumi International Airport fell by an average of 20% over May 2009 and by 30% over May 2008. In the period of 18-24 May, 2010, alone, daily arrivals declined by an average of 12,000 – 14,000 over normal. Some countries from the Middle East instructed their citizens not to come to Thailand or even hosted charter flights to return citizens back home soon after the protests began to produce casualties. (Tourism Authority of Thailand, 2010).

By the middle of April 2010, medical tourism had begun to feel the pressure of the prolonged political strife in Thailand. Bangkok Dusit Medical Services (BGH), the country's largest private hospital operator, said foreign patient visits decreased by 20% compared with the same period of 2009 (Wiriyapong, 2010). Phyathai Hospital saw a 7-10% decline of international patients arriving compared with last April.

Regardless of what might be occurring in the streets, the second quarter of the year is typically low season for the health-care industry, since it is the off-peak tourism season which means less international patient traffic. However, if the situation improves before the third quarter, the impact from political unrest on the health-care service

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