Executive Summary

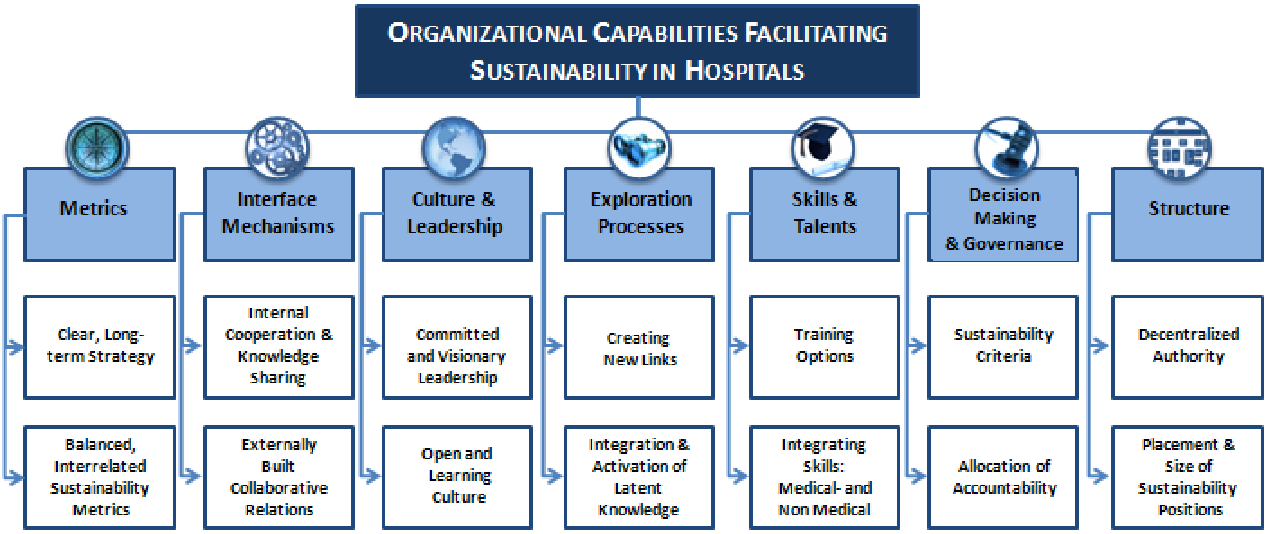
In the last few years, sustainability has started to attract increased attention of many hospitals. In an industry that has traditionally been rather slow in the adoption of business trends prevailing in other business areas, the topic is gradually entering the agendas of executives and board members who are trying to include sustainability in the long-term strategy and short-term planning of their operations. In this process, they are, however, experiencing several challenges that are – to a large extent – closely linked to the specifics of the health care industry they are operating in.

Building on previous research done by Squarewise on organizational design theory in relation to sustainability innovations, this research explores what factors in a hospital contribute to sustainability initiatives. Therefore, the concrete research question used in the course of this study was:

> *"Which elements of organizational design drive sustainability in hospitals and how do these elements enhance sustainability?"*

The foundation of this exploratory study in the hospital industry was formed by a framework created by O'Connor (2008), including seven organizational design elements ("Metrics", "Interface Mechanisms", "Culture and Leadership", "Exploration", "Skills and Talents", "Decision Making and Governance", and "Structure"), and alterations based on Squarewise's earlier findings, comprising fourteen hypotheses for sustainable innovations. After conducting a literature research, a definition for sustainability in hospitals was formed. This allowed for identifying hospitals that are implementing sustainable initiatives in their organizations. In the subsequent empirical part of this study, ten guided interviews with hospitals in the Netherlands and German-speaking countries were conducted, using a structured questionnaire. In a final step, the findings were analyzed, testing the validity of the organizational design elements and hypotheses and adapting them to the hospital industry.

The empirical phase of the research resulted in a new, updated version of the organizational design framework. In total, eight hypotheses were supported, two were modified, four were deleted, and four new hypotheses were added to the model. All seven elements of O'Connor's framework were found to show a significant impact on sustainability initiatives and were therefore left unchanged in the model (see below).



Organizational capabilities facilitating sustainability in hospitals

In terms of the relative importance of the elements, "Culture", "Metrics", and "Interface Mechanisms" proved to be the critical factors influencing sustainability initiatives in hospitals. Especially in the complex, rigid hospital setting, committed and visionary leadership and a culture open to sustainability innovations are needed to make the topic thrive throughout the organization. Similarly, a clear, long-term strategy aligned with balanced, interrelated sustainability metrics is needed to make the issue more tangible for executives and manageable in the short- and long run. Moreover, internal cooperation as well as external relations appear to be paramount in the compartmentalized and sometimes isolated hospital industry. Most importantly, however, the research showed that – due to the high interrelatedness of all elements within the framework – isolated solutions are not feasible and therefore *all* elements of the model need to be actively managed to successfully implement sustainability in the organization.

Lastly, this research is valuable not only from a theoretical perspective, but also for the practical application of the framework. Concrete recommendations for managers were identified on several dimensions. Among these, for example, the alignment and integration of sustainability mindsets between medical and non-medicals staff is critical in the rigid structure of the hospital setting. Also, an integration of sustainability targets in the complex goal systems of a hospital with the use of a Balanced Scorecard was deemed important. These are just two of the practical implications this research identified for the agenda of hospital boards. A list of actionable step can be found in the appendix of this paper.

In conclusion, this study analyzes sustainability in health care from both a theoretical and practical perspective and serves as a roadmap for hospital executives to focus their efforts on.