

## Chapter 2

### Literature Review

The researcher has studied concepts, theories and related research used to determine the research guidelines as follows:

1. Concepts of Social Capital
2. Measurement of Social Capital
3. Determinants of Social Capital
4. Related Research

#### Concepts of Social Capital

##### 1. Definitions of social capital

According to Castañeda, who referred to social capital as the ability of individuals to work and organize together to achieve a common goal. Trust among the members was obtained through a shared vision, leading to predictable, honest behaviors through cooperation (Castañeda, 1998, p. 441). Francis Fukuyama stated that “corporations and large corporations are built on trust,” where it had countless cultural roots, that is, it developed in a society determined by how they perceived their different historical events (Fukuyama, 2006 cited in María del & José, 2019, 124-133.). On the other hand, the OECD (2007) defined social capital as cohesion networks that shared norms, values, and understandings that facilitated both internal and external cooperation in organizations.

Social capital (SC) was an intangible resource, integrated into the theoretical system of economics, management, and sociology, and mainly used to analyze and solve the problems of social conflicts and sustainable development (Lehtonen, 2004, pp. 199-214; Pan & He, 2010). In 1986, the concept of social capital was first proposed (Bourdieu, 1986, pp. 110-120), which mainly referred to the position and value of an individual in an organizational structure. Bourdieu (1986) systematically explained the concept of social capital in his article Forms of Capital. He believed that social capital was a resource connected with social networks. Since then, social capital had aroused a wide range of academic discussions, and many scholars had enriched and supplemented its meaning on this basis.

The connotation of social capital was very complex and rich, among which Coleman, Putnam, Uphoff, and Wijayaratra's research on social capital was the most representative. Coleman (2000, pp. 17-41) started his research on social capital from the social network. He believed that social capital referred to the constraints and resources that individuals could obtain from the social relationship network, which had an impact on individual behavior and contributed to the realization of collective goals. Based on the research of Coleman (2000, pp. 17-41), Putnam (1993, pp. 55-59) first introduced social capital into the field of public policy through an empirical investigation of the development of social capital in Italy's northern and southern ministers over the past 20 years. Putnam suggested that the characteristics of social organizations, such as trust, networks, and norms, through good communication and expression, could promote cooperative behavior and ultimately improve social efficiency. Uphoff and Wijayaratra (2000, pp. 1875-1890) then divided social capital into tangible structured capital and intangible cognitive capital. The connotation of social capital advocated by the above four scholars was mainly society-centered. With the deepening of research on social capital, scholars began to emphasize individual-centered social capital and the embedding of social capital into the relationship network of individuals as a resource attribute. Granovetter (1983, p. E347) first proposed "weak relationships" as a bridge connecting individuals and society, enabling individuals to obtain information and resources beneficial to themselves in this circle. Burt (2000, pp. 345-423) paid more attention to the relationship between individuals in groups, and Lin Nan (2005, pp. 3-30) believed that social capital was the expectation of individuals to get returns through investment in social relationships. As a large number of scholars paid attention to the study of social capital, the differences between the society-centered and the individual-centered gradually disappeared. Scholars generally agreed that social capital could be regarded as a kind of resource, the main components of which included network, trust, norms, participation, etc., and gradually introduced this theory into various fields.

So, as for the researches mentioned above, social capital referred to the network of relationships composed of mutual trust, information sharing, cooperative actions, and the resources it contained. It was a vehicle for communication inside and outside an organization or community. The research of social capital was one of the hot spots in the field of sociology and management in recent years, which had formed a certain theoretical framework and thought. Through the study of social capital, we could better understand the internal and external communication and cooperation of the organization, which had an important reference value for the scientific management

of private dental hospitals. Therefore, this paper focused on the basic concepts and characteristics of social capital and analyzed its application in the scientific management of private dental hospitals. In specific studies, we explored the impact of different types of social capital on the management of private oral hospitals and made targeted management suggestions. From the perspective of social capital, the scientific management of private dental hospitals helped to explore the resource advantages of the organization, strengthen the cooperation between internal staff, improve the interaction and trust between the hospital and various departments of the society, and then promoted the sustainable development of the whole organization (Wei, & Meng, 2015, pp. 34-38). In addition, it also played a positive role in improving the quality and efficiency of medical services, rational use of social capital, and strengthening scientific management (Henry, 2015, p. 25). This paper aimed to provide new ideas and landing plans for the scientific management of private dental hospitals through the research of social capital.

## **2. Social capital system and types**

Social capital included mutual trust, mutual connection, mutual cooperation, mutual support behavior, and the relationship between individuals and organizations, which were the core factors to realize the sustainable development of enterprises (Oliveira, 2013, pp. 209-235). Social capital could be divided into the following types: structured social capital, relational social capital, and cognitive social capital. Among them, structured social capital referred to the connection network between organizations and other organizations, institutions, and government; relational social capital referred to the relationship between trust and cooperation between organizations and individuals; and cognitive social capital mainly referred to organizational knowledge and personnel skills. Understanding the different types of social capital and their specific roles in enterprise management contributed to effectively planning and utilizing social capital to realize the purpose of scientific management (Nahapiet & Ghoshal, 1998, p. 242). For private dental hospitals, the role of social capital was particularly prominent. On the one hand, by establishing contact with government agencies, public hospitals, and private dental hospitals, structural social capital could be effectively utilized to obtain more medical resources, policy support, and market opportunities; on the other hand, private dental hospitals should use the power of related social capital to establish trust with patients, provide quality medical services, and cooperate with other oral medical institutions (Wu & Shu, 2014, pp. 33-34). In addition, the accumulation of cognitive social capital was also crucial to the scientific management of private dental hospitals, including improving the professional skills and management level of medical

staff and strengthening the analysis and understanding of market trends and competitors. Therefore, studying the role of different types of social capital in the scientific management of private dental hospitals would help to deeply understand the key success factors needed for scientific management and improve the operational efficiency and market competitiveness of hospitals.

### **3. Components & Dimensions of social capital**

#### **1) Components of social capital**

Social capital mainly included norms, trust, and reciprocity. Conventional norms were a powerful and at the same time fragile form of social capital. They could facilitate specific actions, but they also limited the actions of others. Conventional norms were very important to a group because they encouraged individuals to behave in a way that benefited the group and restricted individuals from acting for their own gain. Such norms could be internalized by actors or enforced through external sanctions. Effective regulation could solve the problem of public goods (especially underinvestment or free-riding) by forcing actors to invest (adequately) in public goods through internal or external forces. For private hospitals, normative social capital mainly focused on the characteristics of profitability, which could affect the behavior of patients when they sought medical treatment and thus provided the necessary income for the hospital to maintain its operation and meet its goals.

Trust, from the standpoint of human interaction, could be simply defined as trusting an individual, which meant believing that the other person would not realize the opportunity to benefit at the expense of others when it presented itself. From an economist's point of view, "trust is the mutual trust between two parties that they will not do harm to each other during the transaction (Sabel, 1993, pp. 1133-1170)." Special trust was a trust relationship based on blood, kinship, and geography, and guaranteed by non-institutional arrangements such as morality and ideology. Trust in family, relatives, and neighbors was special trust. Universal trust was a trust relationship that was based on a contractual relationship and guaranteed by laws and formal rules and regulations. The establishment of this trust management was not based on the existence of emotion. Trust between business partners exemplified this kind of relationship. Trust was inextricably linked to social relationships. Trust was an important dimension of social relations and a social phenomenon closely related to social structure and culture. Trust was reflected in the relationship; the relationship was the stage of trust, trust in the relationship could either strengthen, weaken, or even disappear. What kind of social relationships produced what kind of trust? Trust could be both the result and the source of a relationship. When we studied trust, we had to analyze it in the preset

context of relationships, and when we studied relationships, we had to inevitably consider the generation and function of trust. So, the study of trust itself was also the study of relationships. For private hospitals, this aspect of social capital was mainly the relationship between doctors and patients, among which the main influencing factors were the frequency of communication between doctors and patients and the degree of trust of patients in hospitals and doctors.

Reciprocity was a direct exchange through the market or through political power, which was not only an exchange of what each needed but also reflected the varying degrees of intimacy between the two parties. Reciprocity referred to a relationship in which two actors were interdependent or to a state of conduct in which a symmetric exchange occurred between two actors, i.e., the exchange parties were equal, and neither party was dominant. In this aspect of social capital, private hospitals mainly obtained financial funds through proper communication with the government, which not only realized their own operation and development but also provided a boost to the development of society.

#### **4. Significance & Outcomes of Social Capital to hospital management**

##### **1) Significance of Social Capital**

Social capital had an important influence on hospital management and was one of the crucial factors that affected the success of hospital operations. First, social capital improved the trust and reputation of hospitals and enhanced the trust and treatment outcomes for patients. Secondly, social capital established a mutually supportive medical system, which included the participation of volunteers, donors, doctors, etc., in helping hospitals improve the quality of treatment and reduce treatment costs. At the same time, social capital also promoted the relationship network of hospitals and established long-term and stable community relations. Therefore, the study of the significance of social capital in hospital management had important theoretical and practical implications for optimizing the medical and health system and improving hospital operations and management.

Furthermore, social capital helped hospital management teams better coordinate and utilize internal resources, mobilized the enthusiasm of staff, and stimulated the creativity and innovation of medical staff. Through the joint operation and management of social capital, hospitals were able to establish a more flexible, efficient, and innovative management model, thereby helping hospitals achieve a better integration of economic and social benefits. Therefore, social capital was an indispensable key success factor in the scientific management of private dental hospitals. Through the rational use of social capital resources, private dental hospitals were able

to achieve better development and innovation, improve the level of medical technology and service, and promote the sustainable development of the medical and health service industry.

## 2) Outcomes of Social Capital to hospital management

At the same time, new technologies also spread among service providers, further enhancing the level of competition in the market. For this reason, health economists often argued that competition was an effective way to improve the efficiency of health care delivery systems (Porter and Teisberg, 2004, p. 1). However, the complexity and information asymmetry of medical services made it difficult to form consistent evidence for the proposition that competition promoted efficiency (Rivers & Glover, 2008, pp. 627-641). Some studies found that competition improved hospital efficiency. Other studies found that hospital competition had a negative impact on hospital efficiency (Morrisey, 2001, p. 191; Melnick, 2007, abstract). This was mainly based on the "medical competition" hypothesis, that is, hospitals under competitive pressure competed in medical quality, further upgraded medical equipment, pushed up the level of medical cost, and at the same time reduced hospital efficiency. The latest research showed that there was no relationship between market competition and hospital efficiency and quality.

In addition, other studies believed that the competition of private hospitals would promote the improvement of the relationship between hospitals and patients. That is, through the competition in the quality of medical services provided by hospitals, doctors' treatment attitudes, and service prices, hospitals needed to attract more patients to seek medical treatment in pursuit of better economic benefits. This drove improvements in these areas to further improve the relationship between patients and doctors and hospitals (Diaz & Ortega, 2020, p. 617). Besides, in order to obtain more funds for this improvement, hospitals also pursued a good relationship with the government to obtain more support. Therefore, competition in this respect promoted hospitals to form better social capital in the relationship with the government (Zhou, et al, 2020, p. 113372). Therefore, we can conclude the outcomes of social capital as economic: management efficiency, governance: political engagement, and social: doctor-patient relationship.

## Measurement of Social Capital

In the social sciences, social capital drew a lot of attention as a crucial factor in determining both individual and societal well-being. Having relevant and dependable

measurement tools was crucial for comprehending and assessing social capital efficiently. This study examined numerous approaches and instruments for measuring social capital.

### **1. Social network analysis**

Social network analysis (SNA) was one approach that was frequently used to assess social capital. In order to evaluate social relationships and spot interactional patterns within a certain social structure, SNA offered a quantitative framework (Wasserman & Faust, 1994, pp. 543-545; Palonen, 2022, p. 927). SNA facilitated the identification of key actors, network density, and bridge linkages by mapping and analyzing social networks to capture the structure and dynamics of relationships (Borgatti, et al., 2009, pp. 892-895). By highlighting the significance of network linkages and their consequences for information flow and resource mobilization, SNA provided insightful information about the structural aspect of social capital.

Researchers could learn more about the structural aspect of social capital by using SNA. SNA made it easier to identify significant actors, network density, and bridge links by looking at relationships between people or groups (Borgatti, et al., 2009, pp. 892-895). Key players were those who played important roles within a network and had a big impact on how information and resources moved. Network density described the degree of cohesion or connectivity inside a network, demonstrating how closely people were interconnected. Bridge links were connections between several clusters or groups within a network that acted as conduits for the transfer of data and resources.

The structure of social capital could be better understood through the analysis of social networks using SNA. It emphasized the importance of network connections and their effects on the movement of information and resources (Borgatti, et al., 2009, pp. 892-895). Social network analysis (SNA) enabled researchers to investigate how these connections affected the availability and accessibility of resources, as well as the dissemination of knowledge and ideas within a social system. Social capital was essentially ingrained in the relationships and connections between individuals.

For instance, SNA was used to look at social capital in a healthcare institution (Borgatti, Everett, & Johnson, 2013, pp. 189-208). The relationships between healthcare experts throughout the organization were mapped, and the network structure that resulted was examined. They discovered that those with more connections (greater degree centrality) were more likely to have access to a variety of resources and information, which suggested the availability of more social capital. The study also found that bridge actors were present, acting as go-betweens for various professional groups to encourage communication and cooperation.

SNA provided a solid foundation for examining the structural characteristics of social networks. It offered unbiased assessments of network properties and could locate key players or organizations inside a network. However, SNA had drawbacks when it came to collecting the qualitative components of social capital, such as trust or norms, and it might have ignored the individualized experiences and opinions of the people.

SNA, or social network analysis, was a useful method for evaluating social capital. In order to map and analyze social networks quantitatively, it offered a framework that enabled researchers to pinpoint important players, network density, and bridge linkages. SNA provided insights into the structural aspect of social capital and the effects of network links on information flow and resource mobilization by investigating the structure and dynamics of relationships. SNA was an effective technique that advanced our knowledge of how social capital functioned in a variety of circumstances.

## **2. Survey method**

Self-report measures were used in surveys to gauge respondents' opinions of social capital (Putnam, 2000, pp. 187-189; Alcorta, et al., 2020, pp. 445-465). Likert-type scales, which allowed participants to rate their level of agreement or disagreement with specific statements relating to various aspects of social capital, were frequently used in research.

Surveys gave us important information on how people felt about social relationships and all the advantages that came with them. Surveys captured the individual's own understanding and perception of their social connections by employing subjective ratings. By looking at many aspects, including trust, social support, and social participation, these measures provided a thorough perspective of a person's social capital. One essential component of social capital that could be accurately measured through survey methods was trust. Participants were asked to rate how much they trusted various people and institutions, including their friends, family, neighbors, and coworkers. This gave researchers knowledge on how much trust people placed in their social surroundings, which was an important aspect of social capital (Putnam, 2000, pp. 187-189; Ehsan, et al., 2019, p. 8).

Another crucial aspect of social capital that surveys could gauge was social support. The availability and caliber of the emotional, practical, and informational assistance that participants received from their social networks could be questioned. This aided researchers in comprehending how much people considered their social networks to be providers of support and assistance (Putnam, 2000, pp. 187-189). Additionally, surveys made it possible for researchers to collect information on social



participation, a crucial aspect of social capital that showed a person's involvement in social activities and community involvement. Participants could be questioned about how involved they were in different social groups, organizations, and neighborhood activities. The individual's social connections and active participation in their social surroundings were revealed by this information (Putnam, 2000, pp. 187-189; Hao, et al., 2021, p. 102537).

Researchers could evaluate both bridging and bonding social capital by using surveys. In contrast to bridging social capital, which referred to links and connections between individuals or groups from various backgrounds, bonding social capital referred to relationships and connections inside homogeneous groups, such as family or close friends. By including questions that evaluated the strength and variety of a person's social ties, surveys could measure both types of social capital (Putnam, 2000, pp. 189-200). For instance, surveys were used in a study by Villalonga-Olives, et al. (2021, p. 12720) to assess social capital in a local setting. In order to gather information on people's opinions of trust, social support, and social participation within their neighborhoods, the researchers distributed surveys to locals. The survey responses gave researchers information about the amount of social capital that existed in various communities, aiding in their understanding of social dynamics and how they affected community well-being.

Surveys gave researchers the ability to gather massive amounts of data, making them suited for statistical modeling and quantitative analysis. They offered uniform measurements and enabled comparisons between various populations and environments. Surveys, on the other hand, relied on self-reported data, which could be skewed and affected by social desirability. Furthermore, because surveys frequently condensed social capital's complexity into a small number of dimensions or items, they risked oversimplifying it.

The survey method was a widely used approach to measure social capital. Surveys employed self-report measures and Likert-type scales to capture individuals' perceptions of various dimensions of social capital, including trust, social support, and social participation. By utilizing subjective assessments, surveys provided insights into individuals' beliefs and experiences regarding their social relationships. Surveys enabled researchers to gather data on both bonding and bridging social capital, offering a comprehensive view of an individual's social connections and networks.

### **3. Qualitative methods**

A greater knowledge of the contextual elements that influenced social capital was provided by qualitative approaches. Insights into the cultural, historical, and

institutional processes of social capital could be gained by examining the meanings and interpretations of social ties. Researchers could interact directly with participants and delved into their experiences, perceptions, and narratives by using qualitative research methods, including focus groups and interviews (Patton, 2014, p. 669). Qualitative methods enabled a thorough investigation of the social settings and processes that affected the establishment and development of social capital through open-ended inquiries and participatory discussions.

Researchers could learn about the varied nuances and complexities of social capital in particular circumstances by using qualitative research methodologies. For instance, researchers could learn about the cultural norms and values that influenced social interactions and the development of trust through in-depth interviews. They could investigate the effects of historical and institutional factors on the emergence of social networks and the mobilization of resources within a certain community or organization (Kirkby, et al., 2013, pp. 271-285; Cofré-Bravo, et al., 2019, pp. 53-64).

Qualitative approaches offered the chance to record people's arbitrary perceptions and experiences of their social networks and interactions (Morse, 2015). Researchers could better understand the meanings associated with social connections, the advantages gained from them, and the social norms and obligations that regulated these relationships by studying participant narratives (Denzin, 2018, p. 841). Such understandings contributed to illuminating the social and psychological mechanisms by which social capital functioned and its effects on the welfare of individuals and collective outcomes. It was crucial to recognize the limitations of qualitative research methods, though. First of all, qualitative research could take a lot of time and resources. Researchers had to invest a lot of time and energy into conducting interviews, transcribing data, and analyzing qualitative data (Flick, 2018, pp. 1-16). This restricted the use of qualitative methods in large-scale investigations when data collection from a large sample size might be required in a short amount of time. In addition, one should have considered the costs related to qualitative research, such as those related to recruiting participants, providing incentives, and purchasing data analysis tools.

Additionally, because qualitative research frequently used small sample sizes, generalizability could have been a problem (Morse, 2015, pp. 1212-1222). In order to offer in-depth analyses of particular situations or circumstances, qualitative studies frequently placed more emphasis on depth than breadth (Creswell & Poth, 2016, p. 1125). Although contextually unique knowledge was produced through qualitative research, care should have been used when extrapolating results to larger populations or environments.

A greater knowledge of the contextual elements that influenced social capital was provided by qualitative approaches. Insights into the cultural, historical, and institutional processes of social capital could be gained by examining the meanings and interpretations of social ties. However, the time and resource requirements of qualitative methods prevented them from being used in large-scale studies. Additionally, because qualitative research frequently used small sample numbers, generalizability could have been a problem.

Understanding the contextual elements that influenced social capital was made possible through the use of qualitative approaches. They gave in-depth insights on the societal dynamics influenced by culture, history, and institutions. However, it was important to carefully analyze their time-consuming nature, resource-intensiveness, and generalizability restrictions. When used carefully, qualitative methods complemented quantitative approaches and advanced our grasp of the complexity of social networks and relationships, resulting in a more thorough understanding of social capital.

### **Determinants of Social Capital**

Social capital was mainly focused on the relationship between the government, the patients, and the relationship management with the employees. The relationship with the government depended on the support force of the financial funds obtained by the government, and the relationship with the patient relied on medical program communication, mental guidance, and effective feedback on the patient's feelings in the process of treatment. The medical equipment and medical technology of the hospital could also affect the medical technology and the social capital of the private hospital in this area. In relation to the employees (including doctors and nurses), this focused on the communication of the hospital and the staff, the good adjustment of employee treatment, and the improvement of the retention rate of the employee. It reduced the turnover rate and established better and more stable social capital. At the same time, social capital in these areas also had an impact on the profitability of hospitals, which affected the amount of money that could be used to invest in social capital in hospitals.

Social capital included the dimensions of trust, norms, and citizen participation networks, which were interdependent and mutually reinforcing to facilitate cooperation (Putnam, 1993, pp. 189-200). The three characteristics of social capital were the dominant analytical paradigms for applying this concept, and they were also the characteristics of social organization. Trust referred to the attitude and values of achieving reciprocal

and cooperative behavior, which promoted mutual understanding and support in interpersonal communication. Relationship referred to the formal relationship network and informal relationship network composed of family, peer groups, work, etc. Norms referred to the norms of behavior based on social relations, including both formal institutional norms and informal cognitive norms. Scholars especially emphasized the element of "trust," believing that trust was an important part of social capital.

Luo, & Tu (2004, pp. 44-52) divided corporate social capital into two dimensions: external and internal. External social capital referred to the relationship network of entrepreneurs. Internal social capital referred to corporate cohesion and corporate culture, which was manifested in interpersonal and inter-departmental trust and norms of behavior. When Zhao Shunlong et al. (2007) studied the composition model of corporate social capital, they divided it into internal social capital, external social capital, and the intersection of entrepreneur social capital. Feng Linglin, Ding Xuan (2008), and Qian Chunyu (2008) believed that internal social capital was the social capital stored among employees, managers, departments, and between employees and managers. External social capital was the connection between the external organizations of the enterprise, such as higher authorities, government departments, financial institutions, other enterprises, and universities.

Therefore, this paper similarly divided the social capital of private hospitals into internal and external parts

### **1. Internal social capital**

Internal social capital included hospital cohesion, the relationship between employees and managers, mainly encompassing the treatment provided by the hospital to employees, namely the employees' salaries, and the frequency of communication between employees and managers.

### **2. External social capital**

The external social capital mainly included the hospital's medical ability that was demonstrated to the outside world, the relationship between the hospital and the government, and the relationship between the hospital and the patient.

Among them, the medical capability demonstrated by the hospital to the outside world was formed by the hospital's investment in medical equipment and medical technology. The relationship with the government was described by external financial support and communication with the government, and the relationship with patients was measured by the frequency of communication with patients.

### 3. Trust

Li Min (2005) divided the trust dimension of social capital into three parts: micro, medium, and macro. The micro trust network was the relationship network between enterprise members and departments with management at the center. The middle-view trust network represented the trust network between the entities that had transactional and cooperative relationships with the enterprise. The macro trust network was the relationship network with the community, government, public, social groups, and other organizations.

Since this paper mainly studied the factors affecting the formation of social capital in private hospitals, the dimensions of trust in social capital in private hospitals were divided from micro and macro perspectives. This involved examining the degree of patients' trust in doctors (micro) and the degree of trust in hospitals (macro).

### Related Research

Social capital was a resource in social network relations that could create economic and social value for individuals, organizations, and society. In the past theoretical research on social capital, many scholars conducted empirical research, believing that social capital could have affected the operational status and management effectiveness of enterprises and improved the competitiveness of enterprises. At the same time, the scholars also delved deeply into the different dimensions of social capital, including structural social capital, cognitive social capital, and relational social capital. Therefore, the role of social capital could not have been ignored when studying the key success factors of scientific management in private dental hospitals. To better realize the scientific management of private dental hospitals, it was necessary to establish and improve the social capital within the organization from the perspective of managers and employees. At the same time, attention also needed to have been paid to the establishment of reputation, actively carrying out public welfare activities, improving the social reputation of the organization. Actively participating in industry associations, joining various social circles, expanding social networks, obtaining more information and resources, and promoting the development and growth of the organization. In conclusion, the importance of social capital was widely recognized in today's society, and in the scientific management of private dental hospitals, improving the level of social capital in organizations would have been the key factor for success.

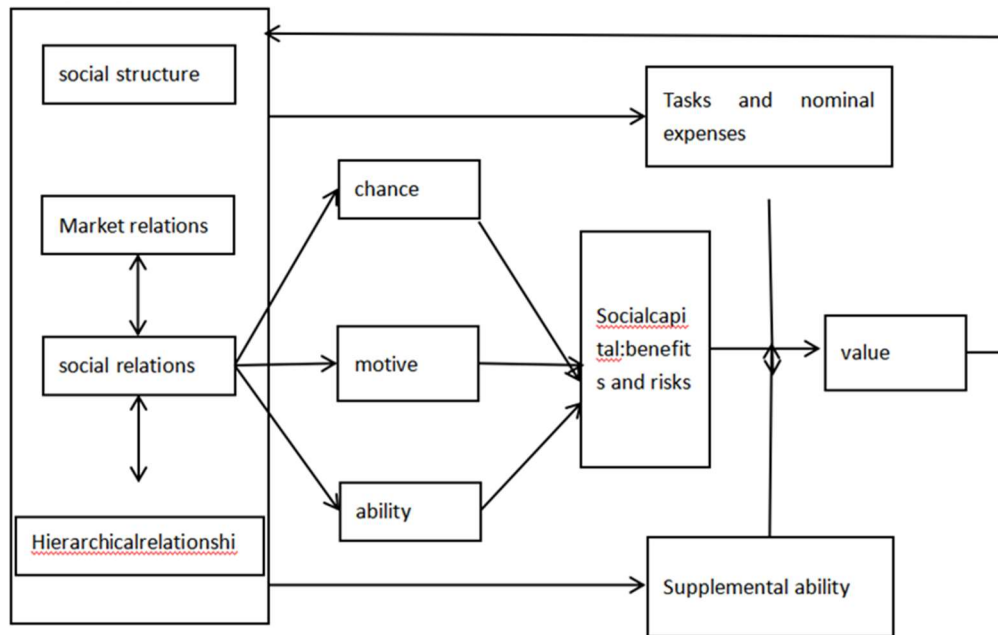


Figure 2.1 Relationship between terms of social capital

### 1. Researches on the influence of social capital on the management of private hospitals

The research on hospitals in foreign countries started relatively early, especially since there were many non-public medical institutions. Chandler pointed out that when many non-public medical institutions in the UK had developed to a certain extent, they overthrew the original system and carried out an all-round reform, restructuring their management, operation, medical services, and quality management models to maximize their development (Dalingwater, 2014, pp. 51-64). Portlane pointed out that the emergence of private hospitals formed a benign incentive mechanism in the entire market competition environment, which was also a breakthrough to the existing system. From the experience in the medical field of developed countries, the existence of private hospitals was of great significance, which could make up for the medical market and promote the reform of non-profit hospitals (Vasconcellos, 2016, pp. 66-74). George Wells pointed out that in the context of a market economy, the implementation and choice of strategies for private hospitals were particularly important. Under the premise that the government's medical policies were constantly changing, the strategic choices of private hospitals should also keep up with the policies and make timely changes (Devers, et al., 2003, pp. 447-469). In his interview, Mintzberg mentioned the future model of a diverse community in healthcare. He pointed out that it was necessary to establish a healthcare leadership program to improve the community's diverse organizational model (Mintzberg, 2017, p. 325).

With the deepening reform of medical and health undertakings and the vigorous development of private hospitals, the management research on the development of profit-making hospitals became more and more abundant. Based on the external development factors of hospitals, Zhang Zhen believed that the advantages of private hospitals mainly focused on the flexibility of the management system, limited improvement of economic benefits, strong marketing ability, and deep service awareness. Even under the monopoly of public hospitals, there was room for survival (Zhang, 2015, pp. 112-114). Wang Linan proposed that private hospitals were different from public hospitals in terms of brand characteristics, spiritual outlook, and service concept. They should give full play to these characteristics and fully form the social capital of private hospitals to make them play a due role in the development of private hospitals (Wang, et al., 2017, pp. 92-93).

Social capital was mainly defined as the capital and value formed by private hospitals through investment in the management system, fund source, staff management, and brand strategy. In addition, the social capital of private hospitals was also reflected in their self-positioning, service mechanism, and staff team construction, which also had a strong impact on the management of private hospitals. Wei Chao proposed that the management optimization of private hospitals should start from themselves, and the size of the scale and the subdivision of the population were all factors to be considered in the formulation of strategies. To implement differentiated market positioning, it was necessary to highlight specialty characteristics and build chain brands, thus forming scale effects (Wei, et al., 2015, pp. 34-38). Wu Zongyong suggested that private hospitals should have a flexible mechanism, always take patients as the center, strictly control medical quality, and at the same time provide high value-added medical services for high-end customers, increase the cost of a single medical treatment, and provide the best quality medical services for high-end people (Wu & Qi, 2015, pp. 27-29). Zhao Yantao and Zhu Mengrong believed that private hospitals had large talent mobility, low labor costs, poor treatment, and slow talent gradient construction. Lack of hospital corporate culture, hospital staff did not have a sense of belonging, and many other problems (Zhao & Zhu, 2019, p. 23). Wu Xiaojun pointed out that to improve hospital competitiveness, differentiated products and services had to be provided. It was also pointed out that hospitals should not only pay attention to the overall strategic goals but also include financial strategies and human resources strategies (Wu & Shu, 2014, pp. 33-34). Gao Yanrui believed that the managers of many private hospitals had a low cultural level and were not from the medical system. Some private hospitals were family enterprises, eager for quick success and instant benefits, pursuing short-term

interests without long-term planning, resulting in an unsound system and disorderly system to follow, which affected the management effect of private hospitals (Gao, 2016, pp. 11-12).

## **2. Research status in foreign countries**

In 1999, Santiago added a balanced scorecard model to the healthcare industry, evaluating hospital performance from clients to the financial side, internal business processes, and then to learning and innovation (Santiago, 1999, pp. 1571-1576). We believed that social public welfare undertakings should focus on health and balance their benefits. It expounded eight aspects of the management model of healthcare at the level in the United States and evaluated the quality of healthcare three times. William A. Jackson found in his research that it was very important to choose and implement the correct hospital environment of the market economy system because the government's normal medical management and hospital management, policy changes, and the choice of management strategies were constantly optimized and improved in the market economy reform (William, 2018, pp. 237-251).

The development of private hospitals was particularly important for a country, and the status of private hospitals in the world continued to improve. Juron and Matty investigated the impact of business-level strategy on performance and found that the core competitiveness of pharmaceutical companies came from differentiated competition rather than cost-leading strategy (Juren and Marty, 2020, pp. 976-985). Girland and Deborah J believed that in the study of hospital competitive strategies, the use of cost-leading strategies was often monopolized in the market. Hospitals that followed cost-leading strategies could often achieve higher performance levels than differentiation or asset-saving strategies (Hammer, 2000, pp. 849-925).

Jeurissen analyzed the structure of hospitals' social capital and conducted a survey among the members of hospitals. He concluded that all of the studied hospitals chose cooperative strategies rather than competing to protect their portfolios (Jeurissen, et al., 2016, pp. 15-23). Rabanitar found that participatory culture, supportive leadership, financial/non-financial incentives, and support for BSC in policy, resources, and daily activities appeared to be desirable characteristics (Rabbani, et al., 2011, pp. 1-14). Role clarification and consensus on the purpose and benefits of BSC were considered as key strategies to overcome barriers to implementation. Furthermore, it was recognized that if infrastructure and data networks could be built on existing foundations, they could be easily adopted rather than trying to replace existing information systems.



Patel studied the price of medical services in several hospitals in Portland, and he found that we could not determine to what extent the costs caused by higher hospital prices were passed on to consumers. Nonetheless, his findings added value as they provided evidence that market forces to offset subsidies may be important in the hospital market (Herrick & Goodman, 2007). Porter concluded that in the free trade scenario, the combination of free competition strategy and "governance without action" policy created a "win-win" state, which was the best choice for all trade stakeholders from a long-term sustainable perspective (Porter, 1997, p. 1).

### **3. Status of domestic research**

After the reform and opening up, China underwent continuous accumulation and improvement of management practices, as well as the introduction of enterprise management system research. Since the reform and development, with the influx of enterprises and the introduction of foreign advanced management technology and experience into China, senior managers of Chinese enterprises were able to contact and learn advanced management concepts. The domestic medical and health system was gradually promoted, and the development of hospitals moved from disorderly competition to orderly competition in strategic decision-making and management.

In November 2020, General Secretary Xi Jinping pointed out at the Central Committee meeting that the CPC's 14th Five-Year Plan and the CPC and the 14th Five-Year Plan should comprehensively promote the long-term goal of building a healthy China. Taking into account the professional characteristics of the stomatology industry and the urgent need for private capital to grasp the medical industry, the interaction between stomatology and capital was discussed from the perspective of the combination of technology and finance. In recent years, the outline of the "Healthy China 2030" plan, China's Medium-and Long-term Chronic Disease Prevention and Treatment Plan (2017-2025), and the Thirteenth Health Plan all included the prevention and treatment of oral diseases, indicating that the importance of oral health had risen to the level of national strategy. Private hospitals emerged under such diverse medical needs. Operators seized the bold opportunities of reform and development. With the management ability of managers and the unique investment vision of investors, many private hospitals achieved unprecedented development.

In his study, Zhang Aijun (2021, pp. 137-140) found that public hospitals and private hospitals mutually benefited each other. In the process of operation and development, private hospitals needed to clarify the differentiated market positioning of hospitals, reasonably judge the service content and target audience of hospitals, clarify the development of hospitals themselves, and avoid being at a disadvantage in

homogeneous competition with public hospitals. Private hospitals should actively, reasonably, and legally adjust the enterprise structure and management methods, study the management direction according to their own development, and improve the overall level while ensuring the medical quality of the hospital.

Gao Xiang (2021, pp. 97-117), based on the policy analysis of "Opinions on Accelerating the Development of Private Medical Institutions" in Guangdong Province, concluded that the sustainable development of private hospitals in Guangdong Province was limited by various aspects, and the overall comprehensive strength and development level still needed to be strengthened. Most hospitals lacked core competitiveness and innovative development ability. However, private hospitals had better management and operation flexibility, were better able to adapt to the needs of market changes, and could formulate corresponding development strategies according to their own business development.

Li Wenjing (2021, pp. 149-150) pointed out that the SWOT analysis method was used to conclude that private hospitals had problems such as small organizational scale, weak ability to resist risks, and public distrust of private hospitals. Private hospitals in China should build characteristic specialized hospitals according to differentiated market positioning, give importance to the role of talents in competition, and actively introduce talents. They should also establish good medical ethics and consider honest development as an important standard.

Wang Wei (2019, pp. 229-230) believed that modern people's demand for medical services became more diversified and professional, and the public's demand for medical services gradually increased. New requirements were constantly put forward for private medical institutions, and the medical industry had great potential for development. To grasp the development level, private hospitals should make a comprehensive and objective analysis of their own situation while fully understanding their own situation and formulate sustainable, scientific, and feasible strategic policies according to their own development.

Wang Xiurong (2018, pp. 5-8) said that in order to survive, small and medium-sized hospitals had to seize market share from each other, and the competition was intensifying. Choosing the right competitive strategy was the only way for small and medium-sized hospitals to get out of difficulties and stand out in the market competition. The differentiation strategy of technology, talent, service, and medical process customization could help them overcome difficulties, achieve good results, and enjoy a good reputation in people's hearts.