INTRODUCTION

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In recent years the health care system in the United States has come under sharp and sustained attack from many quarters, being persistently criticized for inability to meet society's health needs and goals and for the staggering costs of patient care to the public. This past decade hospitalization costs have been increasing at an unprecedented rate, both absolutely and in comparison to the rise in the cost of living (average per diem charges by hospitals are about two and a half times as high as they were ten years ago). At the same time public expectations for improved service and better performance in terms of coverage, quality, and cost have been growing very significantly, and pressures by community groups and consumers for better health care delivery at more reasonable cost have been mounting as never before.

It is widely acknowledged, moreover, not only by interest groups and public officials but also by health care professionals and social scientists, that these pressures and expectations have been rising much faster than the organizational capabilities and effectiveness level of the system in its present shape. At a time when access to health care services by all has come to be considered a national goal and a right, the stark recognition that the health care delivery system is not functioning effectively, even allowing for economic inflation and the cost of genuine improvements, has been producing heavy demands for change. In turn the major components of the system, particularly the nation's hospitals, have been experiencing correspondingly serious difficulties under the impact of these forces, as all concerned have been debating the issues and seeking solutions without much success.

All health care institutions, but especially hospitals and medicine, have been charged with the crisis that pervades the present system. Increasingly, hospitals have been unable to cope with the spiraling costs of care and to perform in accordance with social expectations. Institutional medicine has been challenged to reform conventional practice and be more responsive to the health problems and needs of the nation, being assailed even from within for its shortcomings (the vigorous criticism of the profession by graduating medical students of the class of 1971 witnessed recently in a number of campuses is but one case in point). And the relative efficiency of the total

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health care system has been judged seriously wanting within and outside the field, for the gap between expectations and performance has been widening rather than decreasing. In the process, economic, political, and social pressures for large-scale improvements, controls, and organizational solutions that would "rationalize" the system and make it more effective have grown to the point that major changes appear necessary and inevitable.

Currently, various solutions are being proposed at all levels by responsible parties, and care programs of different kinds are being formulated and occasionally even implemented in some communities, but the basic problems still persist on a massive scale throughout the system. Yet medical knowledge and clinical capability, health care technology, and the scientific base of the system have never been higher, more promising, or more dependable than they are today. Obviously, the solution of the basic problems must lie largely elsewhere, and mainly in the organization of the system and its subsystems and components.

Better understanding and adequate knowledge of organization at all levels of the system may hold the key to effective approaches and successful solutions. Knowledge from the social, behavioral, and management sciences, in particular, could well prove crucial in this respect and infinitely more important than knowledge from the health sciences themselves. The so-called $70 billion a year health industry (current annual health care expenditures by the American people amount to about $75 billion) apparently requires, and could benefit very substantially from, careful and intensive scrutiny of the organization problems on whose resolution effective hospital functioning and medical practice and, hence also, the effectiveness of the total system depend most. It is this area and this kind of knowledge and understanding with which this book is concerned and to which it aspires to contribute.

Much of the necessary knowledge already exists but is neither well integrated nor readily available in convenient form, being widely scattered in the massive research literature of the last two decades. At first glance, this happenstance leaves an overwhelming impression of futility for the organizational practitioner and policy maker who is a potential user, as well as an impression of either intelligible chaos or unintelligible order for the uninitiated student. But much of the relevant knowledge is there for those who are sufficiently motivated to seek it through diligent search and perseverance. More important, a good part of it can be made intelligible and understandable and communicated in useful form with books of this kind.

This volume presents a critical review, together with an attempt at meaningful, though partial, synthesis of recent social-psychological research on hospital organization and current thinking about the health care field. It presents the contributions of a group of knowledgeable researchers, scholars, and practitioners who undertook to summarize and then discuss the key issues and unfolding contributions of organization theory and knowledge relating to the crisis and major problems of health care institutions.

The Problem of Hospital Organization

One of the most critical concerns of modern society is how to create and maintain organizations which are rational and adaptive (so as to minimize unpredictability of behavior and uncertainty of outcomes while taking full advantage of the benefits of an advanced technology), economically efficient, and satisfying to their members, clients, and communities. This, broadly conceived, is essentially the pervasive and challenging problem of organizational effectiveness. It is also the central underlying theme of this book.

A key aspect of the problem is how to organize and manage human efforts most effectively in complex formal organizations, and how to accomplish this in socially responsible ways under prevailing conditions of rapid change and increasing uncertainty in the environment. Clearly, once-and-for-all solutions are not feasible, and the outcomes of attempts at solution through traditional means are typically unproductive. The problem of organizational effectiveness is extremely difficult and its solution elusive, partly because of its magnitude and complexity and partly because conventional problem-solving mechisms no longer work. Successful solutions now demand both a great deal of dependable social-psychological knowledge (available, at least in principle) and a more systematic application of such knowledge (a highly complicated and generally poorly performed task) than in the past.

In most cases, for hospitals as well as for other complex organizations, acceptable and relatively lasting solutions require greater social-psychological sophistication rather than a more sophisticated technology. In all likelihood they require social innovations, organizational experimentation, and the testing of new forms and patterns of organization, or at least significantly modified structures than those now in operation. They cannot be achieved satisfactorily simply with more money or an even more perfect technology.

As an organization the contemporary hospital is a specialized community institution functioning under the constraints of a problem-ridden health care delivery system and within a turbulent social environment to which it must constantly relate and adapt. Moreover, it is a highly complex organization that is based on the mutual cooperation of a large and heterogeneous number of interdependent professional, semiprofessional, and nonprofessional members. These participants possess different levels of education and skill, belong to different socioeconomic strata, and represent different values and orientations. Yet all must work in close proximity and constantly deal with human problems in the interest of health care goals and service to the community.

Sound economics and technological achievements are extremely useful and important to the modern hospital, but of themselves they cannot ensure organizational effectiveness. These must be accompanied by sound "politics," internally as well as in relation to the outside community, and by commensurate levels of social efficiency, if the problem-solving capacity of the system is to be maximized. For its social efficiency the hospital depends upon its human assets. Constantly it must rely very heavily on the psychological com-

mitment, the motivations, the cooperation, and voluntary adjustments that its members are prepared and willing to make in relation to one another and their respective roles and work groups, in relation to the total hospital as an organization and a work place, and in relation to the patients and the external community. However useful or necessary technological progress might be, it is not a substitute for social efficiency; technological innovations and improvements cannot compensate for obsolescence in the social-psychological sector and organizational arrangements on which the system relies.

The American hospital now is under heavy and continuous pressure for modernization, both physical and organizational, and for a major reorientation of its goals and operations via-à-vis community interests and consumer demands, governmental involvement, and medical-scientific capabilities. A highly advanced health care technology, continuous progress in medicine, increasing specialization in medicine, nursing, and allied health occupations, the professionalization of hospital administration, and the general explosion of knowledge inside and outside the health field have combined to render the traditional, and still prevalent, social organization of this system visibly ineffective.

There is also in evidence a gradual redefinition of the institutional role of the hospital as a health care center within the more encompassing care delivery system. This redefinition is taking place in the context of major societal trends relating to community demands, national health priorities and goals, and health care conceptions on the part of the public and its representatives. These include Medicare and Medicaid, the development of regional medical programs, the emphasis on comprehensive health planning and health maintenance organizations (HMOs), the support and expansion of health manpower training programs and the recent development of continuing education programs, the promulgation of a national goal of adequate health care for all, and the organization of consumer groups and community interests.

All of these changes, and the forces which they generate, have a strong impact on the hospital and concrete implications for shaping the kind of social structure and organization that would be most appropriate or more effective for the system. In combination and in interaction, they are forcing the hospital to alter, now and in the future, many aspects of its traditional character and organizational functioning. Most of the current major problems of hospitals and of the total health care system relate directly to these contemporary forces.

The hospital is becoming increasingly, but probably too slowly, more responsive to the interests, expectations, and health care needs of the entire outside community, as well as more sensitive to the interests and contributions of all of its various groups of members at all levels, and not just those of the medical staff. It is becoming a more open system that is more community oriented and less inner-directed than ever before. But today's hospital is still ruled by three dominant decision-making elites—physicians, administrators, and trustees—which guide the organization and define the action framework for its numerous other groups. Current trends indicate, however, that a broader base of decision-making is slowly developing, with an interaction-

influence structure that transcends the conventional tripartite arrangement, and that is gradually expanding to encompass more and more of the participants, regardless of their professional affiliation or hierarchical position, and to accommodate the community's inputs and wishes much more fully than in the past.

Increasingly less and less effective are the traditional maintenance and control mechanisms of the organization: hierarchical authority and formal rule enforcement, unquestioned medical dominance and control of clinical decision-making by physicians, member identification with the organization primarily on the basis of service values, distribution of influence and rewards according to professional status and position. Inside and outside the system, the premises of the conventional structure no longer remain unchallenged, and new bases of organizational stability are required and sought by all concerned.

The internal institutional arrangements of hospitals for decision-making, optimal manpower utilization and task allocation, and role performance and its evaluation are generally considered deficient, outdated, and questionable. External relations arrangements and interorganizational cooperation remain largely unexplored. The supply of properly trained doctors, nurses, and technicians to meet existing and future health needs and expectations also is deemed insufficient by many and poorly utilized by most. On the other hand, the quantity and quality of relevant technical and organizational knowledge available to hospitals and the health professions are constantly growing and improving through modern research. And they are growing much faster than they are utilized. This lag between available and utilized knowledge is perhaps nowhere greater than in the case of health care institutions.

Some alternative models of hospital organization, based on current organizational research and social-behavioral science thinking, are presented here (e.g. Georgopoulos, Pellegrino, Straus) not only for the purpose of examining the present state of knowledge in this field and its implications for research and action, but also for the purpose of defining major existing problems and suggesting the character that the system might assume in the future. The form and magnitude of social-organizational restructuring needed for greater hospital effectiveness, at any rate, in large part will depend upon the kind of organizational system today's hospital is. They will depend upon the major social-psychological characteristics and prevailing interaction-influence patterns which distinguish contemporary hospitals. Organization restructuring and new institutional patterns in part will be determined by past experience and future choice. But they will also be determined by the objectives and problems of the system, the composition and characteristics of organizational groups and subsystems, the type of work to be done, the patterns of professional relationships and behavior in the system, the nature of prevailing organization-member and organization-community relations, and other similar features of the system now in existence. It is these important determinants, among others, which interest us here.