

Organizational  
Development in  
**Health  
Care**  
Organizations

Newton Margulies  
John D. Adams

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ORGANIZATIONAL  
DEVELOPMENT  
IN HEALTH CARE  
ORGANIZATIONS

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*We dedicate this book to those health care professionals—physicians, nurses, technicians, and administrators—who test themselves every day in the complex arena of patient care and organizational health. The best persevere.*

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## PREFACE

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During the past several years our professional lives, sometimes consciously and sometimes otherwise, have moved toward the health care establishment. There was, and still is, a fascination with health care organizations and certainly with health care professionals—those who make it all happen. While health care organizations have many things in common with other organizations, there is no doubt that they are also unique. Health care organizations are becoming increasingly complex, increasingly interdependent, and increasingly fraught with the problems that beset complex, interdependent organizations.

Our personal values attracted us to health care organizations. What better place to ply our trade than in organizations staffed by people who are concerned about people? In some ways, then, the subject of this book was for us the ultimate application of organizational development (OD) expertise at a level where we could help the total health care organization to pursue more effectively the business of maintaining and perhaps (if we allow ourselves one vision of grandeur) saving human lives.

By sharing our experiences we soon found that many of our colleagues had developed the same interest in the health care field and were actively using OD in various forms and modes. It seemed to us that a compilation of these experiences, described by those directly and immediately involved as OD professionals, would be enlightening. We thought that such a volume would be helpful to other OD professionals as well as to managers in health care organizations and health care professionals who are interested in improving the organizations in which they labor.

We proceeded to elicit contributions from a group of recognized OD professionals. Their response was the array of approaches and experiences presented in this book. The contributors have explicitly tried to address the health care audience. While the book will be interesting and valuable to the OD practitioner, it is intended to familiarize the health care professional and manager with the field of OD and with its potential effects in the health care setting.

The field of OD has changed considerably since its emergence in the 1950s and 1960s. The coming decade is likely to present many new and varied challenges for the OD field, from a theoretical and empirical perspective, and from the perspective of those of us who apply the principles of OD in real organizations. Clearly, the health care field looms as an important and crucial arena in the coming years. Technology will continue its steady progress. To health care workers who are aware of the complex relationship between technology, the organization, and human resources, the coming years may look frightening as well as challenging. To these professionals, whose courage we applaud, we dedicate this book.

Many different methods and approaches to OD are being tried in health care organizations. We think the chapters of this book provide a representative sampling of the OD techniques available. This sampling includes conceptual material as well as practical examples. We hope this mixture will provide the reader with a theoretical and pragmatic understanding of the field.

Part One begins with a brief history of the field of OD and a description of the application of OD to the problems and needs of the health care industry. In Chapter 2, Tichy and Beckhard develop a conceptual model for the guiding and planning of OD interventions and give an overview of the techniques that can be used in health care organizations.

Part Two, devoted to initiating and maintaining OD efforts, con-

tains three chapters that describe such activities. In Chapter 3, Merrill and Moosbrucker describe the establishment of a new OD effort (on the heels of an earlier, failed effort) at a large teaching hospital. While the setting is a unique one, their experiences have wide application.

In Chapters 4 (Stebbins, Hawley, and Rose) and 5 (Cohen), the authors introduce case descriptions of specific OD interventions in hospitals. They detail their approaches and identify the factors they feel contributed to their successes and failures. Chapter 4 represents an application of some basic OD processes (action research) and carefully delineates the steps necessary for successful implementation. In Chapter 6, Tichy uses the model described in Chapter 2, plus some additional concepts to describe the management of change in a hospital.

Part Three demonstrates the point that OD approaches are many and varied. Plovnick (Chapter 8) proposes that change can be accomplished by focusing on structural interventions in health systems. Chapter 7 by David Nicoll is a detailed case description of a particular change effort in a large health management organization. The intervention, which he calls a Modularized Primary Health Care System, is discussed as it was designed and implemented in the service of improving health care delivery.

In Chapter 9, Nadler and Gladstein review their work as an evaluation team observing and recording the efforts of a team of consultants involved with a quality of working life (QWL) project in a large-city teaching hospital. In Chapters 10 (Fry), and 11 (Shonk), the authors describe their application of very specific intervention techniques, open system planning and organizational mirroring respectively, as parts of larger OD efforts in large, complex hospital settings. Similarly, Neilsen and Srivastva describe their use of a more clinical intervention, role therapy, as an OD technique.

Part Four balances our presentation with two chapters that suggest the limitations and challenges of using OD techniques in health care organizations. In Chapters 13 (Nadler and Tichy) and 14 (Brill and Pierskalla), the authors develop lists of issues and challenges out of their extensive work experiences with health care organizations.

*January 1982*

*Newton Margulies  
John D. Adams*



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**ORGANIZATIONAL DEVELOPMENT  
IN HEALTH CARE ORGANIZATIONS**

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## **PART ONE**

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# **AN INTRODUCTION TO THE FIELD OF ORGANIZATIONAL DEVELOPMENT**

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ORGANIZATIONAL DEVELOPMENT

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NEWTON MARGULIES • JOHN ADAMS

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As long as there have been organizations, there have been people concerned about making them work better. A variety of approaches has been used to this end, some long obsolete and some still very much in use today. This book is about one approach to organizational change and improvement—organizational development (OD). It is difficult to identify exactly how and when OD as an approach to organizational effectiveness first appeared. While there are probably numerous perspectives on the emergence of this field, its conceptual foundation, and its practice, the following section includes some common viewpoints.

### Historical Perspectives of Organizational Development<sup>1</sup>

Several important forces that seemed to converge in the mid-fifties and mid-sixties to us represent important antecedents of what we now know as the field of organizational development. The first of these was the emergence of a set of humanistic philosophies that were oriented toward management, the work-place, and organizational life; the second was the development of T-groups, or sensitivity training, and the development of the humanistic potential movement; the third was the student activist movement, which had its great impact in the mid-sixties. The following brief discussions of each of these forces are intended to provide a description of where, how, and in what ways the field of organizational development has emerged.

#### *The Emergence of Humanistic Philosophy in Management and Organizations*

The Hawthorne studies of the late twenties and early thirties raised management's awareness of the impact of the human element on organizational performance (Roethlisberger and Dickson, 1959). "Human relations became important both as a field of academic study and as subject matter in the training of managers. While the subject of human relations received some attention, it was not until the late fifties that it became something more than an addition to the manager's tool kit. A number of prominent social scientists developed the theoretical foundations that made human relations a management philosophy and approach. Their writings struck at the heart of the value orientations of managers and at the assumptions underlying our organizational models. Their analysis included not only a criticism of current organizational and management practices

<sup>1</sup>From *Conceptual Foundations of Organizational Development* by N. Margulies and A. P. Raia. Copyright © 1978 by McGraw-Hill. Used with the permission of the McGraw-Hill Book Company.

but also recommended an alternative set of values which were more humanistic in nature. A number of these writings are considered by some to be classics insofar as they contributed in a major way to both the theory and the practice of management. While there were many contributors, we will mention only a few of those whose work provided a springboard for further exploration and experimentation in the field.

Abraham Maslow's theory of motivation became a platform from which organizational analysis, as well as worker motivation, was studied (Maslow, 1954, 1965). His concepts of the "need hierarchy," and particularly his notion of self-actualization, became popular with managers who tried to incorporate them into their styles of managing and into their approach to organization. Maslow's theory was understandable, could be easily translated into organizational terms as a way to analyze and formulate approaches to motivation and morale, and had the additional advantage of lending itself to the personalization of the work place. The most significant impact, however, came from the notion of self-actualization. The idea that each individual strives to reach some ideal point of achievement, to fully realize his or her potential, seemed to strike many a responsive chord. Some organizations tried to build a structure and a set of norms which would permit the work place to provide self-actualizing opportunities for people in organizations (Kuriloff, 1965).

Building on Maslow's concepts of organizational models, Chris Argyris (1957) further explored the relationship between the needs of individuals and the organizational context within which the individuals work. Argyris argued against much of what was then being attributed to the classical or bureaucratic model of organization and the classical views of the management process. He showed that the notions on which the organizational society was built had inherent contradictions that ran counter to the natural development of human beings.

Further treatment came from Douglas McGregor, who in 1960 wrote *The Human Side of Enterprise*. McGregor, like Argyris, built on Maslow's theory of motivation. Very briefly, McGregor proposed two sets of orientations, or values about management, organization, and the work place. On the one hand, he described a set of values, or propositions, Theory X, that basically represented a negative, nontrusting, economic view of people and organizations. McGregor's idea was that if one built an organization and a management style or theory based upon this view, what was likely to emerge was a highly bureaucratic organization having many rules and many procedures. It would incorporate communication patterns which were essentially downward (and unidirectional) and would encompass a management role which was centered on control. On the other hand, McGregor proposed an alternative set of propositions, or values, Theory Y, which took a positive, trusting, more complete view of people and organizations. Managing under the Theory Y assumptions would require the integration of individual needs and organizational goals. Under these conditions, managers would not need to spend so much time on the control function. In fact, the individuals in the organization would monitor and control their own performance—i.e., exert "self-control." The result would be increased consonance between what individuals wanted from the job environment and what the organi-



zation needed to provide for its own survival. It is easy to see the relationship between McGregor's orientation toward management and Maslow's description of environments in which individuals can "self-actualize."

Rensis Likert (1961), building on some of these early notions, noted that the major building blocks of successful organizations need not be individuals, but could in fact be social organisms, such as the work group. From this perspective, the organization is viewed as consisting of many such social organisms which are linked together by managers ("linking pins") who play very special roles in the work groups of which they are members. Likert's orientation, like those of his contemporaries, was to view the organization as a more humanistic social organism than as a bureaucracy designed to maximize the technical efficiency of human beings.

Taken collectively, these humanistic views reflected a prescriptive (as opposed to descriptive) orientation toward organization change and development.

#### *The Development of T-Groups and the Laboratory Method*

In 1947 a group of social psychologists led by Kurt Lewin accidentally discovered what some might call the most powerful social invention of the century, the T-group, or what later emerged as "Sensitivity Training" (Bradford, Gibb, Benne, 1964). While sensitivity training developed in the late forties and early fifties, it did not reach its full potential until the late fifties and early sixties. Consequently, the emergence of sensitivity training as an important learning mechanism came about at the same time as much of the literature classified under the heading of management philosophy. The important thing about T-groups, in the context of the emergence of the field, is that they began to make explicit a set of humanistic values and a very definitive way of behaving which are quite consonant with the humanistic orientation of organizational development. Values such as openness, trust, collaboration, and participation were commonplace in T-group settings and were eventually to have a significant impact on many applied behavioral scientists. The development of an applied OD technology would be seen as a stepchild of the sensitivity training movement.

During the late fifties and early sixties, many of the social scientists who were involved in T-groups and sensitivity training programs expressed dissatisfaction with the kind of impact they perceived sensitivity training was having on society as a whole. Essentially, they felt that T-groups and sensitivity training were powerful interventions, but that there was little carryover and transfer to the real world. Many of them became intensely interested in ways in which the laboratory method could be used as a vehicle for working with real-life social systems, such as families, organizations, and communities. A few began to apply the Lewinian model of change to a wide variety of client systems (Lippitt, Watson, Westley, 1958).

Kurt Lewin's (1947, 1951) impact on the emergence of the field of organizational development cannot be minimized. While he pioneered the sensitivity training movement, he also formulated what is perhaps the most commonly accepted model for bringing about change. The three-phase model of unfreezing, moving, and refreezing has been *the* definite tool of both theoreticians and practitioners involved in organizational change. This model has applicability to