

## PART 1

# Organization Theory and Foundations

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*"It is with theories as with wells; you may see to the bottom of the deepest if there be any water there, while another shall pass for wondrous profound when it is merely shallow, dark, and empty."*

— **Jonathan Swift**

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## CHAPTER 1

# Introduction to the Study of Health Organizations

As long as there have been human endeavors, there have been people engaged in organizing.<sup>1</sup> Perhaps, even nature itself, as a system, is involved in the processes of organizing. As described by James Johnson, “organizations are complex, multifaceted, adaptive social systems.”<sup>2</sup> Health administrators, and managers, in order to be effective in helping their organizations accomplish their missions and in turn serve their communities, must have a solid understanding of human behavior and how it is manifested in the organizational setting. As Johnson further asserts, “at its most fundamental level, the study of organizational behavior is the study of human behavior.” There is extensive and long-standing research on human behavior and organizations provided by the fields of psychology, sociology, systems science, behavioral economics, political science, anthropology, and the various other social sciences.

Probably, the natural emergence of organization grew out of our instinct for survival. In the hostile world of early humankind, food, shelter, and safety needs usually required cooperative efforts, and cooperative efforts required some form of organization. Certainly, the patriarchal system vested leadership in the heads of early families. The oldest member of the family was the most experienced and presumed to be the wisest member of the family and thus was the natural leader.

Complex forms of organization were required and did evolve as families grew into tribes and tribes evolved into nations. The earliest written record, the clay tablets of the Sumerians, recorded division of labor and supervision practices. In Sumerian society, as in many others since then, the wisest and best leaders were thought to be the priests and other religious leaders.

Likewise, the ancient Babylonian cities developed very strict codes, such as the Code of Hammurabi. King Nebuchadnezzar used color codes to control production of the hanging gardens, and there were weekly and annual reports, norms for productivity, and rewards for piecework.

The Egyptians organized their people, including slaves, to build cities and pyramids. Construction of one pyramid built around 5000 BCE required the labor of 100,000 people working for approximately 20 years. Planning, organizing, and controlling were essential elements.

China perfected military organization based on line-and-staff principles and used these same principles in the early Chinese dynasties. Confucius wrote parables that offered practical suggestions for public administration.

The city-states of ancient Greece were commonwealths, with councils, courts, administrative officials, and boards of generals. Socrates talked about management as a skill separate from technical knowledge and experience. Plato wrote about specialization and proposed notions of a healthy republic led by “philosopher kings.”

Many think the Roman Empire was so successful because of the Romans’ great ability to organize the military and conquer new lands. Similarly, those sent to govern the far-flung parts of the empire were effective administrators and were able to maintain relationships with the other provinces and the empire as a whole.

There are numerous other ancient examples of organization development, such as Hannibal leading a massive army across the Alps, Alexander the Great building a vast interconnected empire, and the first emperor of China building the Great Wall. Many of the practices employed today in leading, managing, and administering modern organizations have their origins in antiquity.

The Industrial Revolution of the 19th century created a need for new thinking and the refinement of old thinking. However, modern management theory, as discussed in this text and applied specifically to health organizations, is primarily a phenomenon of the 20th century, with even newer theoretical constructs and practices now emerging in the early 21st century.

Today organizations have become a constant part of people’s lives worldwide. Most people spend their professional lives working in an organization. Additionally, they spend their personal lives in and with organizations (e.g., churches, soccer leagues, clubs, and civic groups). The advance of health organizations can best be described as rapid and increasingly diverse and complex. Thus, students who intend to become healthcare managers will benefit by studying organization theory, behavior, and development. Understanding health organizations will undoubtedly improve their

performance and success as leaders in their future careers.

## ► Studying Organizations

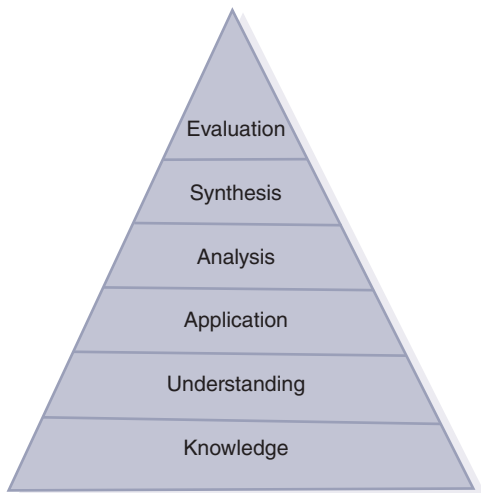
Studying organization theory and learning about organization dynamics can be exciting, interesting, revealing, and rewarding. However, it may involve a different kind of learning than some students are used to. This text has many theories, principles, concepts, and abstract ideas—that is the nature of the material. Compared to some subjects and courses, the content is less exact and objective and has fewer absolutes. For example, answers to questions may be “contingent” on context or situations—just like what we experience with organizations in the real world. Students who come from “hard science” backgrounds or clinical professions might have to adjust to become comfortable with ambiguity and the “it all depends” concept. Students can learn about organizations and “bring to life” the conceptual content of this chapter by using methods presented in the rest of this chapter. By using these active learning methods and working with the content of this text, the students will increase understanding of organization theory, behavior, and development. These methods are interactive and may overlap.

### Higher-Level Thinking

In the 1950s, Bloom’s taxonomy of educational objectives identified the following six cognitive domains or levels of learning.<sup>3</sup>

1. Knowledge (e.g., identify, define, list, describe)
2. Comprehension (e.g., rewrite, explain, predict, summarize)
3. Application (e.g., compute, modify, prepare, use)
4. Analysis (e.g., simplify, outline, examine, diagram)

5. Synthesis (e.g., combine, categorize, develop, plan)
6. Evaluation (e.g., compare, contrast, justify, assess)



Although this taxonomy has significant staying power, there are more recent adaptations. One example is in 2000 Anderson and Krathwohl suggested a newer, more action-oriented model:<sup>4</sup>

- Remembering = Knowledge (lowest)
- Understanding = Comprehension
- Applying = Application
- Analyzing = Analysis
- Evaluating = Evaluation
- Creating = Synthesis

Furthermore in 2013, Fink suggested a new paradigm, the Taxonomy of Significant Learning:<sup>5</sup>

1. Foundational knowledge (the need for students to know something; the ability to understand)
2. Application (the ability to engage in a new kind of action)
3. Integration (the ability to see and understand the connection between different things)

4. Human dimension (learning about self, others; enabling them to function and interact effectively)
5. Caring (new forms of feelings, interest, or values)
6. Learning how to learn (learning about the process of learning itself; special value which enables one to continue learning more effectively)

Undergraduate education is likely to emphasize lower levels of learning, whereas graduate education should move toward higher levels of learning. The Commission on Accreditation of Healthcare Management Education (CAHME) defines lower level learning as Bloom's Taxonomy level 1 knowledge (learning/recall) while higher level learning uses more complex skills; Bloom's level 3 application (using learned material in new situations) to level 6 Evaluation (assessing/judging).<sup>6</sup> Students can develop understanding of organizations by using all of these domains of thinking, especially the higher ones. That will help later in careers, because managing health organizations requires much analysis, synthesis, and evaluation.

Faculty instructors will likely create assignments and class activities that require higher-level thinking. Students will benefit from these and should work hard in completing them. For example, faculty instructors may require students to analyze a local health organization by applying concepts (e.g., mission, goals, structure, and culture) from this text. Students might be asked to compare and contrast a primary care medical group with a safety net primary care clinic. These types of learning activities can be done alone or in small groups. The more a student does these assignments and discusses them with others, the more the student will develop the ability to think about organizations (health organizations, in particular).

Besides fulfilling assignments and activities that come from courses and faculty, students may develop their own exercises. Students should get in the habit of examining,

analyzing, and evaluating organizations. By doing so, they will begin to develop a mental framework with which they can examine and understand organizations during their careers. Physicians develop a mental framework with which they examine and understand patients. Managers need to develop a mental framework with which they can examine and understand organizations. Students are also urged to reflect on what they learn and then try to link it to their own personal experiences. Students can reflect on organizations they have worked in or interacted with by using theory, principles, and concepts presented in this text: Which of these have they observed in organizations? Which approaches to organization seem most common? Which of these would students prefer in a work situation?

## Experiential Learning

Students can strengthen their learning of this text's theories, principles, concepts, terms, and methods by using experiential learning. Didactic classroom learning is important, but it is not sufficient to only learn about organization. Faculty can provide experiential learning opportunities and students should enthusiastically pursue these to more fully learn what is offered in this text. This includes the following:

1. Problem-solving
2. Case studies
3. Organizational analysis
4. Small group discussions (practicing organization behavior)
5. Debate
6. Interviewing healthcare executives
7. Film and video assignments

Educator and philosopher John Dewey reported almost a century ago that an effective way to learn is through solving meaningful problems.<sup>7</sup> Students, with guidance from faculty and others, should engage themselves in solving problems of organization theory, behavior, and development in health organizations. For example, students can suggest how

to apply the concepts and principles in this text to the urgent problem of medical errors and to “cross the quality chasm” in healthcare. Case studies also provide realistic problems for which students can try ideas and discuss them with others to consider various possible solutions. Finally, students might conduct an organizational analysis, in which they analyze a health organization from an organization theory perspective.<sup>8</sup> Students would select a health organization and then use concepts from this text to examine the organization's mission, goals, structure, culture, groups, teams, coordination, learning, and so forth.

Students can develop their understanding through discussion in small groups (in which students may feel more comfortable) and then in the class as a whole. In their discussions, students can practice group skills, reflect on their group's behavior and interaction, and experience organizational behavior principles in their small groups. Students may also debate current issues related to topics in this text: Should health organizations change radically or incrementally? Should organizations empower employees more? After the debate, students can reflect on the process and dynamics of the group activity.

Students can also learn about and study organizations by interacting with managers and clinicians working in healthcare settings. Students can tour organizations and then ask healthcare executives specific questions based on chapters and theories in this text. Perhaps, students will also want to shadow a manager and observe the organizational behavior first hand. A more substantial approach to applied learning is fieldwork, such as an administrative internship or residency, typically done after coursework is completed.

## Competency Development

Health administration education at the graduate level is becoming more competency-based, similar to graduate education in other professional fields. Health organizations'

stakeholders expect healthcare managers to demonstrate competencies.<sup>9–10</sup> Employers, professional associations (e.g., Association of University Programs in Health Administration, American College of Healthcare Executives, and American Public Health Association), and accreditors (e.g., Commission on Accreditation and Council on Education for Public Health) expect health administration students—especially at the graduate level—to become competent in organization theory, behavior, learning, administration, and management. The Council on Education for Public Health (CEPH) places considerable importance on management and administration by identifying “Management Competences” for public health education and practice. The Association of Schools and Programs of Public Health provides a list of core competencies in the managerial and leadership domains.<sup>11</sup>

Postgraduate education may lead to advancement to a Fellow status (board certification in healthcare management) demonstrating leadership, expertise, competency, ethical conduct, and a lifelong commitment to education and professional development. The American College of Healthcare Executives (ACHE) measures the proficiency for successful performance in the healthcare executive job in the Board of Governors Examination in Healthcare Management in the 10 core knowledge areas listed in **BOX 1-1**.<sup>12</sup>

Students’ competencies should be determined by multiple factors—including the students themselves. The old saying “you can lead a horse to water but you can’t make it drink” applies here. Students themselves must want—and take responsibility—to learn and become competent. Faculty can lead students to the skills, knowledge, and abilities presented in this text. Then students must invest the time, energy, and effort needed to learn, study, practice, think, and eventually develop competencies in organization theory, behavior, and development. While achievement of competencies will vary based on each student’s prior

## BOX 1.1 Ten Core Knowledge Areas for Healthcare Management

1. Business—marketing, business planning, and strategic planning
2. Finance—financial management process for capital, budget, and accounting
3. Governance and Organizational Structure—authority and accountability at all levels
4. Health Care—healthcare delivery, managed care, and future trends
5. Healthcare Technology and Information Management—information systems for clinical and decision management
6. Human Resources—strategic workforce planning
7. Laws and Regulations—impact of current and future government regulations, communication
8. Management—planning, organizing, directing, and controlling
9. Professionalism and Ethics—meeting needs of professional staff, modeling codes of conduct, and ethical decision making
10. Quality and Performance Improvement—quality improvement framework programs

education, experiences, stage-of-career, and other factors, students should approach this text and its academic course with the goal of developing their competencies. This will serve all very well throughout their professional careers.

## Integrative Learning

As can be seen in the Table of Contents, organization theory, behavior, and development include many topics and subtopics. Thus, students are urged to try to integrate these while reading the text and studying organizations. Think about how organization structure is related to the mission, and how those are related

to the external environment. Think about how group behavior is affected by organizational culture. Discuss relationships and interactions among the theories, concepts, principles, and ideas in this text. And of course, the topics in this text are only some of what must be learned in a health administration curriculum and its many courses. Students may strengthen their understanding of this text's content by mentally integrating it with the content of other texts and courses: How is organizational mission related to financial management? How does human resources management affect organizational development? How does strategic planning influence organizational outcomes? Are there reciprocal relationships? By thinking about these questions and discussing them with others, students can learn about health organizations in ways that are theoretically solid and practically useful.

## ► Beyond The Classroom

Many often claim that there is nothing more useful than a good theory. Health organizations and their leaders have at their core theories of action that guide them and shape them as they change and develop. The successful manager is a leader who fully understands organization theory, who is a keen observer of organization behavior, and who facilitates change in ways that foster organization development. Each student who reads this text has the opportunity to take a significant step in becoming just such a leader. In fact some of the readers may go on to develop their own theories that can be tested out in the world of practice. This is indeed one way a profession

grows and how individuals come to be integral in that growth. Hopefully, the study of organizations will be an empowering experience and an enjoyable endeavor.

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