Hospitals And Changing Times: Guidelines For The 1990s

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sues,” he touches on such issues as balancing dollars and quality, and cost containment. Here he discusses potential shortcomings of the proposals of others: cost control may not be feasible with so many payers and players; and the HMOs we got from the Nixon administration are not predominantly the prepaid group-practice model and, therefore, are not likely to control use or costs.

It is fun to visit with Eli on many of these topics. Over the years, he has given all of us who work in this field the benefit of his insights—his ability to interpret complex phenomena in sensible, scholarly, but not overly pedantic ways. In short, we all learn from him and view him as a valued colleague. One can only hope that the flow of Ginzberg essays and ideas will continue unabated for a long time.

The Medical Triangle belongs in the libraries of, schools committed to public health and health administration, economics, and policy. Students can challenge Ginzberg’s ideas, choose their own analytic frameworks, and try to fit these ideas in with their own.

### Hospitals And Changing Times: Guidelines For The 1990s

**by Arnold D. Kaluzny**

**Strategic Choices for America’s Hospitals: Managing Change in Turbulent Times**

by Stephen M. Shortell, Ellen M. Morrison, and Bernard Friedman (San Francisco: Jossey-Bass, 1989), 450 pp., $32.95

To say that change is occurring in health services and particularly in health service organizations is to say nothing. However, to describe what organizations do when their environments change, why some organizations change their strategies while others do not, and which changes succeed and which others fail is to say something significant. Stephen Shortell and his colleagues have done just that. Their book, Strategic Choices for America’s Hospitals, has three purposes: (1) to advance knowledge about the basic processes of strategic adaptation; (2) to advance the strategic thinking and behavior of hospital executives; and (3) to suggest ways in which greater knowledge of how hospitals adapt strategically can contribute to more effective health care policies.

The book is divided into three parts, each building sequentially on the preceding section. The first part describes the changing health services environment, the overall study design, and a proposed model of strategic adaptation. The model, which guides much of what follows, presents a creative blend of theory and practice, nicely linking this into the fast-breaking developments of health services and the unfolding organizational literature beyond health services. Using this model as a framework, the authors describe eight hospital systems in terms of their mission, philosophies and goals, Strategic orientations, and strategic planning and control processes from 1983 to 1987. They also connect these processes and the hospitals’ overall structure to the relationships between the corporate offices and the individual hospitals.

In the second part, the authors describe four strategic archetypes: prospector, defender, analyst, and reactor. The discussion centers on the dynamics involved in each and their relationship to the performance indicators of “doing good” at the community level and “doing well” at the financial level with particular reference to ownership differences (that is, investor-owned versus not-for-profit). The last section builds on the preceding analyses, speculating about the implications of these underlying strategic processes for future management policy and research.

What is unique about this book is its ability to address three distinct audiences or “stakeholders:” the executives of health services organizations; the academic/research

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community; and policymakers at local, state, and national levels. With this volume, Shortell and colleagues make a significant contribution to both theory and practice.

For the executive, the analysis provides a clear set of guidelines for managing the various types of strategic orientations and identifying the key characteristics of being a successful defender, prospector, reactor, or analyst. Particularly helpful is the discussion on switching orientations and the idea that there is a comfort zone beyond which an organization does not venture. This zone represents that area where organization members feel able to adapt, given current mission and values, distinct competencies, technology management procedures and systems, and available human and financial resources. For those who may still consider health services unique, or at least different from other economic goods, the descriptions of various hospital strategies clearly present the realities of health care in the 1990s. Health care organizations compete against each other, consuming scarce resources with little or token concern for the overall health status of their communities.

For the academic, the book’s creative blend of the resource dependence and organizational ecology perspectives provides a prototype for the use of organizational theory to guide analysis. In addition, the use of a developing literature in strategic management outside of the health services field provides insight into ongoing developments within the field. The study design is a classic example of triangulation, in which multiple data collection strategies are used to capture the dynamics of complex processes over time. The authors give special attention to the analysis of qualitative and quantitative data in assessing outcomes resulting from multiple, simultaneously occurring causes. This method is particularly applicable to issues of strategic adaptation, where certain factors are associated with outcomes across all strategic archetypes and others relate to only a single type. The result is the ability to translate data into managerial guidelines, a set of policy recommendations, and a research agenda for the future.

For policymakers, the analysis is firmly grounded in the larger health services context, highlighting the significance of larger trends. Two major health policy themes are identified: (1) making tough choices based on those activities that provide greater quality of care and improved health status at lower costs; and (2) holding individuals, health service organizations, and health care systems accountable for these choices. The coming decade will be characterized by policies that refocus and renew. These goals can best be achieved by beginning with a fundamental understanding of the changing nature of the health services industry and by systematically developing forums that encourage dialogue among the major players within the system.

As Walter McNerney writes in the last chapter, “We have taken about eight years off in addressing some important health care policy issues.” While this statement may be overly optimistic, Shortell and his colleagues have placed us in a good position to address key health care policy issues with new paradigms and richer methodologies.