Linking publicness to operations management practices: a study of quality management practices in hospitals

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Abstract

The goal of this study is to serve as a foundation to establish a link between the theory of organizational publicness and operations management practices. Quality management practices provide the unit of analysis for studying this linkage. The theory of organizational publicness is used to establish that organizations can be defined on a continuum of publicness rather than as purely public or purely private. Particular cultural factors, political influences, and organizational characteristics define this publicness. The study investigates the linkage between four publicness dimensions (ownership, goal setting, funding, and control) and operations-related quality practices (information and analysis, staff focus, and process management) in U.S. hospitals. The results of regression analysis show that the publicness dimensions of ownership and control are related to some quality management practices, with control (i.e. public responsibility and compliance) having a significant effect throughout the studied models. Hospital goal setting and funding, two additional publicness dimensions, are not significantly related to quality management practices. The results of this study build our understanding of how operations practices are used in public organizations and help to define the extent to which publicness matters.

Keywords: Operations management practices; Publicness dimensions; Quality management; Health care operations; Empirical research methods; Regression analysis

1. Introduction

One of the major unresolved issues in the management literature has been the extent to which management processes and practices are applicable across a wide range of organizations (Fottler, 1981). Murray (1975) suggests that management practices of public and private organizations are converging because they face similar constraints and challenges. A central element of the reform associated with New Public Management (Ferlie et al., 1996) is the notion that public organizations should import managerial processes and behaviors from the private sector. In
particular, public managers should emulate successful techniques attributed to their private sector counterparts (Ferlie et al., 1996).

The current foundation-building study seeks to establish a link between the theory of organizational publicness and operations management practices. This is accomplished by empirically investigating relationships between organizational publicness and operations management as manifested by quality management practices in U.S. hospitals. Organizational publicness is defined by four dimensions that characterize organizations as public or private: ownership, goal setting, funding, and control (Bozeman, 1987; Bozeman and Bretschneider, 1994; Bozeman and Crow, 1990). U.S. hospitals are studied because they represent the health care industry in which public and private organizations exist in sufficient numbers and compete against one another. Quality management practices provide an appropriate unit of analysis as they have been widely embraced in the health care industry (Sanders, 1997) and are an area of continued interest among practitioners (Quality Progress, 2004).

While the notion of public organizations employing private management practices has been commonly embraced in the popular literature, the adoption of private sector models by public organizations has been viewed with skepticism in the academic literature (Boyne, 2002). Allison (1979, p. 472) argues that “the notion that there is any significant body of private management practices and skills that can be transferred directly to public management tasks in a way that produces significant improvements is wrong”. Whether management techniques can be exported successfully from one sector to another is debatable due to differences in organizational environments, goals, structures, and managerial values. These variables represent a set of contingencies that may require different approaches to management in public and private organizations. Quantitative research has uncovered differences between public and private organizations on human resource management policies and practices (Boyne et al., 1999), management of ethical issues (Berman et al., 1994), and decision processes (Nutt, 2000), whereas qualitative research has found differences in strategic management styles (Boyne, 2002). Boyne’s (2002) review of evidence from 34 empirical studies on differences between public and private organizations identified only three significant differences: public organizations are more bureaucratic, public managers are less materialistic, and organizational commitment is weaker in the public sector.

There is relatively little research on the application of operations management practices to public organizations compared to applications in private manufacturing and service organizations (Sheu and Wacker, 1994), perhaps due to public organizations’ vague goals and unclear performance targets (Boyne, 2002). It has been argued frequently that public agencies have unique goals, such as accountability, that are absent in the private sector (Ferlie et al., 1996; Nutt and Backoff, 1993). However, Voss et al. (1985), Chase and Prentis (1987), and Prasad and Babbar (2000) postulate that public organizations such as schools and hospitals and international agencies such as the United Nations can improve their operations efficiency using tools and techniques that are employed in manufacturing systems.

Below, we discuss the literature related to the notion of organizational publicness and the application of this concept to differences in quality management practices among various types of organizations, specifically hospitals which are studied here. Next, we present a set of research hypotheses, and we describe the empirical analysis used to test them. Finally, we discuss the results of this study and present future research ideas.

2. Literature review

The current study focuses on the theory of publicness as it relates to quality management practices in the health care industry. Some general discussion of the quality management literature is provided, and the use of quality programs in the government, education, and health care sectors are reviewed as they represent major subsets of the public sector (Oleck, 1974) and help to demonstrate potentially unique challenges public organizations encounter in implementing such programs.

2.1. Quality management in the public sector

The roots of quality management are in terminology and concepts that are applicable to nearly any organization. Although Total Quality Management
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