THE ISSUE IS

Balancing Objectives of Efficient and Effective Occupational Therapy Practice

Kathleen B. Schwartz

Today's health care institutions are under increasing pressure to economize and monitor costs. Hospitals are being challenged to follow the business model to improve efficiency. However, when applying the business model to nonprofit health care institutions, the differences as well as the similarities must be taken into account. Nonprofit institutions can monitor costs, although hospitals did not really begin to do so until the 1970s. It is likely, therefore, that they can increase efficiency of services. Effectiveness is another component, however, that is equally important.

Anthony and Herzlinger (1) define management control in nonprofit organizations as the process by which managers ensure that financial and human resources are used effectively and efficiently in the accomplishment of the organization's objectives. Efficiency involves achieving objectives that meet a financial standard, that is, the costs of producing the results. Effectiveness involves using resources to achieve desired program results and is often expressed in non-quantitative terms. Effectiveness concerns the process by which health services are delivered and the satisfaction of the clients.

Drucker (2) states that "service institutions are not businesses; performance means something quite different to them." Performance means something different because health care institutions are obliged to supply a need that is for the good of society. The 1983 Report of the President's Commission for the Study of Ethical Problems in Medicine and Biomedical and Behavioral Research (3) defined health care as a "right" that all U.S. citizens have. The institution objectives should reflect this obligation. Health care institutions, then, have as their objective the delivery of services that are efficient and that effectively meet the needs of their clients. Anthony and Herzlinger (1) argue that it is the manager's job to keep both objectives, efficiency and effectiveness, in mind. They also admit that the two objectives can clash at times.

How the Hospital Organizational Structure Affects Formulating Objectives

The potential for conflicting objectives is illustrated by the typical arrangement of three separate centers of authority within hospitals: trustees, physicians, and administrators. Starr (4) says this arrangement poses:

... a great puzzle to students of formal organizations. Sociologists have wanted to know why the hospital departs from the standard model of bureaucracy in lacking a single, clear line of hierarchical authority. Economists have wanted to know what the hospital maximizes if it does not maximize profit. From the viewpoint of each discipline's paradigm, the hospital has been an anomaly. It seems much less so historically. (4, p 179)

Starr goes on to describe how, early in medicine's history, private practitioners' interests led to the multiplication of small hospitals and blocked their integration into larger systems. Later, the absence of integrated management led to greater emphasis on business functions. All of which left:

... instead of a single governing power, three centers of authority held together in loose alliance. Hospitals remained incompletely integrated, both as organizations and as a system of organizations—a precapitalist institution radically changed in its function and moral identity but only partially transformed in its organizational structure. (4, p 179)

This organizational structure affects the managers of the departments within the institution, frequently putting them in the middle of the internecine disputes between the hospital's board of trustees, hospital administrator, and medical director. The Board of Trustees sees itself as a representative of the community (a microcosm of society); the hospital administrator represents the need for financially re-
sponsible behavior; and the di-
rector of medical services sees
himself or herself as representing
patient programs and medical
staff.
The disputes that result can be
seen as clashes between the objec-
tives of efficient services and ef-
ficient services that meet com-
community and client needs. For ex-
ample, it is likely a questionable
financial investment for a hos-
pital to purchase a computerized
axial tomography (CAT) scan.
However, the community (as re-
presented by the board) and the
staff (as represented by the med-
dical director) may desire the con-
venience of having the equip-
ment within the facility. Is the or-
ganization's goal—to give
efficient and effective service—
best met by purchase of a CAT
scan or by sharing one with a fa-
cility 30 miles away? There is no
right answer. The issue must be
worked out within each organiza-
tion, usually by doing cost-effec-
tiveness and cost-benefit analysis.
It is difficult, however, to quan-
tify patient satisfaction and ac-

Conflict of Interest? An
Attempt to Align
Organizational Goals with
Financial Resources
Massachusetts General Hospital
(MGH), a celebrated Boston
teaching hospital, has a reputa-
tion for providing quality patient
treatment and excellent learning
experiences for students. These
activities are costly. In July 1983,
the Trustees of MGH made a fi-
nancial proposal that would en-
able MGH to upgrade facilities
and services. The money was
supposed to come from the pro-
ceds of the sale of McLean Hos-
pital, a psychiatric institute in
Belmont renowned for its patient
care and teaching. The proposal
sponsored the sale of McLean to
the Hospital Corporation of
America. The question was
whether MGH could ethically sell
McLean, a nonprofit teaching
hospital, to a for-profit corpora-
tion. This meant that MGH's fi-
nancial status would be enhanced
at McLean's expense.
In a letter to The Boston Globe
(August 22, 1983), Dr. Moore of
the Harvard Medical School ar-

Inefficient and effective services that meet community and client needs.
take precedence over a concern for effective programs. What position should occupational therapy managers take? Although at times it may be uncomfortable, they should balance between effective and efficient performance. They should demonstrate expertise in controlling their department's operations, and thus, gain credibility as competent financial managers. Only credible managers will be able to challenge goals of efficiency when they feel that effective care may be compromised.

Competent performance probably means more education for occupational therapy managers who need to learn financial control, organizational behavior, and health care policy. The American Occupational Therapy Association (AOTA) can help through workshops such as those on quality assurance. Universities can help by offering courses and programs in health administration. The profession can help by acknowledging the difficult role occupational therapy administrators are in, and will be in, for the years ahead.

Administrators will be largely responsible for defining how and what kind of occupational therapy services are delivered in the years to come because they are in the arena where legislative policy is translated into day-to-day operations. They must lead their therapists in defining a way to deliver services that will be financially responsible yet maintain the profession's commitment to its standards of practice. Occupational therapy services are difficult to quantify: how does one put a dollar value on quality of life? Yet, this is what occupational therapy is directed to: enhancing one's quality of life through skill development. Since occupational therapy administrators will play a key role in translating occupational therapy objectives into services, they need guidance from the profession as they try to reconcile effective and efficient health care. At times, they may have to choose one or the other. If their choice conflicts with financial objectives, they will need to justify that decision. Our profession needs to develop a position that does not allow effectiveness to be sacrificed for efficiency.

The situation the public schools faced in the early 1900s when city governing boards pressured the schools to follow the industrial model of efficiency parallels these events. Cubberley (5), the father of educational administration, spoke out against the superintendent whose "conception of educational administration is that of clockwork, machinery, inspections, and uniform output, and who runs the educational department much as he would run a factory. . . . " (5, p 286) Margaret Haley (6), one of the most influential women in education at the time, saw the events as a struggle between two ideals:

". . . The industrial ideal, which subordinates the workers to the product and the machine, and, the ideal of the educators, which places humanity above all machines, and demands that all activity shall be the expression of life." (6, p 148)

The challenge today is to align the ideals of health care with the organization's financial resources. However, in applying the business model to nonprofit health care organizations, effectiveness as well as efficiency must be considered. Sometimes they can be partners, but at other times patient service needs will conflict with financial goals. Occupational therapy administrators will be the middle of this balancing act and will therefore play a substantial role in defining the way occupational therapy services will be delivered within health care organizations. They should have our assistance.

REFERENCES
6. Haley M: Why Teachers Should Organize, National Education Association Addresses and Proceedings, St. Louis, 1904