

## Organisational Management in Health Care

**Question:** Discuss the benefits of formalisation for an organisation and its managers.

Formalisation is an integral part of modern bureaucratic organisational structure. Organisations are required to adhere to formal practices and rules in order to ensure smooth functioning. The absence of rules and regulations may lead to chaos and anarchy in an organisation and behavioural uncertainty within employees. Formalisation serves as the rudder which helps steer the boat of an organisation in the right direction. This essay will discuss the merits of formalisation with regard to an organisation and its managers in a healthcare context and cite the demerits of overuse of formalisation. In addition, it will outline the challenges encountered by modern, formalised organisations and suggest possible solutions to overcome them.

There has been much academic dialogue with regard to defining the concept of formalisation. The literature on formalisation began with Max Weber's concept of the bureaucratic form of organisation in the early part of the twentieth century (Miller 2008). An organisation is a unit with defined boundaries which functions continuously to achieve common goals of a consciously managed group of people. The majority of organisations expect employees to perform their tasks by abiding to certain rules and regulations. Formalisation is the extent to which such tasks and procedures are standardised in an organisation. The selection criteria for jobs, written rules and policies, training, orientation programs and rituals are some of the various formalisation techniques employed by an organisation. The degree of formalisation varies broadly amongst different organisations and also at different levels within the same organisation (Robbins & Barnwell 2006). Hospitals and healthcare centres are also types of organisations which function similarly and are normally formalised with regards to role requirements, duty timings and procedures.

Organisations use formalisation to standardise employees' behaviour and even predict their behaviour in non-routine situations. The repetition of the same tasks regularly results in consistent and uniform outputs. It also yields economic benefits to employers as highly formalised jobs require lesser skills and, therefore, lesser pay. Formalisation is also useful in managing contingencies and risks. For instance, managers are restricted in working to fixed budgets, banks have stringent rules for lending funds and pilots follow strict procedures. Such practices minimise the risk of major loss that can occur from the actions of a single person (Robbins & Barnwell 2006). In general, it is anticipated that formalising helps in standardising and controlling processes to obtain predictable outcomes (Noon et al. 2013). It has also been proven by empirical studies that organisational formalisation can have a positive impact on team empowerment by reducing uncertainty within the firm and providing goal clarity and guidance. It even prevents managers from taking arbitrary and inconsistent decisions (Hempel, Zhang & Han 2012). One of the studies carried out by Bunderson and Boumgarden (2010) also suggests that self-managed teams, which are formally structured, promote better learning because in a safe and predictable environment knowledge is freely shared and conflicts are fewer. Thus, formalisation has positive implications at various levels in an organisation.

Contrastingly, it has been argued that if overused it can have detrimental effects on the organisation and its managers. Noon et al. (2013) describe that there is an optimum limit to which formalisation can be applied beyond which its basic use is undermined. Hyperformalisation may force managers to act like robots whose only intention is to comply with defined protocols and accomplish tasks. Some managers might adhere to rules in the fear of making errors and some may manipulate their decisions under the shield of formal procedures. A plethora of rules to follow commonly referred to as red tape, which may seem futile and burdensome to managers, can result in workplace alienation and in turn reduce organisation commitment and job satisfaction. It renders powerlessness to them by hampering their freedom to decision making (Dehart-Davis & Pandey 2005). Excessive formalisation of a manager's tasks decreases their efforts to pursue different goals and does not give them the opportunities to broaden their skills, thereby negatively affecting their versatility (Mom, van den Bosch & Volberda 2009). Hence, formalisation should be used discreetly and one should not allow it to overpower the basic aim of the organisation. It should be used in such a way that it promotes and accommodates other elements required for organisational growth.

The following are general comments about the structure and content of an academic essay written for university – they are not prescriptive and intended as an educational guide only.

**Commented [A1]:** The introductory paragraph is clearly linked to the assignment question which requires the student (the writer) to discuss the benefits of formalisation for an organisation and its managers. The intention of this assignment is to focus on the concepts of organisational structure and design within the healthcare environment and assess the impact of formalisation on organisational performance.

For help on writing an introduction, go to: <https://www.uts.edu.au/current-students/support/helps/self-help-resources/academic-writing/essay-writing>

**Commented [A2]:** This is the thesis statement that clearly expresses the purpose of the writing.

**Commented [A3]:** This sentence functions to outline or preview the content of the essay in order to prepare the reader for what is to follow.

**Commented [A4]:** Reference to definition of concepts/terminology is important in academic or specialised writing in order to narrow the scope of the topic. However, it is also important to ensure that the writing is understandable by a general educated reader.

**Commented [A5]:** Explicit topic sentence conveys the theme of this particular body paragraph (often placed at the beginning of the paragraph). The paragraph continues to elaborate on that topic or theme providing evidence from academic sources of literature.

**Commented [A6]:** It is important to use scholarly literature (evidence) to support the argument. For help on synthesising ideas and how to paraphrase, go to: <https://www.uts.edu.au/current-students/support/helps/self-help-resources/academic-writing/paraphrasing>

**Commented [A7]:** The writer continually validates perspectives through interpretation and explicitly links relevant and current literature to the assignment question.

**Commented [A8]:** Concluding statement summarises the main point in the paragraph which the writer wishes to emphasise and this links back to the essay question/topic.

**Commented [A9]:** A counter-argument is provided here which helps to strengthen the writer's main claim or assertion.

**Commented [A10]:** These supporting sentences elaborate on the topic further to develop the argument. The argument here demonstrates that the writer is exercising critical thinking skills.

For more information on critical thinking skills, refer to: <http://www.uts.edu.au/current-students/support/helps/self-help-resources/academic-writing/critical-thinking-skills>

**Commented [A11]:** Note the effective use of transition signals (connecting words). These are linking words that connect ideas and add cohesion. This makes it easier for the reader to understand.

**Commented [A12]:** The writer is presenting a strong argument/claim here that is substantiated by evidence.

The traditional concept of viewing formalisation as basically restrictive needs rectification - instead formalisation can coexist with other components of an organisation to produce superior outcomes. Formalisation and decentralisation seemingly appear to contradict each other with the former limiting the autonomy and discretion of employees and the latter working in reverse. However, complex institutions with multiple hierarchical structures require the implementation of both these techniques simultaneously in order to obtain improved results. For instance, under decentralisation, nurses should be allowed to make impromptu decisions in emergency situations when the treating physician is unavailable instead of adhering unquestioningly to set standards. Yet, on a daily basis under formalisation, they should perform their scheduled tasks including timely medications and temperature measurements to ensure safety and quality in the hospital (Meirovich, Brender-Ilan & Meirovich 2007). It should also be noted that while decentralisation empowers lower level organisational staff to make decisions, formalisation sets boundaries and guides them to make consistent decisions (Hempel, Zhang & Han 2012).

The rigidity of formalisation is also believed to limit knowledge integration and innovation. Nevertheless, process formalisation is proven to foster innovation performance by providing structure and rules for innovation (Labitzke, Svoboda & Schultz 2014). Further, organisational routines that encourage regular interaction by employees are believed to enhance knowledge integration by providing a platform for shared ideas (Patnayakuni, Rupell & Rai 2007). Another study also proved that formalisation and flexibility, which may seem mutually exclusive, can actually complement each other. It is suggested that formal rules can be used as a tool kit of options and the decision to apply them according to circumstances should be vested with managers (Mattes 2014). This shows that properly designed procedures can foster organisational growth.

Various studies explain the importance of using formalisation with other beneficial strategies. It is imperative to generate organisational ambidexterity by coherently using formalisation together with other organisational components. Furthermore, it is important to consider that the effectiveness of formalisation depends on the extent to which set rules are followed and not on how well they are defined. Overuse of formal procedures can undermine their basic utility and hinder the progress of an organisation. Hence, it is vital to be clear about the optimal level of formalisation for an organisation and leverage this to achieve desired outcomes. Hence, formalisation can steer the progress of an organisation if used carefully and prudently.

### Reference List:

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Dehart-Davis, L. & Pandey, S.K. 2005, 'Red tape and public employees: does perceived rule dysfunction alienate managers?', *Journal of Public Administration Research & Theory*, vol. 15, no. 1, p. 133.

Hempel, P.S., Zhang, Z.-X. & Han, Y. 2012, 'Team empowerment and the organizational context: decentralization and the contrasting effects of formalization', *Journal of Management*, vol. 38, no. 2, pp. 475-501.

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Meirovich, G., Brender-Ilan, Y. & Meirovich, A. 2007, 'Quality of hospital service: the impact of formalization and decentralization', *International Journal of Health Care Quality Assurance*, vol. 20, no. 3, pp. 240-52.

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Mom, T.J.M., van den Bosch, F.A.J. & Volberda, H.W. 2009, 'Understanding variation in managers' ambidexterity: investigating direct and interaction effects of formal structural and personal coordination mechanisms', *Organization Science*, vol. 20, no. 4, pp. 812-28.

Noon, M., Healy, G., Forson, C. & Oikelome, F. 2013, 'The equality effects of the "hyper-formalization" of selection', *British Journal of Management*, vol. 24, no. 3, pp. 333-46.

Patnayakuni, R., Ruppel, C.P. & Rai, A. 2007, 'Managing the complementarity of knowledge integration and process formalization for systems development performance', *Journal of the Association for Information Systems*, vol. 7, no. 8, pp. 545-67.

Robbins, S. & Barnwell, N. 2006, *Organisation theory: concepts and cases*, Pearson Education Australia, Frenchs Forest, N.S.W.

**Commented [A13]:** Key words link back to the outline in the introductory paragraph and the assignment question. Refer to Comment [A3].

**Commented [A14]:** The writer's voice uses hedging language such as "appear". This is characteristic of academic writing and conveys the writer's opinion or attitude in a cautious way (modality).

**Commented [A15]:** Notice the formal, academic style and tone which is reflected throughout this essay. Important points are made in an objective way.

For a guide to the difference between formal and informal language, go to: <http://www.uts.edu.au/current-students/support/helps/self-help-resources/grammar/formal-and-informal-language>

**Commented [A16]:** This functions as a connecting word to indicate a contrast between two facts. Linking words help the reader to see a relationship between ideas.

For more information on linking words (sometimes called transition signals), go to: <http://www.uts.edu.au/current-students/support/helps/self-help-resources/grammar/transition-signals>

**Commented [A17]:** The conclusion effectively and succinctly summarises the key points of the essay (and does NOT introduce any new information/evidence at this stage). Positive and negative aspects relating to the subject matter are reiterated here. This helps to link back to the main issue of formalisation in healthcare settings and renders a more 'balanced' discussion in the essay.

**Commented [A18]:** All citation details are presented here and must be linked to in-text references provided in the body of the essay.

There is evidence of extensive reading here from both domestic and international current literature. It is academically reliable, peer-reviewed and from authoritative sources.

The reference list conforms to Harvard-UTS Referencing conventions. For a guide to this style of referencing, go to: <http://www.lib.uts.edu.au/sites/default/files/attachments/page/InteractiveHarvardUTSGuide.pdf>

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