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## KHI Journal Club

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<b>Date</b>	August 2009
<b>Reviewer</b>	Faisal Al-Terkait, MBBS, MRCP (UK), Oncology
<b>Title</b>	The Passive-Aggressive Organization
<b>Authors</b>	Gary L. Neilson, Bruce A. Pasternak, and Karen E. Van Nuys Booz & Company
<b>Citation</b>	Harvard Business Review, October 2005 (Also from: Results: Keep What's Good, Fix What's Wrong, and Unlock Great Performance; by G. Neilson)

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### Summary

The authors describe behavior patterns of organizations that are most common after conducting a large global online survey.

They identified a cluster of behaviors and symptoms related to underlying rooted pathologies that they placed under the syndrome, "**passive-aggressive organization**" (PAO).

PAO is one of the seven organizational types they identified, the healthiest being "resilient" and the unhealthiest "passive-aggressive" at the other extreme.

PAO is a place where "more energy is put into thwarting change than starting it, but in the nicest way possible". Its people are always in agreement and achieve consensus easily but struggle to implement agreed-upon plans.

The authors point to three classic failings that can precipitate a spiral into passive-aggressiveness: unclear scope of authority; misleading goals; and agreement without cooperation.

The underlying pathology of PAO is the misalignment of four basic building blocks: motivations, decision rights, information, and structure.

In an attempt to fix this culture, the authors advised to take 7 steps starting with recognizing the problem. The authors recognize it's neither easy nor necessarily fast to implement change but if left without addressing this organizational behavior, it will surely take the organization to the brink of failure.

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## The Passive-Aggressive Organization

### The Study

The authors hypothesized that most organizations are inherently unhealthy. An online assessment tool was developed based on the four fundamental organizational building blocks. 30,000 individuals participated in an online survey and 7 specific traits/ personalities for the organizations started to emerge. 85% of all responses fall into one of the 7 organization's traits. (See table 1)

**Table 1**

Organization Type	Description	Percentage
Resilient	Highly adaptable to external market shifts, yet focused on and aligned behind a coherent business strategy	17%
Just-in-Time	Inconsistently prepared for change but can rise to an unanticipated challenge without losing sight of the big picture	10%
Military Precision	Dominated by a small, involved senior team; succeeds through superior execution and the efficiency of its operating model	4%
Fits-and-Starts	Contains scores of smart, motivated, and talented people who rarely pull in the same direction at the same time	8%
Outgrown	Too large and complex to be effectively controlled by a small team, but has yet to democratize decision-making authority	10%
Over-managed	Its multiple layers of management create analysis paralysis and also politicize decision making	9%
Passive-Aggressive	Congenial and seemingly conflict free, achieves consensus easily, but struggles to implement agreed-upon plans	27%

BLUE: healthy organization    PINK: unhealthy organization

Most respondents described their workplace as inherently "ineffectual". More than half of the responders scored in one of the four "unhealthy" profiles; PAO was by far the most prevalent (more than 25%).

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### ***Passive-Aggressive Organization***

A healthy organization is resilient; "it can react nimbly to challenges and recover quickly from failures". It encourages people to learn, to share, and to achieve. Such managers have the incentive to serve the organization's best interest, with wisely exercised and respected authority. Managers have the right information that enables them to make informed decisions.

In contrast, PAO displays "a quiet but tenacious resistance to corporate directives" even when they are aligned with obvious strategic or competitive advantages.

#### **Employees at PAO:**

- 1) Put only enough effort to appear compliant;
- 2) Free to do as they like, as no consequences for their actions;
- 3) Do not fight what they believe they cannot change. They choose the path of least resistance.

#### **Managers display the following behaviors:**

- 1) Unclear where accountability and responsibility lie;
- 2) Take no actions;
- 3) Gain safety in resisting unpromising effort;
- 4) Passive, and lack confrontation;
- 5) Hide their unwilling refusal, and easily achieve consensus that gives no results;
- 6) Have no control, so, in the end, do little.
- 7) Or, keep too much control, which cripples performance by **failing to:**
  - a. Delegate authority;
  - b. Share information;
  - c. Reward constructive decision-making.

Authority is defined as the power or right to give orders, make decisions and enforce obedience. It revolves around having the right information and a bona fide incentive. If displacement occurs to authority, access to information and incentives, two kinds of people will spontaneously exist:

- 1) Those with authority, but lack information and incentives, and
- 2) Those with information and incentive, but lack authority.

The lack of information results in unwisely exercised authority and wrong decisions, whereas the lack of incentives results in not serving the organization's best interest.

### **Characteristics of PAO**

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PAO is the hardest to change, since such individuals have had more time to accumulate and institutionalize dysfunctions. These people are the most cynical about attempts at reform.

New blood and motivated people after a few years either quit or become demoralized into ineffectuality by the depreciation and futility of effort.

PAO is not a synonym of passive-aggressive individuals. "It's a place where mostly well intentioned people are the victims of flawed process and policies".

### ***The three classical ways to fail into PAO***

The failing is usually a result of "well-intended but badly implemented changes". The authors point to three classic failings that can precipitate a spiral into passive-aggressiveness:

- 1) Unclear scope of authority: it's not clear who makes decisions and who really has control over which decision, leading to second-guessing or interference from higher ups;
- 2) Misleading goals: incentives that are not aligned with overall objectives can damage the organization and give people an opportunity to make excuses instead of making things work;
- 3) Agreement without cooperation: people pay lip service to change but unwillingly refuse to implement the changes and hope problems will go away. They don't put energy and effort into making it happen.

### ***The anatomy of the organization***



In the unhealthy organizations, dysfunction is rooted in a fundamental misalignment of four basic building blocks of the organization: motivation, decision rights, information, and organizational structure. In PAO, the misalignment involves complicated interactions among all four which together result in initiation freeze.

#### **Ineffective motivators**

Incentives are not only in the form of financial compensation, but also anything that an employee cares about e.g. office space and location, windows, position, bonuses etc. PAO are poor at providing, judging and rewarding individuals according to the values of the organization. It cannot distinguish between the better performer and those performing badly. Therefore, people who expect their efforts to go unrecognized or inadequately

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valued put in just enough effort to stay out of trouble. They have no reason to believe that any extra effort or initiative will lead to additional rewards. Incentive alone without other forces at play will not get PAO out of trouble.

### **Unclear decision rights**

This results in a fragmented authority. People are unsure about where the limits of their own responsibilities end and those of other colleagues begin. Vaguely defined roles give their occupants "plausible deniability" that is when things go badly; everyone points finger at each other. It is especially easy for such individuals to blame others when they are unaware of their responsibility. This directly creates a blame culture and destroys teamwork. As a consequence authority becomes fragmented "when everyone has a say in making a decision, everyone think he has the right to stop it or remove it".

### **The wrong information**

Employees indulge themselves on the trivial and insignificant knowledge. When in possession of relevant good information, employees of PAO are reluctant to share it, since doing so frequently benefits the recipient more than the sharer.

### **Misleading structure**

People lack clear measures of how they add values. They focus on the wrong standards to judge their values e.g. how far away from boss office they are.

### **The cure**

It is the leadership's responsibility to identify, verify and admit that they have a problem. PAO is "innately resistant to changes" and have accumulated layers of earlier failed fixes which make putting a finger on the actual underlying condition a hard task.

The authors recommended that changes have to come with strong and powerful thrust in order to get attention. They recommended 7 actions:

- 1) Bring new blood, the new sheriff in town who will bring new uncorrupted standards. It is easier for new blood to treat the organization as a business than a family.
- 2) Leave no building block unturned, as the best way to get attention is by changing everything at once.
- 3) Make decisions, and make them stick.
  - a. The first order is to clarify and articulate decision rights.
  - b. Firmly establish, once and for all, what are the respective role of each manager
  - c. Make the right decision and clarify it.
  - d. Ensure decisions are respected.

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- 4) Spread the word and the data
  - a. Make information accessible
  - b. Make informed decisions based on relevant information
  - c. Focus on what is relevant and make it your highest priority
- 5) Match motivation to contribution
  - a. Recognize the importance of each person and reward accordingly
  - b. Recognize how to fairly assess performance and how to reward
- 6) Involve and engage not only senior managers but also those in the middle of the organization. The middlemen have their own scope of influence.
- 7) Find an opportunity to prove that things have changed, make the point and make sure everyone gets the message clearly and consistently in order to sink in.

## My take on this paper

This paper adds significant knowledge to the economic theory. The data collected was critically analyzed and resulted in a clear insight into why organizations fail.

In my opinion is that this is an excellent paper which sets clear definitions and easy to follow reasoning. However, I have some reservations in general and in applying it to complex health organizations.

1) Generally, the survey is a good screening tool and a snapshot but should not be used as a diagnostic tool. It is a good starting point but in order to identify the rooted failure of any organization, a detailed analysis is warranted either by current management or an external management consultancy team.

2) The authors in this paper didn't explain what the marker of success was or how the organization's health changed and how or why it was selected. Looking at another article by Aguirre and Neilson it became apparent that the marker was predefined on the ability of the organization to quickly translate important strategic and operational decisions into action (2). But why is this a marker of success? How was it defined? The authors studied high profile organizations with high revenues and profit margins and identified this feature as a possible "genetic marker". Thus, the benchmark of success was, understandably, linked to the organization's revenue and profit margins and so a resilient organization is one with a high annual turnover and income.

Unfortunately, this is not entirely true for hospitals. Success is not necessary measured by revenue, rather by the quantitative and qualitative outcome of patient's care, which is not an easy task to do. How do we define health and how can we measure it? How can patient's quality of care and satisfaction be integrated into the equation? There are many tools developed specifically to address this but not without limitation, e.g. payment by results and Quality-Adjusted Life Year (QALY). For example, if patient satisfaction comes into the

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equation, then overall outcomes and success could effectively be achieved by building a car park for the hospital than having a new high-tech operating theatre or reducing time to treatment!

2) In hospitals, there are specific systemic cultural norms that dominate and can be counted for the passive-aggressive label. However, it requires a totally different strategic approach than what the authors recommended. For example, the highly specialized nature of the medical field usually makes the person with the greatest qualifications and years of experience in a position to control process design and service delivery standards. His/her managerial experience however may not be on par with the traditional medical qualifications. It may not be possible or an available option to bring new blood for that role. A more reasonable approach would be to maximize the individual's skills by regular training in enhanced management and leadership skills.

One of the traditional hospital cultural norms is the separation/segregation between administrative managers and healthcare professionals. The administrative managers usually reside in Trust Headquarters, resulting in a setting far from the hospital's reality (both physically and functionally). Two social clusters become apparent; they usually talk a different language and use different acronyms. They learn that they do not understand the complexities of each other's jobs therefore collegiality and mutual respect are encouraged while lack of confrontation is discouraged. Consequently, the misalignment of the organization's building blocks.

3) The role of bureaucracy was not mentioned in this paper. Excessively complicated administrative procedure disrupts both patient care and service efficiency. It is likely that bureaucracy is a result of PAO but also it can be implicated as a cause.

4) Resources. Do resources have anything to do with failing into PAO? Does a resilient organization have more available resources than the PA ones? How to respond to the current climate of limited resources? Will it have an effect on the health organizations?

## Conclusion

If a similar approach to the authors suggested survey could be adapted to account for the quality of care factor, I think it would be more sensitive and relevant to assess hospitals and health organizations.

The above conclusion is open to discussion.

## KHI survey

Unfortunately, the number of participants was limited to draw any meaningful conclusion. Only 15 people completed the survey. Eight work in hospitals and

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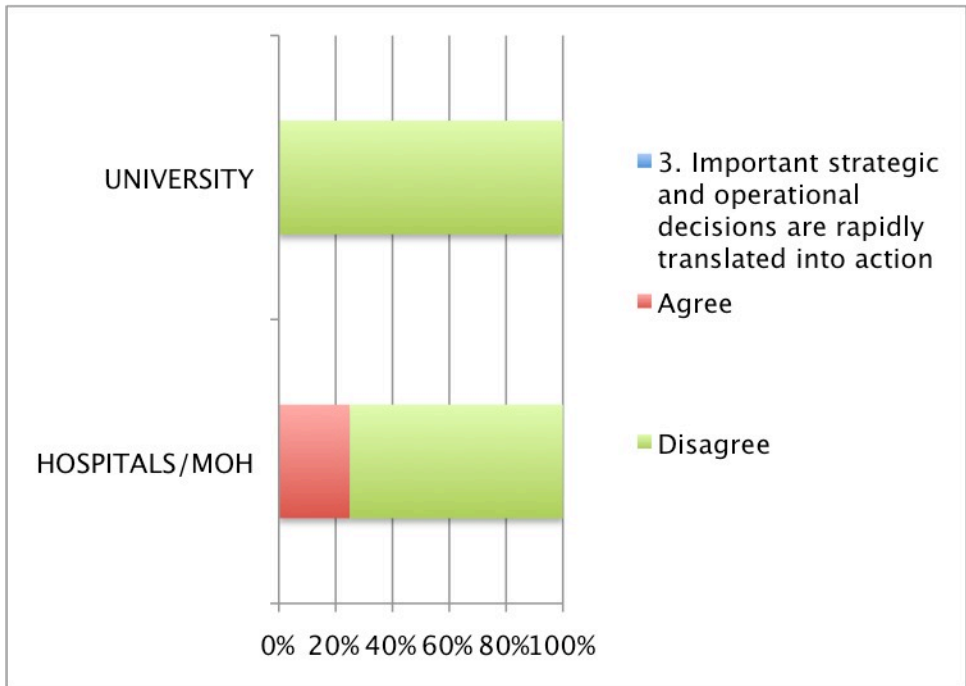
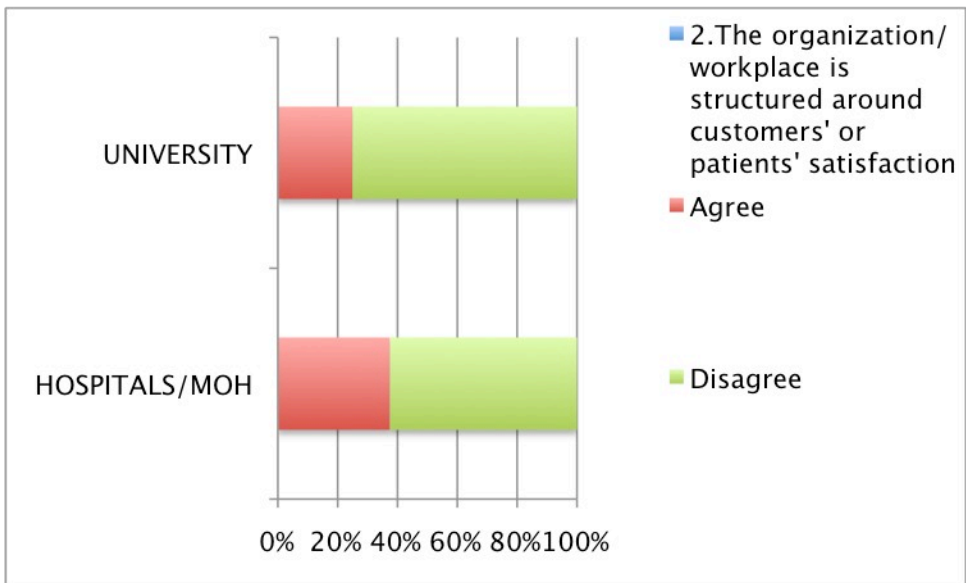
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MOH, four work at the University. Three people work at other places such as the private sector and schools and because of the small number it is not possible to analyze.

I attach the results for Kuwait University and MOH/hospitals that are self-explanatory. Questions 4, 5, 6, 7 and 9 are compared to data from PAO with respect to resilient and PAO.



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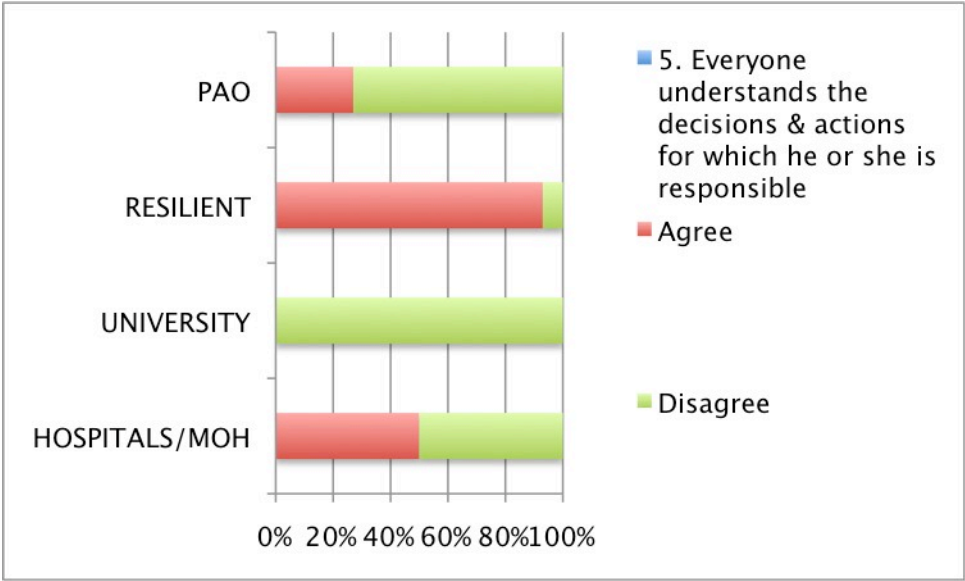
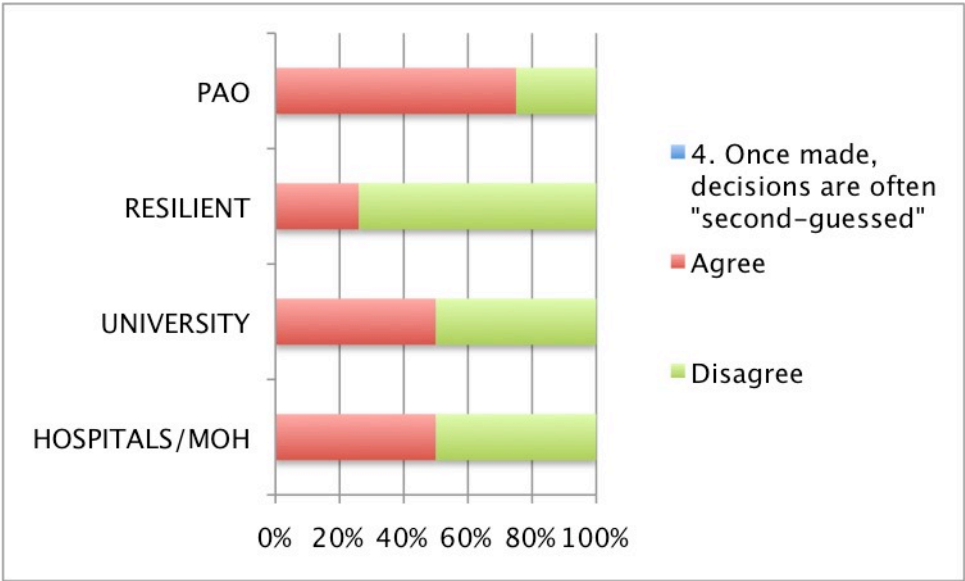
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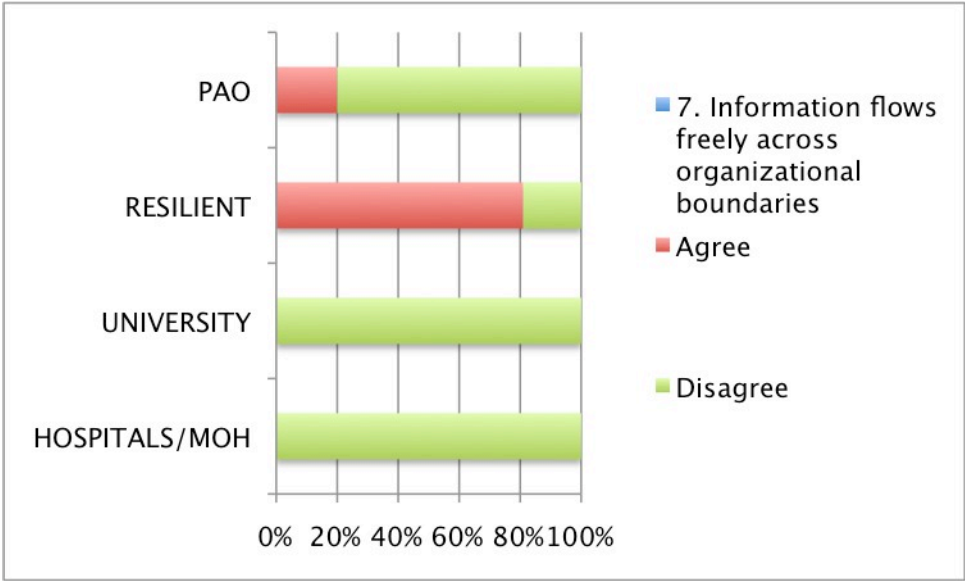
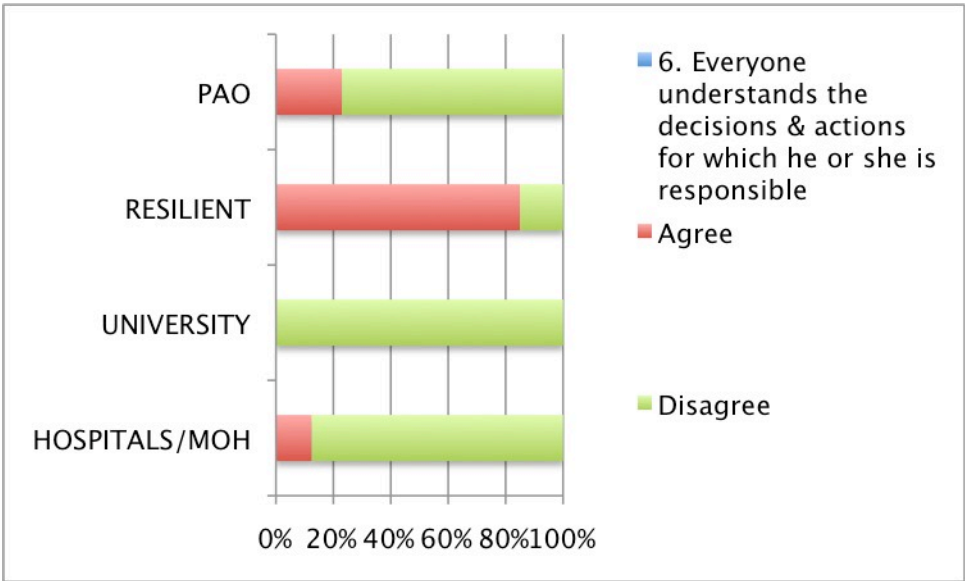
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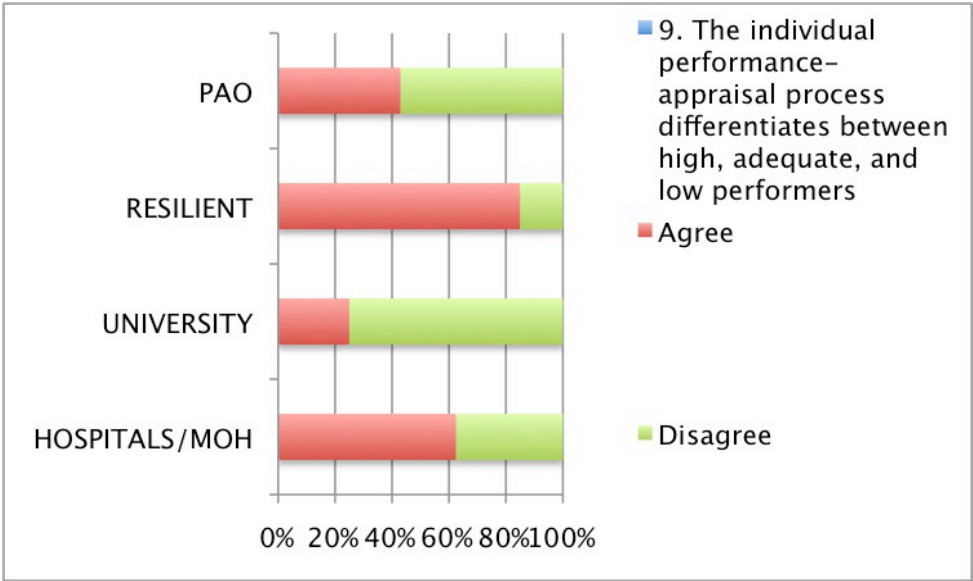
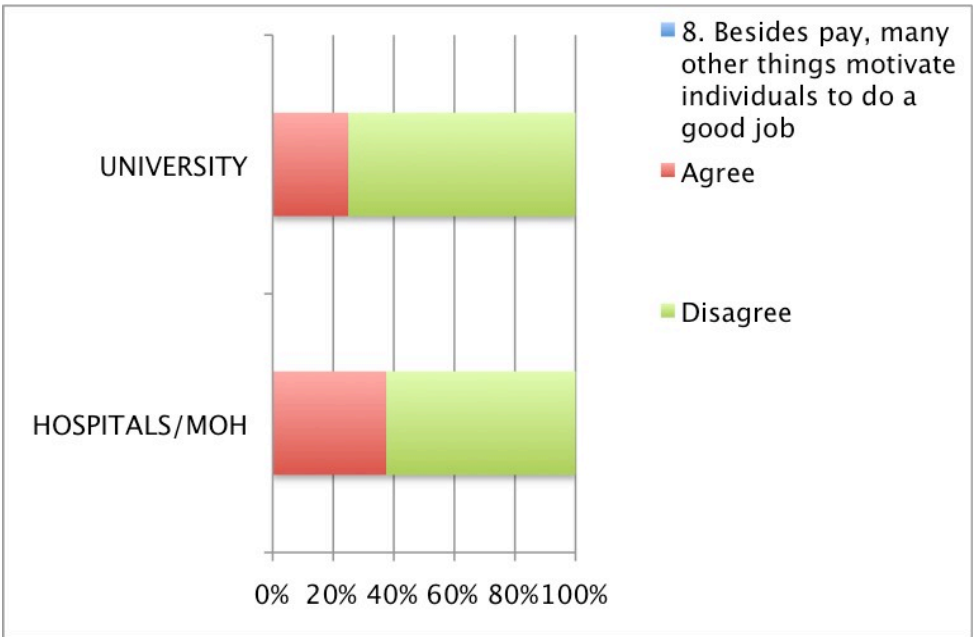
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