“INFORMAL PAYMENTS” IN MUNICIPAL HEALTH CARE: HOW TO CHANGE THE PRACTICE

Voloshenko
Leonid

Yevpatoria
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Newport Business Academy / General Management
Instructor: Dr. Coos van Tuinen

Voloshenko Leonid
http://blog.leonidv.com.ua
Pobedy avenue, 67, app.8, Yevpatoria, 97401, Autonomous Republic Crimea, Ukraine.

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ABSTRACT

The paper subject concerns to one of the most actual problems National Health System of Ukraine. “Informal payments”, briberies, and extortions have become widespread in the system lowering the effectiveness of Health Care and provoking dissatisfaction of citizens.

But despite the significance of the problem very few attempts to change the practice were undertaken at the National level, and in fact the levers of dealing with the problem shifted to the local level. A reader will find in the paper useful recommendation for local authorities how to change the practice of “informal” payments that are on the border with briberies and extortions.

To succeed we have to thoroughly apply approaches, tools, and models of Change Management. In the paper the most relevant ones are considered in specific application to Health Care such as metaphors for organizational behavior, J. Kotter’s eight steps model, K.Lewin’s force field analysis, etc. Changes should influence all aspects of organizational performance: from strategy to human resource management and employee participation in decision-making. Teambuilding, leadership and organizational culture are highly important factors and levers for any successful change in an organization. Pertinent cultural models are also considered such as Harrison’s and The Double S Cube Model. The applicability of Hofstede’s “onion approach” to change an organizational culture is also shown. The organizational change is a long term process, so we have to pay great attention to the process of employee socialization that is the base for inheritance and preservation of the organizational culture.

To give recommendations the paper examines legislation of Ukraine, pertinent literature, local normative documents of the City Council. Unfortunately, the statistical data concerning “informal payments” couldn’t be used for limited reliability or its absence.

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PREFACE

Local health authorities in Yevpatoria city have developed the strategic plan for Municipal Health System. But after a while it became evident that its implementation is rather retarded. The reason is twofold: the absence of common vision and required skills in Change Management among the top management.

The paper examines the problem that is agreed by all to be one of the most significant. But the progress in combating “informal payments” is so small that we have to revise our strategic actions in that part. Informal payments are deeply rooted into the practice and organizational culture of medical employees, so to change the order of things is quite complicated task. Using pertinent tools and models the paper gives recommendations for local health authorities to eliminate informal payment and corruption from the practice of Municipal Health Care System.

As every organizational change should originate from customer needs, description of the organization in the first chapter is followed by the second chapter that investigates its strategic goals from the point of customer. The third chapter focuses our attention on “informal payments”, bribery and extortion as the subject of the paper for further consideration. It defines scope of consideration and pertinent organizational metaphors and models. Forth chapter use some conceptual models to develop recommendations for action planning at the organizational level, and fifth chapter gives ones at the individual levels. Sixth chapter shows the importance of other preconditions that influence the successful changes, the most important of which is the leadership. The paper concludes with the reflection chapter.

CHAPTER 1. DESCRIPTION OF THE ORGANIZATION

I work as the deputy chief of Public Health Agency of the Yevpatoria City Council that is a specific body created according to article 1 of the Law of Ukraine "About local governance in Ukraine"[1].

Public Health Agency of the City Council is a subject of Public Law and it should not be identified with municipal and private medical health facilities, which provide medical services to the population. They are independent legal units and subjects of economic activities[2]. Together with other auxiliary establishments (a chemist's network, City Sanitary Anti-Epidemic Station, Municipal Health Care facilities) Public Health Agency of The City Council form The Public Health System in Yevpatoria city. Participants of the system that belong to municipal property are non-profitable organizations. However they have their own interests, which may differ.

According to The Regulations[3], approved by The City Council, Public Health Agency is an executive body of The City Council. Public Health Agency according to its responsibilities coordinates activities of community's and private health enterprises and facilities to protect and strengthen health of the city population by arranging medical services, preventing diseases, spreading healthy way of life. The Health Agency is staffed by 7 persons.

Public Health Agency takes part in development of municipal social-economic programs, other targeted programs in accordance with authorities of local government in Ukraine. It develops recommendations for City Budget allocations to Public Health services, distributes funds to Community's health facilities and supervises their budgetary and quality performance.

The municipal enterprises and facilities of Public Health based on municipal property are individual economic subjects. They receive the status as legal entities from the time of state registration and carry out the activity for State Policy implementation in the field of health protection. Public Health Agency of the City Council has a stewardship function with respect to municipal enterprises, facilities, and municipal property transferred them for operative and economic management.

The list of municipal institutions of community's property includes:

1. City's Territorial Medical Association (City's TMA).
2. Children's Territorial Medical Association (Children's TMA).
3. Emergency Ambulance Station.
4. Maternity Home.
5. Stomatologic Polyclinic.
6. City Hospital #2 (mental hospital).
7. Community's Enterprises "Panacea".
8. City Centre for Healthy Life-Style.
9. Centralized Motor Vehicle Service.
10. Information Analytical Centre.

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[1] Закон України "Про місцеве самоврядування в Україні" <http://www.nau.kiev.ua/cgi-bin/nauonlu.exe?search+guest> (23.12.2006)

[2] Н.А.Саниахметова, ed., Хозяйственный Кодекс Украины: Комментарий (Харьков: «Одиссей», 2004), 142

[3] N.N., Решение городского совета №24-16/15 «Об утверждении положения об управлении здравоохранения городского совета» (Евпатория: n.p., 26.11.2003), unpaginated.

11. Medical Ambulance at Novoozerne district.
12. Medical Ambulance at Zaozerne district.
13. Medical Ambulance at Mirny district.

City's TMA includes a city polyclinic, a city hospital and a medical ambulance station at the district Ismail-bej. Children's TMA includes a children's polyclinic, an ophthalmologic centre, a hospital that contains children's and infectious beds.

Stomatologic Polyclinic and Community's Enterprises "Panacea" has already reorganized from budgetary establishments into municipal enterprises and now are autonomous entities and subjects of market.

Medical ambulance at districts of Novoozerne, Mirny, and Zaozerne are financed by local district governments, but methodically they are subordinate to Public Health Agency.

CHAPTER 2. CURRENT STATE ANALYSIS AND STRATEGIC GOALS

It is necessary to note, that municipal Health Care facilities and Public Health Agency of The City Council perform as a part of integrated National Public Health System of Ukraine that is now under deep reforms.

The modern phase of world health systems development is named as "new universalism"[4]. This phase is featured by providing high-quality basic volume of medical services to each citizen that means rationing medical services determined with criteria of cost-efficiency and social acceptability. Such approach demands a precise choice of priorities among all possibilities, rationing medical services. The emphasis is made on demand - "money follow the patient". And now almost all various national health systems existing in the world is converging to "new universalism". Health Care more and more is guided by demand, responding to expectations of the population, protecting the poor people, introducing fair financing of medical services.

One of the basic political problems in Public Health of Ukraine is insufficient influence of National Health System on health of the population because of outdated and inefficient system of health care delivery, financing and management. Problem became deeper with economic decline and standard of life decrease, prompt cost raise of new modern medical technologies and pharmaceuticals, which took place in 90th of the last century. Marked deficiency in budgetary financing has resulted in destruction of assets, deficiency of highly skilled medical personnel, deterioration of medical services, disproportions in service delivery[5]. Powerful "gray sector", based on informal out-of-pocket payment in state and community medical institutions, has emerged and distorted motivation of health care workers and organizational culture. The estimations of "informal payment" size in the literature differ widely, but all authors ascertain the fact, that in the national medicine the powerful "gray economy" was gradually created[6].

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[4] N.N., World Health Report 2000, Health Systems: Improving Performance (Geneva: World Health Organization, 2000), p.15

[5] Valery Lekhan, Volodymir Rudiy, Health care systems in transition: Ukraine. (Copenhagen: WHO Regional Office for Europe on behalf of the European Observatory on Health Systems and Policies, 2004) p.15.

[6] А.Літвак, В.Погорілий, М.Тищук, Тіньова економіка та майбутнє медицини в Україні (Одеса: Вид.ТЕС, 2001), с.24.

The state obligations to maintain free-of-charge medical care for all citizens had frankly declarative character. Despite of declared constitutional law on "free-of-charge medical aid", our citizens continue to receive treatment in medical establishments due to so-called “informal payment” to personnel pockets and “additional charity payments” to hospital cashiers, which legality is rather doubtful.

One of the basic features of "the gray market" in health is that financial stream of “informal payments” flows on personnel motivation. And the gray market has generated powerful distorted motivation and the certain pattern of behaviour, which unfortunately is not complied with the goals of National Health System and customer needs[7]. So National Health System now experiences reforms, though slow and inconsistent.

One of the state policies is decentralizing management by Public Health Care. If the Public Health System of former Soviet Union (namely Semashko system**)** was the rigid system hardly controlled by Central Ministry of Health, now Health Ministry of Ukraine has lost many levers of influence on regions[8], and can’t reform the system effectively. At the same time the authority and financial resources of local governments is insufficient. The gap results in slow and inconsistent reforming.

More and more challenges emerge before health care facilities and local health care systems. But they went through the organizational decline according to Weitzel & Jonsson model[9] and are now in crises. So far they are blinded, inactive or faulty active. The difference between Public and private sector is that bankruptcy is impossible for Public (Municipal) facilities, and local authorities have to reform and recover them.

Despite of distinctions in approaches, the basic trends of modern health systems concern with introducing managed market of medical services and using various tools for service purchasing to increase efficiency and eliminate market failure[10].Such approaches are characteristics for obligatory medical insurance systems, as well as for budgetary systems. There is no exception in trends in Ukraine. In Road-map of the Health Ministry of Ukraine all managed market features are present[11].

On the grounds of modern trends analysis, taking into account that City Health Protection System is a part of the National Health System, we may draw the mission of the City Health System as follows:

Providing accessible free-of-charge essential medical services of high quality for all city dwellers, implementing various national, regional and municipal programs for diseases prevention, using tools of managed health care market to improve quality of medical services and efficiency of resource allocation.

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[7] Shahriari, Belli and Lewis, Institutional Issues in Informal Health Payments in Poland: report on the qualitative part of the study. 2001. <http://www-wds.worldbank> (05/15/2003), p. 37.

[8] Alexander Serduk, Proofs and Ways for Rearranging Health Care Services in Ukraine (Presentation at Conference “Modern Principles of Health Care Reform in Europe and Ukraine”, Yevpatoria, 12/20/2005)

[9] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/23/2007), unpaginated.

[10] Josep Figueras, Ray Robinson and Elke Jakubowski, Purchasing to improve health systems performance (New York: Open University Press, 2005), pp.4 and 102.

[11] N.N., Національний план дій на виконання Указу Президента України від 06.12.2005 № 1694/2005 "Про невідкладні заходи щодо реформування системи охорони здоров'я" (Дорожня карта реформування системи охорони здоров'я), n.d. <http://www.moz.gov.ua/ua/main/docs/?docID=4974> (23.06.2006), unpaginated.

Drawing from mission of Public Health Agency, it is possible to formulate the following *strategic goals for Public Health Agency of The City Council*:

1. To create new pattern of Health Care management and financing in the city using managed health care market tools. They include autonomization of Health Care facilities (reorganization budgetary facilities into communal non-commercial enterprises), purchase-provider split, and contractual arrangement between Health Agency (purchaser) and Health Care facilities (providers).
2. To use effectively scarce resource of Public sector providing high-quality ***basic*** volume of medical services to each citizen (rationing health services).
3. To implement cost containment tools for effective resource use.
4. To implement effective quality management system for improvement of population health and patients' satisfaction.
5. **To reduce the volume of gray market (corruption, "informal payments") in Health Care.**
6. **To change organizational culture to be more friendly and supportive for patients.**

These goals have to be implemented fully, because they are synergetic. But the paper will focus on the last two that means other goals are preconditions for achieving simultaneously.

CHAPTER 3. CHANGES MOST NEEDED

3.1. Problem Statement

Two last strategic goals are mutually bound. Problems originated from the time of social and economic crises of new independent states just after collapse of the Soviet Union. The volume of finance resources for Public Health Care Sector rapidly decreased together with salary of health workers to the level of poverty. Medication was absent in hospitals, equipment was sweepingly outdating. The financial burden of medical care simply went over to the people who came to hospitals and out-patient clinics for medical care. But state response for this situation was quite strange. For political reasons no one political party hasn't taken responsibility to properly arrange the financial contribution of the population for their medical treatment. So far the Legislation of Ukraine declares medical services as free for every citizen.

The solution arose almost spontaneously and was quite tricky. Patients make "voluntary" contributions for medical facilities to reimburse underfinancing medical services from public sources. In turn they receive required treatment. These semilegal arrangements together with miserable salary of health workers have led to rapid emergence of gray health market. Semilegal opaque practice of "voluntary" contributions is highly fertile for the "gray" health market. A great deal of patients' money as "informal payments" goes illegally to pockets of health workers. Bribes became widespread and often they balanced on the verge of extortion. As we understand demotivated personnel can't make the organization customer-oriented. The Health Care System became more rigid and irresponsive leading to customer dissatisfaction and social tension.

While it is difficult to draw a line between voluntary gift and mandatory payment, and between payments that should be considered *bribes* or *extortion*, and those that are

better understood as a coping mechanism for underpaid caregivers, there is less disagreement about the damaging effects these payments have on health systems worldwide[12]. So the measures to combat corruption and change organizational culture to be more friendly and supportive for patients are of high importance. Further in the paper this aspect of health care reforms and organizational change will be examined in detail.

3.2. What should we change?

However even in the absence of solid legislation for contribution payments we can make some steps to achieve our aim to combat corruption. Our possible steps relate to the salary increase and order of receiving contribution. Now I'll consider the history of contribution payments at the city hospital that has the utmost capacity among all municipal medical facilities. The most complaints of the population fall exactly on the city hospital (City's TMA).

Approximately in 1992-1993 every department of the hospital was allowed to define the amount of contribution payment for every case of patient admission. Payments were demanded not only by core departments but also by auxiliary departments such as admission department, laboratory, X-ray department, and other diagnostic departments. Almost every medical worker from doctor to nurse could request the money to take over them to senior nurses. The latter then accumulate the payments and gave money to cashier. Finance control in such a system can't be effective. So this system generated massive misuse.

To alleviate the drawbacks two measures were undertaken. First, cashiers became working everyday and overnight. But although other persons except cashiers were forbidden to receive payment, the same heath workers define the amount of payment and say it to patients. Moreover a lot of small payments remains, for instance for every laboratory tests, for blanks of documentation, for diagnostic investigations, for additional medications prescribed during the course of treatment, etc. So in reality the rule to pay only to cashier is often departed, especially concerning disabled people who hardly move to cashier.

Second, some efforts were made to widen the coverage of the city population with voluntary health insurance. The specific program for supporting voluntary health insurance in the city was approved by the City Council. The number of insured person in the city increased up to the level of approximately 25%. But to some moment the growth of the percentage stopped that reflect the common trend of voluntary insurance coverage in every country. The most active citizens got insurance, but others couldn't afford or didn't want to be insured. Health care facilities made agreements with private insurance companies to arrange the treatment of the insured patient and separate financial payments for them from voluntary contributions. That demanded some additional activities from the personnel and aroused resistance to change, but as time goes people get accustomed to the new order. This measure undoubtedly had positive impact on satisfaction in health care delivery of those patients who got insurance. However the problem with remaining 75% patients exists up to now. Even though the salary of employees significantly increased during last years, informal

[12] Sara Allin, Konstantina Davaki and Elias Mossialos, Paying for 'free' health care: the conundrum of informal payments in post-communist Europe, N.p., 2005. <http://www.transparency.org/global_priorities/health/service_delivery/informal_payments> (07/20/2007) p.62.

payments are widespread evoking corruption among health workers and dissatisfaction of the customers.

At the moment the administration of the City's TMA sees the solution as follow.

1. First, the number of persons who define the amount of "voluntary" contributions and give the "bill" to patients should be restricted to one or two persons at each department.
2. All patients should pay the money only to cashier and submit the paid check to a department.
3. The number of payments should be reduced as much as possible. Supportive (auxiliary) departments will receive the reimbursement for laboratory tests and diagnostic investigation from the core departments.
4. Financial control with routine check-up of the financial intake and statistical data should be reinforced.

We understand that these changes relate to essential interests of employees and deep layers of organizational culture. Although these measures can significantly reduce the corruption, at the same time they will provoke powerful resistance to change.

3.3. Scope and Levels of Change

Esther Cameron & Mike Green pointed out four the most important metaphors for organizational behaviour[13]:

1. Organizations as machine.
2. Organizations as political system.
3. Organizations as organism.
4. Organizations as flow and transformation.

According to Civil Code of Ukraine Public Health Agency of The City Council is a body of public authority[14], which purpose is not profit earning. Strategic planning in Public Sector significantly differs from that of profitable organizations. John M. Bryson in the book "Strategic Planning for Public and Nonprofit Organization" distinguishes the rational-deductive approach to planning and decision-making, inherent to profitable organizations, and political-inductive model, which is inherent to the majority of state and non-profit organizations, to organizational networks and communities[15]. As Municipal Health System consists of an array of non-profitable organizations, are quite complicated, and have the political-inductive approach for decision-making the most valuable models for change management are those related to political system metaphor.

To achieve the success in change management it's important to provide the balance of interests and power of all key players on the field of change. Figure 1 shows the main "political" forces involved in changes. We have to take into account interests of owner of the Municipal Health System that are local community and its representative – local government. Also we should consider interests of customers (patients) and employees.

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[13] Esther Cameron, Mike Green, Making Sense of Change Management: a Complete Guide to the Models, Tools and Techniques of Organizational Change. (London and Sterling, VA: Cogan Page Ltd., 2004. Translated into Russian, Москва: Издательство «Добрая книга», 2006) p. 115.

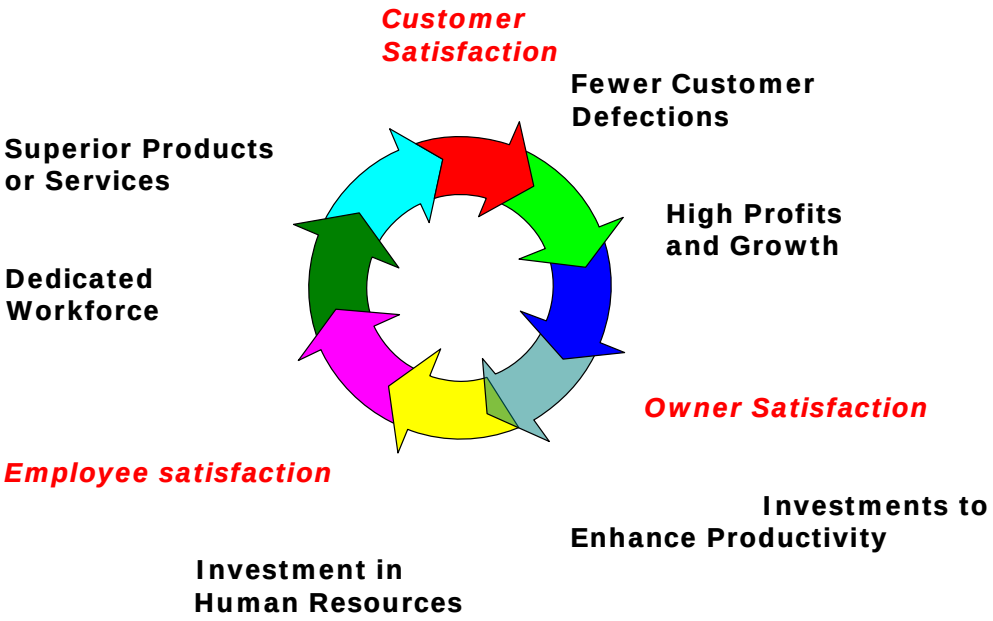
[14] Е.О.Харитонов, ed., Гражданский Кодекс Украины: Комментарий (Харьков: «Одиссей», 2004), 258.

[15] John M. Bryson, Strategic Planning for Public and Nonprofit Organization. (New York: John Wiley & Sons, 1995. Translated into Ukrainian, Львів: Літопис, 2004) p. 30-31.

The interests of the parties are investigated in the previous chapters and transformed into strategic goals and tasks for Municipal Health System. The scope of consideration for employees has three dimensions: the level of individual change, the level of organizational change, and the level of team change[16]. These three levels of change will be investigated in the next chapters. J.Kotter's model will be used for organizational change[17]. K.Lewin's model that uses the metaphor of organism and machine is of limited use, but can be useful in part, especially for force field analysis[18].

Figure 1. Balance of Power[19]

Source: Deschamps & Ranganath Nayak: 'Product Juggernauts'



3.4. Steps to Develop the Action Plan

The next chapter will consider the organizational level of change. For this purpose the most appropriate is Kotter's eight steps model as a framework[20]. These steps include:

1. Establish a Sense of Urgency
2. Create the Guiding Coalition
3. Develop a Transformational Vision and Strategy
4. Communicating the Change Vision

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[16] Esther Cameron, Mike Green, 22.
[17] Esther Cameron, Mike Green, 145
[18] Esther Cameron, Mike Green, 128.
[19] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/23/2007), unpaginated.
[20] John P. Kotter, Leading Change, (Boston: Harvard Business School Press, 1996. Translated into Russian, Москва: ЗАО «Олімп-Бизнес», 2007) p. 30.

5. Empowering Broad Based Action
6. Generate Short Term Wins
7. Consolidate Gains & Produce More Change
8. Anchor New Approaches in The Culture

Figure 2 illustrates these steps. Within these steps I'll necessarily use other additional models.

Below I'll present in short the history of the real events in the city related to the specific step and reveal the gaps to elaborate recommendations for future work. Together eight steps with the recommendations can compile the action plan for successful implementing required strategic changes. Additionally in the next chapters some important aspects for effective implementation will be discussed to enrich the action plan. They mainly concerns policies for individual change and leadership.

Figure 2. Kotter's Seven-Step Model for Transformational Change[21]

CHAPTER 4. ORGANIZATIONAL CHANGES

4.1. Establish a Sense of Urgency

Previous chapters very concisely showed current internal and external environment of Municipal Health System. However market and competitive realities were investigated in detail at the time of developing health strategic plan during 2004-2005 under broad Public Participation. Strategic Planning Group was consisted of representatives (stakeholders) of all main group of the population regarding age, sex, social position, professions, income, etc. The total number of members of the strategic planning group was approximately 100 persons. I was the initiator and coordinator of this project.

[21] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.

The group went through all steps of strategic planning including formulation of vision, mission, strategic and operating goal, SWOT-analysis, public hearing, approving the plan by the City Council. All main problems and major opportunities were identified and discussed. But the realization of some strategic goals specific for the topic of this paper is unsatisfactory. What was wrong?

I think the main omission was the fact that we couldn't involve in this work the elite of the local medical society who is some influential persons – heads of some hospital departments. They consciously ignore the team working, and we haven't managed that problem. So far we feel the resistance originating from them. The main their idea is the next. The state and local government don't give sufficient resources for medical facilities and medical workers. "They don't think of us, so we take care ourselves about ourselves". Many health workers got accustomed to chronic internal conflict concerning to bribery and evince some signs of complacency.

The recommendations can be as follow:

1. To eliminate some sources of complacency:
   - 1.1 We should provide sufficient performance feedback from external sources: discussion on the issues of corruption in mass media, among the community at round tables, meetings, etc.
   - 1.2 Internal measurement systems should be more focused on performance indicators that reflect satisfaction of the customers.
   - 1.3 We should support those health workers who don't afraid to discuss openly the existing problems.
2. To set the transparent and clear goals based on performance indicators that reflect satisfaction of the customers. The goals will be high enough so they can't be reached by complacency.
3. To reassure health workers changes won't touch to the income of the great majority of health workers and they will be given the opportunity to receive the adequate income.

4.2. Create the Guiding Coalition

In the previous chapter I've already mentioned that we haven't managed to create strategic planning group that represent elite medical workers. This drawback was expanded by the absence of guiding coalition for implementing and monitoring strategic goals.

So the recommendations for our work are the next:

1. We should introduce monitoring committee for implementing strategic goals of Municipal Health System consisting of influential persons: top managers of Public Health Agency, Health facilities administrators, heads of hospital departments, representatives of the community. Monitoring committee may be divides into some subcommittees corresponding with specific strategic goals.
2. The subcommittee on ethics and voluntary contribution payments should gather the critical number of heads of hospital departments and other people with good reputations to overbalance those who could block the changes.
3. It has to include experts in various disciplines such as medical ethics, economics, human resource management, etc., so that we could work. We have to make up the

team of those people who form clear and attractive vision of the future (leaders) and those who can control the successful movement to the future (managers).

4. Guiding coalition has to work as an empowered team to be creative and innovative. Thus critical innovation roles in coalition should include people who could play the roles to provide teamwork. For example, the team should include:
    - Idea generators - provide new insights and discoveries.
    - Information gatekeepers - stay abreast of outside developments.
    - Product champions - advocate for new products or processes.
    - Project managers - keep innovation projects on track.
    - Innovation leaders - keep innovation values, goals visible[22].

4.3. Develop a Transformational Vision and Strategy

The group for Strategic Planning in Municipal Health System indeed has developed the common vision of the future and set strategic and operative goals. But again we ask why their implementation in the field of medical ethics and patient contribution payments is so slow?

The reason is that we had to cascade the general strategic vision as a whole picture into clear vision for every strategic goal and give every health worker the clear attractive picture of changes needed. The subcommittee on ethics and voluntary contribution payments is that very unit to develop such a vision. The vision should be based on ethical and moral considerations, as well as on the opportunity for health workers to have adequate income for supporting family.

Strategy for bribery combating has *some important steps[23] which should be taken into consideration for vision development*:

1. Management has to declare an intention to combat the bribery and give some authorities in specific issues to the subcommittee on ethics and voluntary contribution payments.
    1.1 Round table meeting between influential part of medical workers and community leaders with good reputation should be held.
    1.2 The declaration of intention begins with introduction of a moral case as an example and concludes with clear definitions what specific kind of bribery is unacceptable, what measures should be undertaken to eliminate briberies and what is the punishment. The declaration describes an order for certain amnesty for violation.
    1.3 The codex of behavior for medical worker has to contain the ban for bribery and extortion.
2. The subcommittee on ethics and voluntary contribution payments has to discuss the issues of business processes pertinent to the voluntary contribution payments and identify the processes vulnerable for corruption.
3. The subcommittee on ethics and voluntary contribution payments can investigate some difficult cases of bribery or extortion. This subcommittee should develop

[22] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.

[23] Frans Genaeots, Ethics and Corruption at Governmental Organizations (Presentation at session of Newport Business Academy, Kiev, 06/21/2007), unpaginated.

graduation of punishments depending on weight of violation. Only after a while when corruption diminishes enough the punishment can be severe.

4. Of high importance is to give the opportunity for health workers to have an adequate income for supporting their family.

4.4. Communicating the Change Vision

At the beginning of this section it's worth to mention about mistakes in implementing Health Strategic Plan in our city. Indeed it was broadly discussed at the time of development and approval. But after that the communication has steeply diminished. The reason was twofold. First, the top management of Municipal Health System didn't appear the commitment to the strategic goals declared. It was far from the notion of strong team committed to a common idea. Second, the communication processes in Municipal Health System are quite complicated by division into some levels reflecting the hierarchical structure of the organization. So the messages sent from the top were often distorted or vanishing at the bottom. As a result the great majority of health workers have weak awareness of the sense and contents of Strategic Plan.

The subcommittee on ethics and voluntary contribution payments that represent multilayer organization is partly the solution. But much more important is gaining the commitment of the top management to the goals declared. Only in this case managers will use every vehicle possible to constantly communicate the new vision and strategies to personnel and show their own examples of behavior expected of staff. Thus the problem with communication in our circumstances is mainly the problem of leadership and commitment. These issues will be discussed late.

Here I only enumerate some key elements for effective communication of the vision and strategy:

1. Simplicity - all jargon and technobabble must be eliminated.
2. Metaphor, analogy and example - a verbal picture is worth a thousand words.
3. Multiple forums - big/small meetings, memos, articles, formal/informal interaction; every chance possible.
4. Repetition – ideas sink in deeply after they've been heard many times
5. Leadership by example – behavior inconsistent with vision from important people (including key opinion leaders) overwhelms other forms of communication.
6. Explanation of perceived inconsistencies – unaddressed inconsistencies undermine credibility of communication.
7. Give and take – two way communication is most powerful[24].

4.5. Empowering Broad Based Action

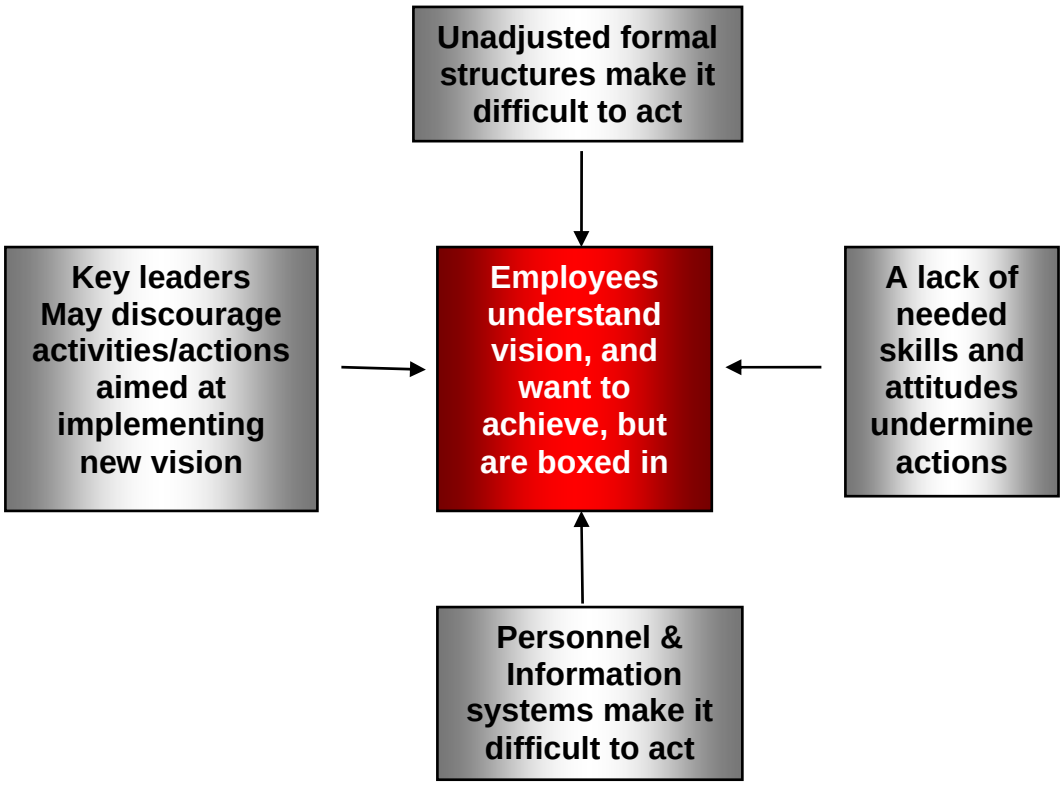
Group for Health Strategic Planning indeed was working with the use of broad Public Participation techniques. What further had to be done was to cascade this activity into every health care facility. But each health care facility has developed its own strategic plans formally by a close team or even by a single person. After that plans were forgotten with the

[24] John P. Kotter, Leading Change, (Boston: Harvard Business School Press, 1996. Translated into Russian, Москва: ЗАО «Олімп-Бизнес», 2007) p.116

feeling of relief. The great majority of health workers were outside the discussion and decision-making. The ethical problems haven't been discussed at all.

Also there are some another obstacles for participation of health workers in required changes. They fall into four categories[25] as it's shown at the Figure 3.

Figure 3. Possible obstacles for empowering employees for participation in change actions[26].



First obstacles concerns with inadequate organizational structure[27]. This category has two dimensions. From one hand we should establish specific structures for effective employee participation, for instance commissions on ethics and voluntary contribution payments at all health care facilities that provide representation of health worker. From the other hand existing organizational structure should be adjusted to the changes. Health facility administration charged employees to define and communicate to a patient the cost of a health service to be paid by him. This happened for the reason that special structures and people for calculating cost and taking money were absent in health care facilities. So the administration delegated this function to health workers that is unjustified. They have no

[25] John Kotter, 132.
[26] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.
[27] Lee G. Bolman, Terrence E. Deal, Reframing Organizations: Artistry, Choice, and Leadership (San Francisco: John Willey & Sons, 2003. Translated into Russian, Стокгольмская школа экономики в С-Петербурге, 2005) p. 67

specific skills for this function. So it's sensible to centralize to some extent the function by establishing special department and taking away excessive authorities from heads of medical departments.

Second obstacle concerns with the absence of required skills and information system. So we have to teach and train appointed persons responsible for cost calculations and receiving payments. These workers at medical departments have to interact with specific departments for this function.

Third obstacle can originate from human resource management and inadequate informational system. It would be highly useful to introduce computer cost-accounting network system. Another aspect of informational system is the necessity to introduce financial performance indicators and indicators of customer satisfaction for medical departments.

Forth obstacle relate to unwillingness or inability of managers to empower employees. So the managers have to be taught for appropriate management style. The most useful are consultative leadership philosophy, teaming, empowerment, and positive change behaviors techniques[28]. Top management has to encourage middle line management to comply with this policy.

Recommendations for action:

1. It's required to establish commissions on ethics and voluntary contribution payments at all health care facilities. They must be empowered by management and have enough authorities.
2. Establishing special department, appointment of responsible persons in medical department, and revision of health workers' responsibilities is an important step.
3. We should teach and train appointed persons responsible for cost calculations and receiving contribution payments.
4. Introduction of informational computer cost-accounting network system can greatly facilitate required changes.
5. It's necessary to revise the set of performance indicator for medical health departments and introduce financial performance indicators, as well as indicators of customer satisfaction.
6. Top management has to encourage and where it's necessary teach middle line managers to use consultative leadership philosophy, teaming, empowerment, and positive change behaviors techniques. In some cases sanctions can be used to those managers who sabotage the changes.

4.6. Generate Short Term Wins

Short term wins can greatly push the change further, neutralizing skeptics and selfish opponents, and inspiring advocate of change. Moreover they can win support from cynics and self-serving resistors. They provide support for reforming team, consolidate efforts of the organization, and give feedback to management about appropriateness of the strategies chosen[29]. But if we look back at the process of Strategic Planning in 2004-2005 we don't see any evidence of short term wins.

[28] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.
[29] John Kotter, pp.158-159

To escape failure at this step of change management *we should undertake some measures*:

1. *Planning for quick visible improvements*. Those improvements can be: increasing total of voluntary contribution payments on "accounts" of medical departments; extra salaries for health workers paid from the consolidated fund of voluntary patient contributions; and positive informational reactions in mass media accepted by health workers.
2. *Creating those wins*. Listed above measures is easily feasible if we make planned efforts to achieve them.
3. *Visibly recognizing and rewarding people who have made wins possible*. Rewards for people who make efforts for change with extra salaries from consolidated fund are important, as well as non-financial (recognition) measures.
4. *Keeping management on board with evidence of progress*. Information about successive cases should be submitted to top city management and spread through mass media to form positive public opinion[30].

4.7. Consolidate Gains & Produce More Change

Recommendations of this section have more general features. They aren't as definitive as ones in the previous sections. At this point *we will rethink our strategy and initiate new significant projects to achieve strategic vision*. The final plan for further action will be the product of the reforming team, even though the bricks for further action plan are complex and integrated and are parts of Health Strategic Plan already developed.

The time after first wins is not the time for reluctance and over-celebration. It's the time for strengthening effort, for rethinking and correction of actions. Irrational and political resistance is always waiting to reassert itself. Years of work can be undone at remarkable speed. Credibility granted to reforming team has to be used for changing all systems, structures, and policies that don't fit together or fit the transformation vision. It's the time to reinforce vision behavior. Interdependencies can seriously complicate change effort. Other elements of the system and links may be holding behavior in place and need to be addressed first[31].

Growing interdependencies is the feature of the modern world. This phenomenon is the opportunity and challenge at the same time. Modern management has become more complicated, but organizational effectiveness has increased. Project management involves coordination of many managers, and one manager can participate in many projects. Especially it's true about top managers. So at this step we should recruit for projects aimed for strengthening changes and achieving other strategic goals new managers. We will appoint them on higher positions and give required authorities. The "centre of gravity" will shift towards the middle line managers who will become managers of these new synergetic projects. They can eliminate excessive interdependencies from the Municipal Health System to facilitate changes in short-term and long-term perspective.

All that is time consuming and at this step we have to work hard. It may take a few years to achieve success, but we shouldn't lose patience and think in short-term mode[32].

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[30] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.
[31] John Kotter, pp.170-185
[32] John Kotter, p 185

4.8. Anchor New Approaches in Organizational Culture

4.8.1. Background

The negative experience of many organizations shows us how important is to anchor new approaches in organizational culture. If new approaches are not consistent with it they always regress[33]. The importance of such notion is even more overwhelming in the conditions of Public Sector that perform with compliance with political paradigm. The interests and goals of players may be quite different. These differences are fully reflected in such huge system as Municipal Health System of the city.

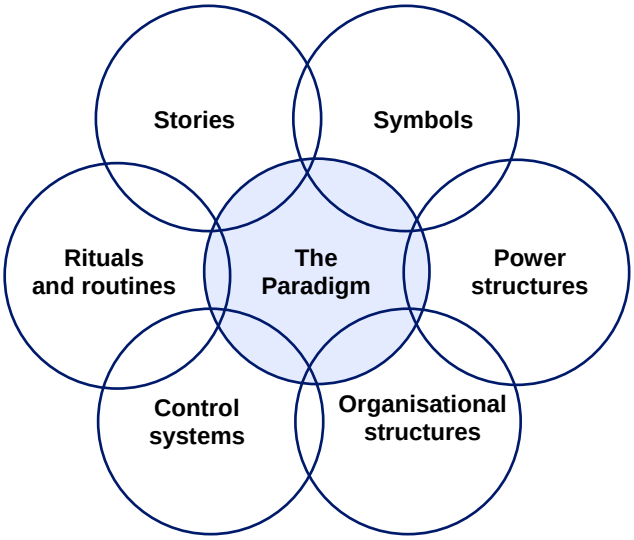
Another fundamental Kotter's notion is based on a fact that cultural change should occur only after seven previous steps. Current culture can not be and shouldn't be manipulated[34]. We can begin to work for cultural changes only after successful alterations of behaviors and actions over a period of time. New approaches shape and are integrated into the culture only after they are recognized as being superior to old methods[35].

This section of the paper analyses the current status of organizational culture of municipal health facilities. Then we will go over to the ways how to change dysfunctional features of the culture.

4.8.2. Analysis of the Organizational Culture in Municipal Health Care Facilities

For analysis of organizational culture there are some useful models as tools, one of which is presented at the Figure 4.

Figure 4. The Paradigm of Organizational Culture[36]



[33] John Kotter, 191.
[34] John Kotter, 201.
[35] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.
[36] Ruud Heijblom, Strategy and Policy (Presentation at session of Newport Business Academy, Kiev, 04/13/2006), unpaginated.

According to this model different aspects of the organizational culture are analyzed, and the most important cultural features of Health Care facilities are presented in Table 1. They are the starting point for further analysis.

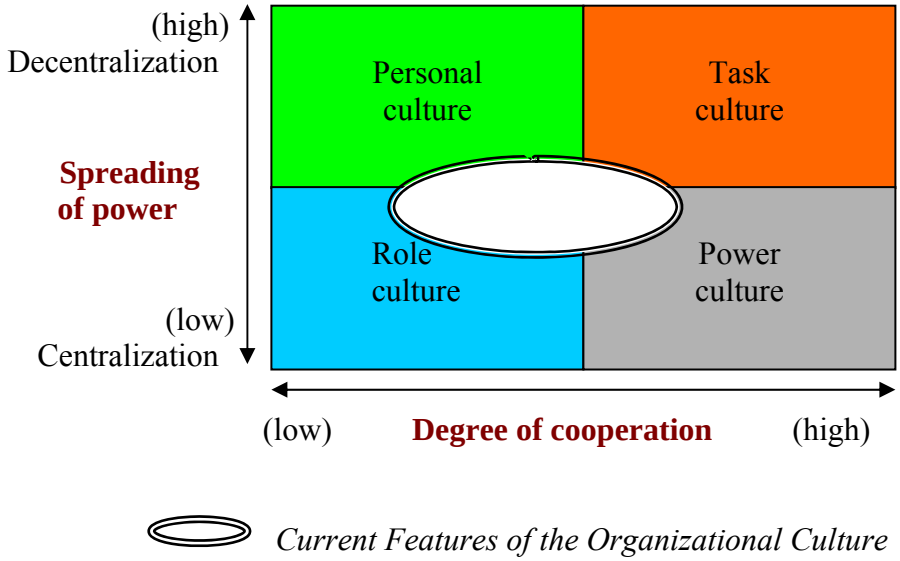
Table 1. Organizational Culture in Municipal Health Care Facilities

	Component	Description
1.	Stories	• "Patient is guilty in his illness because he delay the visit to doctor". • "So was earlier and always, therefore it is correct". • "I am the best doctor, you should visit me earlier, not other doctors" • "I am paid insufficiently, therefore I should not be kind with all patients" • "I work hardly, but I love my job" • "Even though patients can be unfair, I am a professional and relate to them fair"
2.	Symbols	• White dressing (uniforms) • Dilapidated building and out-dated equipment. • Few doctors has luxury car as symbol of "informal payment".
3.	Power structure	• Informal leadership plays a great role. Some physicians have significant personal power using familiarity to politicians. • Health facility administrators and managers of Public Health Agency are physicians by education, so they often influence decision-making related to exclusive competencies of doctors.
4.	Organization structure	• Hierarchical with weak interactions between departments. • Functional criterion for establishment of departments concerns to clinical discipline. • Lack of multidiscipline teams.
5.	Control	• Treasure control for line-item budget performing. • Quality management is rather perfect. It performs by the main three methods: indicators of quality, statistically calculated; expert control for compliance with treatment protocols; control for compliance with health facility accreditation standard. • Statistics use computer software and municipal databases containing data on patients. There are accountant computer systems in health facilities, though they are fragmented. • Investigations on patient complaints.
6.	Rituals and routines	• Majority of doctors use paternalism stand towards the patient. • Some problems with compliance of personnel with norms of medical ethics and deontology. • At "lethal conferences" and "case analyses" defense pattern of doctor behavior is usual.
7.	Paradigm of the system	Municipal Health Care facilities deliver rather professional and qualitative medical services, but the system as a whole is an example of low responsiveness to non-medical aspects of Health Care (comfort and convenience, waiting in queue, ethics)

Model of organizational culture at the Figure 4 shows mutual interrelation between different parts of the culture. Customer orientation of the organizational culture can be described in detail by some other models such as Harrison's and Schein's.

There are some ways to observe an organizational culture[37]. Observation of regular behaviors, group's norms and rules, feeling of climate, habits of thinking and acting, shared meanings, and embedded skills give the imagination of dominant philosophy and values. Unfortunately these values in Municipal Health System are not customer-oriented. Very often they say: "customers are the means to earn the money"; "I should make a good impression on the patients, even though the quality of service isn't high". The philosophy very often may be described with Grave's model as red: The world is tough and hard like a jungle; it's "eat or be eaten". People must fight to survive and dominate others without guilt and so as to avoid shame[38]. Here I would like to give some reservations. First, not everyone has such values and philosophy, but many influential persons have. Second, at the time of rapid economic decline and impoverishment of health workers such cultural notions helped to survive them, even though it sounds strange. But time goes, and now these cultural values and philosophy are irreversibly out-dated. They interfere with core interests of customers, as well as employees and organization as a whole.

Figure 5. Typology of Organizational Cultures (derived from Harrison)



The organizational structure of Public Health System of the former Soviet Union (Semashko System) was highly centralized. So the culture of its parts also is so. Some health workers feel nostalgia of those times. Naturally they are conscious followers of this type of culture. Much more are unconscious supporters of this centralized culture. Taking into

[37] Edgar H. Schein, Organizational Culture & Leadership (San Fransisco: Jossey-Bass, 1992; notes compiled by Ted Nellen, no date) <http://www.tnellen.com/ted/tc/schein.html> (06/30/2007), unpaginated.

[38] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/19/2007), unpaginated.

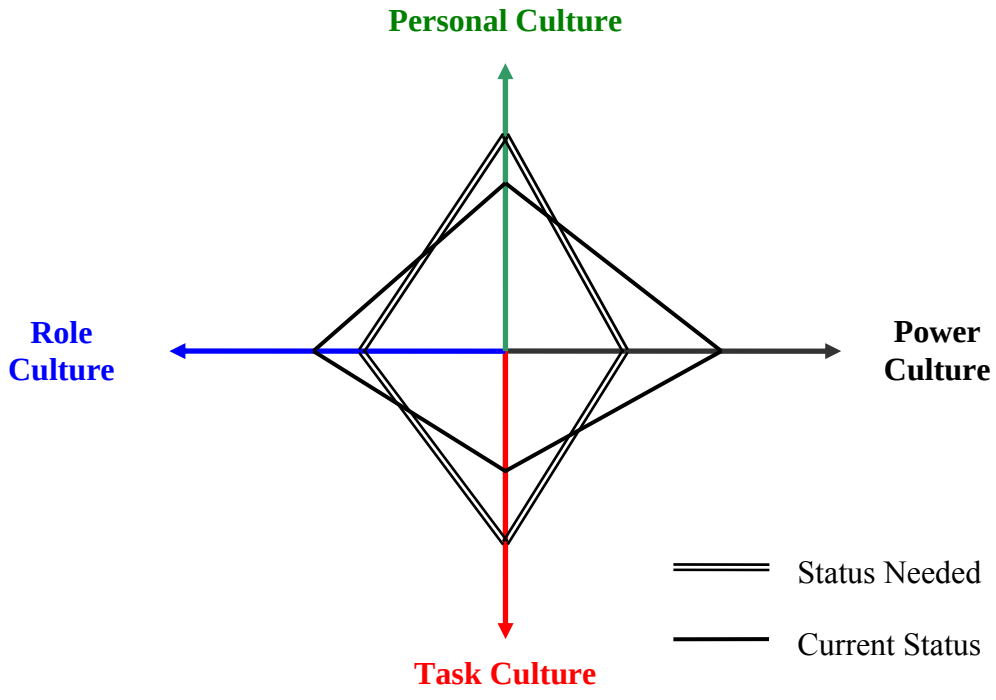
account the individual working pattern of doctors the type of culture by Harrison tends towards "Role culture" as it's shown at the Figure 5. At the same time new medical technologies demand more cooperation and team working, more power decentralization and collaboration with patients. The directions for cultural changes[39] are depicted at the Figure 6.

Another useful model for description of Municipal Health System's organizational culture is "The Double S Cube Model"[40]. It considers two dimensions of an organizational culture:

- Sociability: A dimension of the double S cube characterized by the degree of friendliness typically found among members of an organization.
- Solidarity: A dimension of the double S cube characterized by the degree to which people in an organization share a common understanding of the tasks and goals about which they are working.

According to this model the organizational culture of Municipal Health System can be described as "Networked Culture". This type of organizational culture is characterized by high levels of sociability and low levels of solidarity. Thus organizational culture of Municipal Health System consists of different subcultures reflecting to some extent the mix of different specialties. For example, there are subcultures of surgeons, gynecologists, neurologists, family doctors, etc.

Figure 6. Needs for Change of Organizational Culture



[39] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/20/2007), unpaginated.
[40] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/19/2007), unpaginated.

Conclusions and recommendations:

1. Having strong features (presence of adequate quality management, computerizing statistics and accounting), the system at the same time is characterized by low responsiveness to needs of patients concerning non-medical aspects of Health Care due to "grey market of medical services".
2. Organizational culture of municipal Health Care facilities is not client - guided, does not meet to expectations of the population. That, apparently, is related to insufficient motivation of medical workers.
3. The lack of collaboration and partnership relations between doctor and patients. The majority of doctors use rather paternalism pattern towards the patients.
4. Organizational culture of municipal Health Care facilities has significant dysfunctional features[41]:
    - Shared values do not agree with organization's effectiveness.
    - Entrenched culture in rapid change of dynamic environment with new challenges and technologies.
    - This culture hinders ability to respond to changes.
5. Some important features should be incorporated into the organizational culture:
    - Sensibility to the customer needs.
    - Flexibilities and interest in employees to be innovative. Willingness to take sensible risk.
    - Openness of communication.
    - Friendliness of employees towards one another

4.8.3. How to Succeed

To fully understand the ways how to successfully incorporate cultural features needed for new culture the Hofstede's Onion Diagram is useful. There are surface layers of an organizational culture and deep ones. What we see and what we intend to change are at the surface. But we should go inside the onion to core values and philosophy. After that we can return to behavioral matters. The approach can be named "Outside in, then inside out".

Earlier I've already mentioned the core values ("customers are the mean to earn the money) and red Grave's philosophy of health workers as an origin of dysfunctional features of organizational culture. To change the culture we have to begin with customer oriented values ("customers are the number one") and orange and green Grave's philosophy:

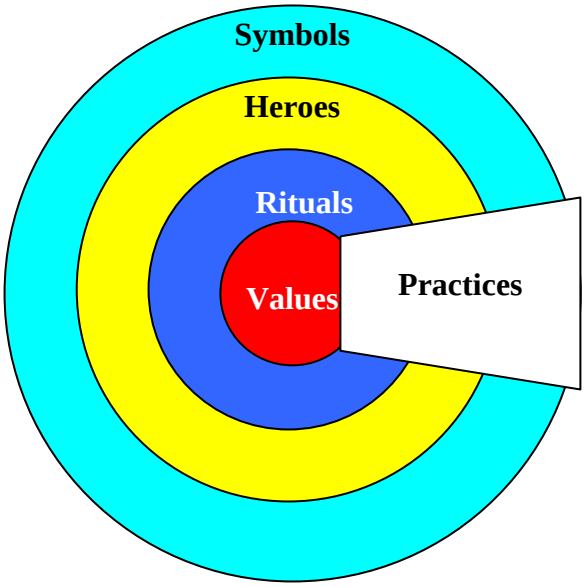
- Green worldview: The world is the habitat for all humanity to share together. People join in communities to experience growth for self and others for collective benefits.
- Orange worldview: The world is full of viable options and plenty of alternative choices. People need to test options for greater autonomy and compete for success and influence in life[42].

Leading team has to show strong links and articulate the connections between new philosophy and values from one side and new pattern of behaviors and organizational

[41] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/19/2007), unpaginated.
[42] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/20/2007), unpaginated.

success from the other side. Then people associate better performance with customer oriented behavior. More and more people will be the supporters of new values and pattern of behavior. Only after their number and influence become decisive we can be sure in sustainability of changes.

Figure 7. The Onion Diagram (Hofstede, 1991)



Socialization is the phenomenon that explains the development and sustainability of an organization culture. Every worker during his working life assimilates patterns of behavior, mode of thinking, core values of an organization. Then he becomes a teacher for younger workers. This is a sluggish and sustainable process that lasts many years. Public sector tends to have a highly static workforce: many civil servants spend their entire working lives in the same organizations, and strong unions frequently limit the freedom to hire and fire[43]. Sometimes the only solution to introduce the change is to change the employee[44].

Leadership is highly important in the process of cultural change as well as for organizational change in general. Some aspects of leadership will be discussed in the next chapter. Below I placed some important remarks concerning incorporation of new features into organizational culture.

John Kotter named some important arrangements as preconditions for new business practice to force out an entrenched culture[45]. Managers of an organization that succeeded in change management did the next things:

1. They explain earnestly and in detail for people the connection between innovative policies and organizational success.

[43] Keith Leslie, Catherine Tilley. "Organizing for effectiveness in the public sector." The McKinsey Quarterly. No. 4 (2004) <http://www.mckinseyquarterly.com/> (10/15/2006), unpaginated.
[44] John Kotter, 201.
[45] John Kotter, 199-201.

2. They say often and much about traditional culture: about the origins, gains, and at the same time about hopelessness of that culture.
3. Older people we proposed the programs for pre-term pensions. But those who share the new culture were tried to retain for the company.
4. New personnel were recruited according to new revised rules, norms, and values.
5. The rules for career development are changed. The most important criterion for promotion has become the understanding by workers the goals of changes.
6. They repeat and repeat actions, because cultural changes take a lot of time and efforts.

Edgar Schein listed some useful tools to introduce new organizational culture[46] that can be headings for action planning. They are summarized in Table 2.

Table 2. Culture-Embedding Mechanisms

	Measures for action planning
Primary Embedding Mechanisms	• What Leaders Pay Attention to, Measure, and Control • Leader Reactions to Critical Incidents and Organizational Crises • Observed Criteria for Resource (Allocation how budgets are created reveals leader assumption; what is acceptable for financial risk?) • Deliberate Role Modeling, Teaching, and Coaching • Observed Criteria for Allocation of Rewards and Status • Observed Criteria for Recruitment, Selection, Promotion, Retirement, and Excommunication
Secondary Articulation and Reinforcement Mechanisms	• Organization Design and Structure • Organizational Systems and Procedures • Rites and Rituals of the Organization • Design of Physical Space, Facades, and Buildings • Stories About Important Events and People • Formal Statements of Organizational Philosophy, Creeds, and Charters

CHAPTER 5. INDIVIDUAL CHANGES

Resistance of employees and managers to change is common and innate process that follows any transformation. The reasons for resistance are the next[47]:

- Fear of the unknown not understanding what is happening or what comes next.
- Disrupted habits feeling upset to see the end of the old ways of doing things.
- Loss of confidence feeling incapable of performing well under the new ways of doing things.
- Loss of control feeling that things are being done "to" you rather than "by" or "with" you.
- Poor timing feeling overwhelmed by the situation or that things are moving too fast.

[46] Edgar H. Schein, Organizational Culture & Leadership (San Fransisco: Jossey-Bass, 1992; notes compiled by Ted Nellen, no date) <http://www.tnellen.com/ted/tc/schein.html> (06/30/2007), unpaginated.
[47] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.

- Work overload not having the physical or psychic energy to commit to the change.
- Loss of face feeling inadequate or humiliated because it appears that the old ways weren't good ways.
- Lack of purpose not seeing a reason for the change and/or not understanding its benefits.

Furthermore the resistance has potential positive features because of workers become the part of control system for reliability and sustainability of managerial plans[48].

There are some the most prevalent models of individual change. One of them is Edgar Schein's model. It states that individual changes go through three steps[49]:

1. Unfreezing. Creating motives for change.
2. Learning new concepts and new meanings of old ones.
3. Adoption of new concepts.

In every case there are two forces. The first is fear related to learning. The second relates to fear of survival. To support the individual change we have to show the danger of current status and help to learn. But we shouldn't increase the fear of survival. This model gives the key for understanding the individual change that is the result of different vectors. Other models significantly enrich this model.

Very useful is the ADKAR model[50]. This model considers the points for management support of the employee:

- **Awareness** of the need for change.
- **Desire** to support and participate in the change.
- **Knowledge** about how to change.
- **Ability** to implement the change.
- **Reinforcement** to sustain the change.

First two of five relates to first Schein's force, third and forth points relates to Schein's second force. The fifth point concerns the need for any person to be recognized and appreciated.

One more important consideration concerns with readiness of different people to participate in changes and seek own place in new environment and procedures. Every people have inherited features. One of the most fruitful approaches for individual change management and coaching is MBTI-typology[51]. Some features of people make them prone to some pattern of behavior. For example, developed "intuition" focuses people on future possibilities and seeking new opportunities[52]. This leads to supporting change in general. Advanced "feeling" make people sensible to customer needs. So people who appear these features can be the fulcrum for our action. Understanding individual features of the coachee is the key for success of coach management that is aimed to change. Coaching is one of the most useful tools for managers to support the individual change[53]. MBTI- typology also helps to make up strong teams of different people.

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[48] John W.Newstrom, Keith Davis, Organizational Behavior: Human Behavior at Work. (Columbus: McGraw-Hill Companies, 1997. Translated in Russian. Санкт-Петербург: Издательство «Питер», 2000) p.349.

[49] Esther Cameron, Mike Green, 69.

[50] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/19/2007), unpaginated.

[51] Esther Cameron, Mike Green, 64.

[52] Mary McGuines, You've Got Personality: An Introduction to the Personality Types Described by Carl Jung and Isabel Myers (Australia: MaryMac Books, 2004) p.6.

[53] Jane Greene, Anthony M.Grant, Solution-focused coaching. (N.p.: n.p., 2003. Translated in Russian. Санкт-Петербург: Издательский дом «Питер», 2005) p. 61.

Recommendations:

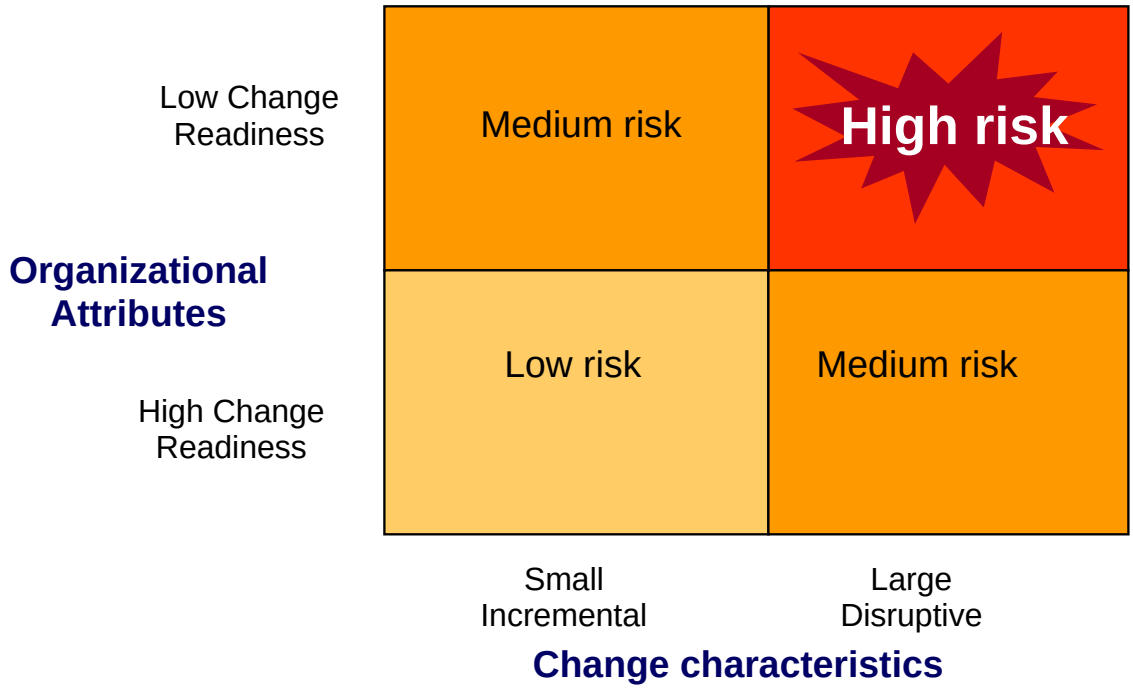
1. We have to organize trainings for middle line managers on such topics as financial control, management control, ethics and integrity.
2. We have to organize trainings for employees on medical ethics and deontology and openly discuss those topics with broad audience of health workers.
3. It would be useful to discuss these topics at round tables with participations of famous and appreciated representatives of community (customers).
4. We should celebrate those departments which achieve the most progress in required change. Worker of those departments should gain.
5. Coaching is one of the beneficial styles of management to support individual changes. So pertinent trainings for managers is an appropriate measure.

CHAPTER 6. EFFECTIVE IMPLEMENTATION

6.1. Risk Analysis and Force Field Analysis

Political metaphor of the organization implicates such mode of action that leads to reactive behavior and retarded decision-making. Although the scope for change is significant as we see it earlier, the readiness for change is quite low. So it imposes high risk on planned change as it's evident from Figure 8.

Figure 8. Organization Assessment Grid[54]



[54] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/23/2007), unpaginated.

To achieve the success it's important to provide the balance of interests and power of all key players on the field of change according to Kurt Lewin's model.

Table 3 represents forces that are relevant for achieving the goal "To reduce the volume of gray market (corruption, "informal payments")".

Table 3. Force Field Analysis

Pro	Goal	Con
The Public opinion strongly suggests undertaking and supports needed actions.	To reduce the volume of gray market (corruption, "informal payments")	The "total income" of health workers will decrease at least at the beginning of the change.
There are group of health workers who have ethical standards incompatible with bribery and extortion.		Informal leaders from the personnel will organize the resistance to change to preserve their influence.
There are groups of health workers who are interested in legal private practice at the premises of municipal health care facilities.		Many doctors have "coat-tails" in top management of the city.
Relationships between doctors and patients will improve.		Organizational culture of health workers is quite conservative and consists of different subcultures.
Municipal facilities which are already reorganized into communal enterprises as the subject of managed health care market has reduced the spread of informal payments.		

To succeed in change management we have to strengthen "Pros" and weaken "Cons"[55].

Based on force field analysis below there are recommendations to strengthen "Pros":

1. Widespread discussion about different aspects of "informal payments" among citizens will be beneficial.
2. Widespread discussion among health workers about ethical problems related to "informal payments" will positively influence organizational culture and can help to make realistic and agreed plans.
3. Favorable conditions for private medical practice and reorganization of budgetary municipal health care facilities into autonomous municipal enterprises will diminish "informal payments", bribery, and extortions.

Recommendations to weaken "Cons" are the next:

1. Additional salaries from the fund rose from patients' voluntary contribution payments may diminish the decrease of the "total incomes" of health workers.

[55] Esther Cameron, Mike Green, Making Sense of Change Management: a Complete Guide to the Models, Tools and Techniques of Organizational Change. (London and Sterling, VA: Cogan Page Ltd., 2004. Translated into Russian, Москва: Издательство «Добрая книга», 2006) p. 126.

2. City's top management should be involved into open discussion mentioned in the "Pros"-section.
3. To incorporate into organizational culture new elements we have to build strong leadership inside the Municipal Health System.

6.2. Leadership

Leadership is now the key element for creation and sustaining of any organization[56]. The most important reason is that change is the only constant in modern business. Striving to archive fundamental shift from single reengineering acts to continuous management of process improvement many organizations begin to realize the importance of Business Process Management. This trend Howard Smith & Peter Fingar described as the third wave of business process management[57]. Thus only leadership can provide the continuous chain of organizational transformations and changes anchoring them into organizational culture. Edgar H. Schein described organizational leadership as "culture management". Table 4 shows in short the difference between a *manager* and a *leader*[58].

Table 4. The Difference between a *Manager* and a *Leader*

Manager	Leader
A manager manages things	A leader leads people
Managers are people who do things right	Leaders are people who do the right thing.
Position as a manager gives you authority to accomplish certain tasks and objectives This power alone doesn't make you a leader…it simply makes you a boss	The best leaders are continually working and studying to improve their leadership skills.
Managers simply tell people to 'do.'	Leadership makes people want to achieve

Based on a series of interviews conducted with nearly a dozen executives combined with research undertaken over the past decade The McKincey Quarterly suggests that four key functions collectively define a successful role for the CEO in a transformation[59]:

1. Making the transformation meaningful. People will go to extraordinary lengths for causes they believe in, and a powerful transformation story will create and reinforce their commitment. The ultimate impact of the story depends on the CEO's willingness to make the transformation personal, to engage others openly, and to spotlight successes as they emerge.
2. Role-modeling desired mind-sets and behavior. Successful CEOs typically embark on their own personal transformation journey. Their actions encourage employees to support and practice the new types of behavior.

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[56] John Kotter, 224.
[57] Howard Smith and Peter Fingar, "A New Path to Business Process Management". Optimize, Issue 12 (October 2002) Translated into Russian <www.management com ua> (03/16/2007), unpaginated.
[58] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 06/20/2007), unpaginated.
[59] Carolyn B. Aiken, Scott P. Keller. "The CEO's role in leading transformation". The McKincey Quarterly. Web exclusive (February 2007) <http://www.mckinseyquarterly.com/> (07/31/2007), unpaginated.

3. Building a strong and committed top team. To harness the transformative power of the top team, CEOs must make tough decisions about who has the ability and motivation to make the journey.
4. Relentlessly pursuing impact. There is no substitute for CEOs rolling up their sleeves and getting personally involved when significant financial and symbolic value is at stake.

The notion of leadership gets now new dimension. John P. Kotter described collective leadership. Every worker has to know principles of management better then one in the last century, and every manager has to learn much to understand tasks for manager as a leader[60].

Therefore to be able to drive the change process the group should include enough proven leaders and work together as a team with both management and leadership skills. Where:

- Management skills – keep process under control;
- Leadership skills – drive the vision and change effort.

Among different management and leadership styles team style and situational leadership are highly important[61].

6.3. Action Planning

Recommendations given at the end of any of the previous sections are building blocks for the change action plan. For conciseness reason they are not repeated collectively at the end of the paper. Another reason is the next. The first steps of the change implementation are almost ready. But the subsequent recommendations should be modified after first steps made. The reasons are the need for corrections according changing environment and team-working. Members of the guiding team should submit their own proposal for action planning. The actions of guiding coalition should be innovative, so the leadership has to provide the conditions for creative working.

Taking into account great scale and importance of change, complicated structure of the system, political streamlines in the city, and powerful resistant forces it would be sensible to begin the changes with a pilot project[62] in some departments or in one of the municipal health care facilities. Then the pilot project may spread with regard to lessons learnt.

As it is evident from the previous steps the change strategy in our case is "Shared power" that means developing support through personal values and commitment[63]. The reason is that the change concerns to deep layers of organizational culture. Thus this approach gives high and longer term internalization although it's slower. So in action

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[60] John Kotter, 225.

[61] Lee G.Bolman, Terrence E. Deal. Reframing Organizations: Artistry, Choice, and Leadership. (San Francisco: John Willey & Sons, 2003. Translated into Russian, Санкт-Петербург: Стокгольмская школа экономики в Санкт-Петербурге, 2005) p.362.

[62] Esther Cameron, Mike Green, Making Sense of Change Management: a Complete Guide to the Models, Tools and Techniques of Organizational Change. (London and Sterling, VA: Cogan Page Ltd., 2004. Translated into Russian, Москва: Издательство «Добрая книга», 2006) p. 148.

[63] Coos van Tuinen, Change Management (Presentation at session of Newport Business Academy, Kiev, 05/24/2007), unpaginated.

planning many events and approaches will concern with employee participation. We have to share power and involve others in planning and implementing changes.

CHAPTER 7. REFLECTION

Learning modules of Newport Business Academy in Kyiv by Dr. Coos van Tuinen gave us a broad view on Change Management. A great variety of models and tools joins approaches from different disciplines, especially those concerning with managerial skills. However it become evident for me at the time of working on paper that to manage any change for attaining planned goals we need deep knowledge in such backbone topics as Strategy and Policy, Human Resource Management, Business Processes, and Management Control. Thus Change Management has become for me the all-embracing theme that combine all previous learning modules and gave the interrelated whole picture of the entire Master General Management Program.

Some remarks about leadership and organizational culture. These mutually bound themes are keys for understanding life of any organization. Any leader guides organization though the culture. These topics got into focus of my active mind, and I have an intention to amplify my personal development plan and broaden my attainments in leadership and organizational culture.

I would like to say some words of my feelings about possibilities to implement my new knowledge obtained at Newport Business Academy. From the beginning as I learned new themes I saw the difference between proper and current management practice around me. The more I learned the deeper the difference became. I make great efforts to narrow the difference, but the fruits ripen so sluggishly. Sometimes I feel tired and pessimistic.

Working on Kotter's seventh step[64] made me much to rethink about that problem. I imagine very useful metaphor to apply it onto my organization. I understood how a corporate strategy is implementing beginning with small projects, making progress, and spreading changes deeply and widely. All knowledge aligned into harmonious system. This understanding gives me peace of mind and patience to do my everyday work. Now I can see the springs for changes and use models and tools pertinent to specific cases.

At the moment I am an officially appointed chare of monitoring group for implementing the City Strategic Plan in part concerning sector of municipal social services. Thus my work will concerns with monitoring and corrections of Strategic Plan in the fields that include Health Care and other municipal social services. At the same time I am deputy chief of Public Health Agency of the City Council. Thus I must and will deal with subjects reflected in the paper. All building blocks of action planning presented here will be the base for my near future work.

[64] John Kotter, 168-186.

GLOSSARY

Accessibility of health care: A measure of the proportion of a population that reaches appropriate health services.

Autonomization*:* the process of reorganization facilities owned by the government into *autonomous* hospital or polyclinic that has the ability to act under its own authority to achieve its primary mission of benefiting the public. Although established by the state, an autonomous facility has some of the characteristics common to private organizations that allow it to operate more efficiently. The central characteristic is *management autonomy*, which decentralizes the control of the functions of the facility to allow greater efficiency of operations.

Bribery: a crime implying a sum or gift given that alters the behavior of the person in ways not consistent with the duties of that person.

Coaching: Leadership stile to prepare, support, encourage, and direct the working team. In this case manager usually doesn't take part in the "play" patently.

Cost Containment: Measures taken to reduce expenditure or the rate of growth of expenditure, or the unit cost of services.

Decentralization: Changing relations within and between a variety of organizational structures/ bodies, resulting in the transfer of the authority to plan, make decisions or manage public functions from the national level to any organization or agency at the sub-national level.

Empowerment: providing employees with more autonomy, more information, and giving them the authority to control factors, which crucially influence working processes.

Extortion: a criminal offense, which occurs when a person either obtains money, property or services from another through coercion or intimidation or threatens one with physical or reputational harm unless they are paid money or property.

Health care facilities: institutions, enterprises and organizations, which immediately deliver health care services to the population.

Health services: Any service which can contribute to improved health or the diagnosis, treatment and rehabilitation of sick people and not necessarily limited to medical or health-care services.

Indicators: Identified and measured variables which help to show changes directly and indirectly relevant to goals, objectives and targets.

Informal payments: charges for services or supplies that are supposed to be free.

Managed competition: Government regulation of a health care market which uses competition as the means to achieve efficiency objectives within a framework of government intervention designed to achieve other policy objectives, such as equity.

Motivation: Efforts to encourage the person for defined actions.

Performance appraisal: Evaluation process of quality and quantity of employee's work

Provider: Professionals and institutions providing health care services to patients.

Public participation in decision-making: Procedures and tools to involve wide range of citizens in discussing about problem of the civil life influencing them. Public participation usually significantly improves quality of decisions of government, increases awareness of public, and promotes social coherence.

Rationing: Restricting supply of services according to implicit or explicit criteria, where demand exceeds supply.

Responsiveness: How the health system performs relative to non-health aspects, meeting or not meeting a population's expectations of how it should be treated by providers of prevention, care or non-personal services.

Semashko system: A uniform model of organizing health services introduced in CEE/CIS countries after the Second World War, and abolished in the early 1990s. Financing of health services is entirely through the state budget, with publicly owned health care facilities and publicly provided services. Different levels of state administration – central, regional, and local – were responsible for planning, allocation of resources and managing capital expenditures.

Stewardship: A function of government responsible for the welfare of the population, and concerned with the trust and legitimacy with which its activities are viewed by the citizenry.

Supportive management: Concept that stated obligations for managers to support personal development, self-actualization, and professional growth of employees.

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