

Organizational Responses to Market and Institutional Forces: A National Study of the Quality of Care in US Hospitals

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Organizations and managers increasingly face multiple, and often inconsistent, demands that stem from a combination of market and societal forces. This paper examines organizational responses to such demands. We focus particularly on the conditions under which hospitals aim to improve the quality of care they provide, given other performance pressures they face. Drawing on institutional and behavioral theories of organizations, we argue that both prior performance and social comparison affect hospitals' efforts to improve key processes of patient care. Data come from a national panel (2000-2005) of US hospitals. Results from random effects regression models suggest that hospital efforts to improve quality of care are related to (1) social comparisons that hospitals make at both the local and national levels and (2) competing demands to perform well on other dimensions (e.g., profitability). Discussion focuses on implications for theory development and managerial practice.