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## The Practice of Management in Health Services Organizations and Health Systems

### Learning Objectives

- Define *health services, health services organizations, health systems, managers, and management*
- Understand organizational culture, philosophy, and performance
- Discuss management work in terms of functions, skills, roles, and competencies
- Draw and discuss a schematic model of management

## Discussion Questions

### *1. What is the distinction between an HSO and an HS?*

Health services are provided through a variety of organizational arrangements. HSOs are entities that provide the organizational structure within which health services are delivered directly to consumers, whether the purpose of the services is preventive, acute, chronic, restorative, or palliative. Historically, HSOs were predominantly independent, freestanding organizations. In a movement beginning in the 1970s and gaining momentum through the 1980s and 1990s, however, many HSOs have joined together to form systems of organizations. For example, of the approximately 5,000 community hospitals in the United States, almost 3,000 of them are in systems. More discussion of this shift can be found in Chapters 1 and 2.

Traditionally, autonomous or independent HSOs have provided, often in an uncoordinated and disjointed manner, the continuum of health services outlined previously. However, many HSOs have significantly changed how they relate to one another. Mergers, consolidations, acquisitions, and affiliations between previously independent HSOs are pervasive (see Figure 2.9). Vertical integration, in which HSOs join into unified organizational arrangements or systems of organizations, is at the extreme end of this activity. This phenomenon of integration is now well established in the health industry and will probably continue into the foreseeable future. In fact, among the most important contemporary developments in healthcare infrastructure is the integration of HSOs into HSs. HSs are formally linked HSOs, possibly including financing arrangements, joined together to provide more coordinated and comprehensive health services. The development of vertically integrated HSs capable of providing a largely seamless continuum of health services, including primary, acute, rehabilitation, long-term, and hospice care, increasingly characterizes the organizational context of healthcare.

The most extensively integrated situations arise in the formation of integrated delivery systems (synonymous with organized delivery systems or integrated delivery networks). It is likely that even more integration will characterize health services in the future.

### *2. Define the term manager.*

Managers are those who are formally appointed to positions of authority in organizations or systems and who enable others to do their direct or support work effectively, who have responsibility for resource use, and who are accountable for work results.

In HSOs/HSs, managers include people with titles such as nurse team manager; maintenance director; dietary, surgery, or medical records director or supervisor; pharmacy, laboratory, outpatient clinic, social services, or business office director; medical director; chief medical officer (CMO); chief nursing officer (CNO); chief financial officer (CFO); chief information officer (CIO); vice president; or president or chief executive officer (CEO).

### *3. Define management and include the basic ingredients of the definition. Why is management a process?*

Management in HSOs is defined as the process, composed of interrelated social and technical functions and activities, occurring within a formal organizational setting for the purpose of helping establish objectives and accomplishing the predetermined objectives through the use of human and other resources. This definition consists of four main ingredients:

- It is a process—a set of interactive and interrelated ongoing functions and activities.
- It involves establishing and accomplishing organizational objectives.

- It involves achieving these objectives through people and the use of other resources.
- It occurs in a formal organizational setting, whether a single organization or a system, which invariably exists in the context of larger external environments.

#### *4. How are managers at various levels in HSOs/HSs classified and differentiated?*

Classification schemes typically identify managers as senior-level, middle-level, and supervisory or first-level managers. Regardless of title or level, managers have several common attributes: they are formally appointed to positions of authority, they are charged with directing and enabling others to do their work effectively, they are responsible for managing resources, and they are accountable to superiors for results.

The primary differences between levels of managers are the degree of authority and the scope of responsibility. For example, CEOs and other senior-level managers in the executive office have authority over and are responsible for entire HSOs/HSs—all staff, resources, and individual and organizational results—because governing bodies (GBs) grant authority to them and expect accountability in return. Reporting to senior-level managers are numerous middle-level managers, each of whom is responsible for smaller segments of the organization or system. Middle-level managers, such as department heads and heads of services, have authority over and are responsible for specific segments, in contrast to the HSO/HS as a whole. Finally, first-level managers, who generally report to middle-level managers, have authority over and are responsible for overseeing specific work and a particular group of workers. Managers at each of the various levels are responsible for different types of activities. However, all these activities are important, and no HSO/HS can be successful unless the management work at each level is done well and unless the work is carefully coordinated and integrated within and across levels.

#### *5. Figure 5.3 shows various managerial roles. Relate these roles to the management functions and to management competencies.*

Various managerial roles identified in Figure 5.3 are 1) interpersonal roles (figurehead, liaison, influencer—sometimes construed as leader); 2) informational roles (monitor, disseminator, spokesperson); and 3) decisional roles (entrepreneur [or change agent], disturbance handler, resource allocator, negotiator).

In this chapter, the work of managers has been considered from four perspectives: the functions managers perform, the skills they use in carrying out these functions, the roles managers fulfill in managing, and the set of management competencies that are needed to do the work well. These perspectives form a mosaic—a more complete picture than any one perspective—of management work.

Management is defined as the process, composed of interrelated social and technical functions and activities, occurring within a formal organizational setting for the purpose of accomplishing predetermined objectives through the use of human and other resources. It is shown in Table 5.1 that all HSO/HS managers perform the management functions of planning, organizing, staffing, directing, controlling, and decision making. These interrelated functions enable managers to establish and accomplish objectives through people and by using other resources in a formal organizational setting. In undertaking these functions, managers use conceptual, technical, and human relations skills; fulfill interrelated interpersonal, informational, and decisional roles and perform managerial roles as strategists, organization designers, and leaders; and rely on extensive sets of management competencies, including conceptual, technical, managerial and clinical, interpersonal or collaborative, political, commercial, and governance competencies; or, as conceptualized in another competency model, transformation, execution, and people competencies.

*6. What relationship do managers have to the input–conversion–output perspective?*

Students should refer to the management model (Figure 5.7) during this discussion. Important points are as follows:

- Managers cause conversion [2] to occur by integrating structure-tasks/technology-people. Without people (and other inputs), nothing happens within structure-tasks/technology [2a].
- Integration [2b] occurs when managers perform their functions and roles [5] and achieve work results through people.
- Functions and roles are also important in determining input needs [1] and outputs desired [3]. Managers are responsible for setting output requirements as well as determining input needs.

*7. Carefully examine Figure 5.7. Describe and discuss its components and how they flow and link and the way in which management functions, skills, roles, and competencies interrelate with the components.*

In discussing how management functions, skills, roles, and competencies interrelate with the components of the management model, it is important to make these points:

- HSOs/HSs convert [2] inputs [1] to outputs [3].
- HSOs/HSs have structure-tasks and technology-people components [2a] and managers cause integration [2b] when engaging in managerial functions and roles and by using skills and competencies [5].
- Quality of results (outputs) [3] depends on the availability and quality of inputs [1]; the appropriateness of structure-tasks and technology design and the skills and motivation of people [2a]; and the effectiveness of managers managing—discharging their functions and roles and using their skills and competencies [5].
- The sum of all individual work (if appropriate) [3a] results in achieving organization mission and objectives [3b].
- People (human resources) are critical because structure-tasks and technology and non-human input resources are inert. Nothing happens until people are integrated with them [2b]. One definition of management is getting things done through people (and use of other resources) to accomplish mission and objectives (outputs).
- One management function is to control—comparing individual and organizational work results with predetermined standards [4]. If results are undesirable, it is necessary to change [6] the conversion elements [2] or inputs [1]. Sometimes effecting change in the environment may be necessary and appropriate.
- The “continuous improvement” [3c] portion of the model denotes that managers should constantly strive to improve outputs, even those presently desirable (in control), by positively changing inputs [1] (e.g., enhancing employee skills through training), changing conversion [2] through improved work processes and structure-tasks/technology, or both.
- Managers manage within a particular context—the organizational culture and the values characteristic of culture [7]. Managers’ activities, behaviors, methods of integration, and

specified work results/objectives to be achieved must be consistent with organizational culture/values.

- Two additional elements of the management model that affect the HSO/HS and how managers manage are the health care environment [8] and the general environment [9] in which the HSO/HS exists and operates. Outputs of HSOs/HSs become part of the environment (quality of care, costs, image), and inputs come from the environment (human resources, capital, materials, technology). Therefore, environment affects how HSOs/HSs are managed. The instructor may choose to include coverage of Discussion Question 9 here.
8. *Figure 5.7 shows that outputs are composed of individual and organizational work results that accomplish objectives. How do individual and organizational work results fulfill objectives? Choose an HSO or HS with which you are familiar (or find one's web site), and identify its organizational objectives.*

Important points are as follows:

- The work effort (results) of everyone in the HSO/HS, when summed, yields results for the whole organization or system and accomplishment of organization mission and objectives.
- Outputs may be good or bad. The good should reflect HSO/HS objectives. The bad (poor-quality patient care, high turnover, low morale, decreased productivity, higher costs) are inconsistent with objectives.
- Examples of HSO/HS objectives identified in the text and in Figure 5.7 are patient care and customer services; quality outputs/outcomes; delivering care at appropriate costs; organizational survival and fiscal integrity; meeting responsibilities to and the expectations of stakeholders and society; education, training, and research; and maintaining the HSO's/HS's reputation and image.

Students are asked to choose an HSO/HS that they know and identify its objectives. They will develop a list similar to the previous one. Patient care and quality will be objectives for all HSOs/HSs. Depending on the HSO/HS, other objectives may not be included. For example, research may be an objective for an academic health center but not a home health agency.

9. *Figure 5.7 shows two external environments and the forces that affect HSOs/HSs. How do these forces affect HSOs/HSs? Are there others?*

This question may be combined with Discussion Question 7. In the discussion, treat the environment as a whole: the healthcare environment [8] along with the general environment [9]. Stress the importance of the external environment—how it affects inputs [1], conversion [2], and outputs [3], as well as managers' freedom in managing (functions, skills, roles, and competencies) [5]. For example, a hostile regulatory environment forces senior-level managers to stress the liaison role and spend time as spokespersons and information disseminators.

An interesting exercise is to write the environmental forces categories presented in Figure 5.7 on the blackboard (e.g., ethical/legal, political, public policy, competition) and ask students to list forces that are characteristic of each. Students will identify many; some will appear under multiple headings. Incorporate systems theory into the discussion (interrelated and interdependent). This exercise causes students to think about the external environment and consider the wide array of environmental forces, and it sensitizes them to the many forces and issues affecting HSOs/HSs and their managers. External environment forces that students may identify include those related to the general environment and those specific to the healthcare environment.

## General Environment

- *Ethical/legal*: living wills and death and dying, whether ethical responsibilities HSOs/HSs and caregivers have to patients are greater (of higher order) than legal responsibilities, providing care regardless of ability to pay, informed consent, research using human subjects, euthanasia
- *Political*: government policy toward health care, beneficiary groups (Medicare and Medicaid), public attitude toward politicians, government fiscal policy
- *Cultural/sociological*: societal values, employee work ethic, attitudes toward smoking and drinking, rationing health care, tax evasion, birth rate decline, demographics, and crime
- *Public expectations*: neighborhood groups, special interest groups, business organizations, news media, and stakeholders
- *Economic*: recession, inflation, north–south and east–west migration, unemployed losing health insurance, decline of inner cities, technology advances, and competition
- *Ecological*: save the earth, green building, medical waste disposal

## Healthcare Environment

At a minimum, students should list the extensive forces in Figure 5.7 [8]: public policy, competition, healthcare financing, technology, health research and education, health status and promotion, and public health. The instructor may wish to review Chapters 3 and 4, which discuss many forces that are part of the healthcare environment. Once the list is developed, the instructor can point out that many of the forces profoundly affect all HSOs/HSs (e.g., accreditation, licensure, financing, competition, alternative delivery). Other forces have less impact on some HSOs/HSs; for example, technology has a major impact on hospitals, less so on group medical practices and nursing facilities; communicable disease, such as acquired immunodeficiency syndrome, has a major impact on hospitals, nursing facilities, home health agencies, and hospice and less impact on freestanding surgery centers and mental health clinics.

10. *Identify an organization or system and identify its internal and external stakeholders. For each group, indicate whether each stakeholder is important, influential, and a positive influence or threat.*

Stakeholders are constituents and groups with a vested interest in the affairs and activities of the HSO/HS, and they are able to affect the organization or system. They are classified as follows:

- *Internal stakeholders* operate within the bounds of the HSO/HS. Management and professional and nonprofessional staff are examples.
- *External stakeholders* are entirely external to the HSO/HS. Examples are patients, suppliers, third-party payers (including government), competitors, special-interest groups, labor organizations, and regulatory and accrediting agencies.

Whether a stakeholder is important, influential, a positive influence, or a threat, and whether the HSO/HS may cooperate with, co-opt, or ignore the stakeholder, depends on the type of HSO/HS, stakeholder, and issue.

This question emphasizes that stakeholders are internal and external and can affect HSOs/HSs and their managers. Students should understand that managers must pay attention to stakeholders that are important to the HSO/HS, and that these stakeholders may be potential threats or allies. Managers must balance demands of multiple stakeholders and respond to their legitimate interests, while minimizing the effects of inappropriate stakeholder demands. Stakeholder relations are a major senior-level management responsibility.

## Case Study 1

### The CEO's Day

This case demonstrates how HSO/HS senior-level managers engage in management functions and roles, using skills and competencies, daily. Instructors should point out that management is not planning, organizing, staffing, directing, controlling, and decision making in a sequential manner. Rather, functions are often intermingled and activities characteristic of roles are continuous and concurrent. Skills and competencies are constantly being used in various mixes and proportions.

There are two questions at the end of the case:

1. *Terry Blaze engaged in activities related to the functions of management and roles of managers. Identify which of Blaze's activities relate to the management functions and managerial roles presented in this chapter.*
2. *Use the environmental portion of the management model in Figure 5.7 to identify internal, interface, and external stakeholders with whom Blaze interacted and identify other environmental forces that affected Blaze, as well as Blaze's actions that affected the environment.*

As a guide to responses to these questions the following version of the case includes identification (see insertions in parentheses) of the applicable activities that are related to managerial functions, roles, stakeholders, and environmental impact. The following notations are used to indicate functions, environmental impact, and stakeholders: planning (P), organizing (O), staffing (S), directing (D), controlling (C), decision making (DM) (including problem solving), environment (E) (HSO/HS or HSO's/HS's effect on it), and stakeholder (SH). Roles are identified separately. (*Note: The identification provided is not exhaustive; it is meant only to illustrate how instructors may choose to approach class discussion of this case study. It is certainly possible to include in this assignment the identification of skills and competencies along with functions and roles. However, this complicates the assignment and should be done carefully.*)

Terry Blaze, the 45-year-old president and CEO of Midvale Community Hospital, rose early on Monday morning. A busy schedule of meetings and several major issues that would require full attention and careful decisions lay ahead. While getting dressed, Blaze thought about what to say to two county commissioners (SH) at a breakfast meeting (liaison, negotiator, figurehead, influencer, monitor, disseminator, spokesperson; E) in a local restaurant at 6:30 a.m. The county coroner (SH) had called Blaze the previous Wednesday asking whether Midvale Community Hospital would permit the coroner's office to use some of the hospital's facilities (resource allocation; DM, E). As a 500-bed teaching hospital with more than 2,000 full-time employees and a medical staff of 450 physicians, Midvale was the largest of the four hospitals located in the metropolitan area, which has a population of about 500,000. Recent budget reductions to the coroner's office (E) by the county commissioners had prompted the inquiry; consequently, the coroner was searching for ways to run his office on a reduced budget by drawing on the goodwill and resources of other community organizations.



Blaze had scheduled the meeting (O) with the commissioners to see if they were aware of the coroner's request. Blaze was open-minded about the situation. He wanted to maintain the existing good relationship between the two commissioners (SH) and the hospital (liaison, spokesperson; E), and he wanted to respond to the needs (P, E) of the community, provided that the hospital's basic objectives were not jeopardized or its resources inappropriately used (P, C). However, getting caught in the middle of the county's political (E) problems could be disastrous.

At 7:30 a.m., Blaze attended a campaign fund-raiser breakfast for the state senator (SH) who represented the district in which Midvale was located (E). Blaze spoke to the senator about how the state's recently announced Medicaid payment reductions under their managed care program (liaison, disseminator, spokesperson, negotiator; SH, E) would affect Midvale (P, C) and asked (influencer, disturbance handler; E) that the senator use his influence to try to have funding levels increased. After circulating among the other guests, Blaze went to the hospital.

As soon as Blaze arrived at the office at 8:15 a.m., the executive secretary, Ms. Billings, mentioned that Dr. Smith, president of the professional staff organization (PSO) (SH), composed of physicians, dentists, podiatrists, and clinical psychologists having privileges at Midvale, insisted on speaking privately with Blaze about a problem involving a staff physician before the scheduled 9:00 a.m. meeting (O) of the PSO executive committee. Blaze immediately called Dr. Smith, and at the end of the conversation Blaze wondered whether it had been a correct decision to tell Dr. Smith to handle the problem as he thought appropriate (liaison, disseminator, disturbance handler; DM). Relations between administration and the PSO are always delicate (O), but this time it seemed best to let Dr. Smith handle the situation and keep Blaze informed.

At 8:30 a.m., the vice president for operations arrived and accompanied Blaze to the hospital's conference room. All department heads were present. Because of a recent decision by Blaze and the board (SH) to establish a satellite facility in an adjacent county (change agent, resource allocator; DM, P, O, E), most departments would be expanded, work loads would be increased, and coordination mechanisms between the hospital and the satellite facility would need to be developed. Blaze explained the reasons for the decision (disseminator; O, DM), described the planning (P) that had occurred before the decision was made, indicated how Midvale would work with the state planning agency (liaison, influencer, disseminator, spokesperson; O, E) in obtaining a certificate of need, and described how it would affect Midvale and its patients (SH), as well as other area hospitals (SH, E). Blaze asked the department heads to inform (disseminator; O, D) their subordinates before the official announcement was made to the press on Wednesday. A question-and-answer session followed (monitor, disseminator; O).

Blaze arrived at the 9:00 a.m. PSO executive committee meeting 10 minutes late and found that it had been postponed until the next day. Because the next meeting on the day's schedule was not until 10:00 a.m., Blaze returned to the office and asked Billings to hold all calls (D). Blaze had given considerable thought (P) over several months to the governing body's directive (SH, E) that options be evaluated for expanding the scope of the hospital's services (E), particularly in light of the government's (SH, E) attitude favoring competition (SH, E) among health services organizations and especially the actions of other area hospitals and the area's newly formed HMO (SH, E). Mindful of the hospital's resource constraints (C), rising costs, changing patient mix, and the continued tightening of Medicare and Medicaid reimbursement (E), Blaze was concerned about accomplishing the hospital's objectives (P) during the next 5 years in this changing environment (disturbance handler; E). Particularly worrisome was the restlessness of some members of the PSO (SH, E), who wanted new services and an on-site medical office building.

Blaze recalled the discussions that had occurred at past governing body (SH) and management executive staff meetings. After weighing the options (P), Blaze realized that the hospital would need three feasibility studies to be performed by external consultants (P, O, DM). Blaze dictated a memo to the vice president for operations and the assistant vice president for planning, instructing them (disseminator; D) to begin studies for expansion of the hospital's cardiac services and the addition of 34 psychiatric beds and a physicians' office building adjacent (E) to the hospital. Blaze did not approve a study for a regional burn unit (DM, E) because this service, although desirable, would contribute less to the hospital's



objectives (P, DM, C) than the others, and limited resources (resource allocator; C) meant some projects could not be undertaken.

At 10:00 a.m., Blaze met with the chair of the department of psychiatry. Blaze informed him of the feasibility study (disseminator; D), but the meeting also continued negotiations about making the chair of the psychiatry department a salaried position (change agent, negotiator, resource allocator; O, DM, SH). This would be the first such position in the hospital and would set a precedent (P, O) with long-term implications (E).

At 10:30 a.m., Blaze interviewed a finalist for the position of director of marketing (figurehead, spokesperson; S). At 11:00 a.m., Dr. Loren, who had requested clinical privileges, arrived for a meeting. It was a long-standing policy for the president of the PSO and the CEO to interview all individuals seeking privileges (liaison, disseminator, spokesperson; S).

At 11:30 a.m., Blaze returned telephone calls. The first was to a governing body member (SH) whose husband was being admitted for minor surgery (liaison, disseminator, disturbance handler). The second was to a former patient (SH) with a complaint about his statement. Billings told Blaze that the former patient had already spoken to patient accounts but was still dissatisfied (disturbance handler). Blaze spoke briefly with him and assured him that the matter would be rectified (disseminator, disturbance handler; C, E). The last telephone call was to the director of human resources. They decided (DM) that the human resources director should accept the mayor's invitation to serve on the health department's personnel evaluation task force (liaison, resource allocator; O, P, SH, E). This would require approximately 8 hours per week for 6 months, but they agreed (DM) it would help the hospital and community (SH, E).

As was customary, Blaze had lunch in the hospital cafeteria and circulated among the staff (figurehead, liaison, disseminator; SH) before and after eating. It was a simple yet effective way to stay in touch with them (informational; C).

Two major meetings were scheduled in the afternoon. From 1:00 to 3:00 p.m., the budget committee reviewed next year's operations and capital expenditures budgets (P, O, C). The CFO had prepared options for review (P). Among those Blaze approved (DM) for presentation to the governing body (SH) were an increase in the number of nursing service employees (S, E), a reduction in the equipment budget, and the annual pay increase for nonprofessional personnel that had been discussed previously (resource allocator, change agent; DM, S). Blaze had positive relations (interpersonal, informational) with the governing body (SH) and told the executive administrative staff that the recommendations would probably be approved. However, a source of displeasure was last month's adverse overtime budget variance and the cost overrun on supplies (informational, monitor, disturbance handler; C). Both were unacceptable because census and patient days were below expectations (C). Blaze firmly told (D, DM) the senior managers to monitor (monitor; C) their areas closely and report variations weekly.

The second meeting that afternoon was with the governing body task force on diversification (P, O, SH). Near the end of the meeting, Blaze told them about ordering the physicians' office building feasibility study (disseminator, change agent; D, DM, E) and told them they should be thinking about incorporating a for-profit subsidiary to own and manage the office building (P, O, E). The major consideration was how reimbursement would be affected by allocating overhead (P, C) to either the not-for-profit hospital or the for-profit subsidiary (C). The board task force asked Blaze to include these revenue–cost implications in the feasibility study.

On returning to the office at 4:00 p.m., Blaze approved the agenda for Friday's weekly senior management staff meeting (P, DM), gave (D) Billings several items for the agenda of the next governing body meeting, and returned telephone calls. At 5:00 p.m., Blaze left the hospital to attend a 5:30 p.m. area hospital executives' council quarterly meeting (figurehead, liaison, influencer, monitor, spokesperson; P, SH). The meeting featured a presentation by the new dean of the medical school, which was (SH) located in Midvale, about how her plans would affect teaching hospitals and their medical education and residency programs (E). During the half-hour drive to and from the medical school, Blaze dictated several letters and memos and took a call on his cell phone. Blaze went to a restaurant at 7:00 p.m. for dinner and left at 8:00 p.m. to attend a United Way trustees (SH) board meeting (figurehead, liaison, monitor, spokesperson; E). At 10:00 p.m., Blaze returned home and did paperwork (P) for an hour before retiring.

## Case Study 2

### Today's Workforce

This case is about an important variable in the management of contemporary HSOs/HSs, the existence of distinct generations of employees. The generations differ in terms of workplace characteristics and must be managed somewhat differently in response.

#### *1. What are the implications of multiple generations for managing HSOs/HSs?*

The challenges to managers include recognizing and responding to differences in the distinct generations of employees—differences that affect employee productivity and satisfaction with work. Following the management model presented in Figure 5.7, managing human resources is vital to the success of any HSO/HS. This challenge varies from one organization or system to another, depending upon the pool from which employees are drawn, but all HSOs/HSs are affected by the phenomenon of multigenerational workforces.

#### *2. Which functions of management are most affected by multiple generations in the workforce?*

As discussed in this chapter, much of what managers do can be categorized into one or more functions. The set of social and technical functions inherent in the management process includes planning, organizing, staffing, directing (motivating, leading, and communicating), controlling, and decision making. Decision making pervades each of the other functions and is integral to each of the other management functions. Figure 5.1 illustrates the interdependence of the management functions. The nature of the workforce affects each of the functions, although the impact is felt most strongly in staffing and directing.

Staffing HSOs/HSs with competent employees involves a wide range of centralized activities, programs, and policies related to acquisition, retention and maintenance, and separation of human resources. Characteristics that differ between generations will require that these activities be tailored to specific needs and expectations if they are to succeed.

Although the staffing function is centralized in and coordinated by a single human resources (HR) department—or, in the case of an HS, a corporate office—that establishes organizationwide or systemwide policies and procedures and provides HR services for other departments or units, all managers play a part in and have some degree of responsibility for the staffing function. This includes involvement in selection, performance appraisal, training and development, promotion, discipline and corrective counseling, and compensation of their employees.

The directing function, which is social and behavioral in nature, is influenced by how effectively managers assist in the motivation of others and by how well they communicate with them. Differences between generations in the workforce will heavily affect how the directing function is performed. To effectively lead, motivate, and communicate with employees, managers must understand them and be responsive to them as individuals. By definition, leading employees requires that managers have the ability to develop and instill in HSO/HS members a common vision and to direct pursuit of that vision.

#### *3. What effect does the presence of four generations in the workforce have on the culture of an HSO?*

As discussed in this chapter, organizational culture is the pattern of shared values and beliefs—along with associated behaviors, symbols, and rituals—that is acquired over time by members of the HSO/HS. Multigenerational workforces make it more difficult to develop and preserve an organizational culture, although it is still possible to do so. Managers must explain the elements of the culture to all employees, with special emphasis on new employees who join the workforce. It is important for managers to pay attention to developing and preserving the culture because this historically developed sense of the HSO/HS's "legacy"—what it is and what it stands for—permeates the entire organization or system and is known to all who work in it. Examples

of important values are duty, respect, trust, integrity, honesty, equity, and fairness. Examples of shared beliefs are the commitment to patients and to meeting their needs and respecting them as people, with the unshakable belief that they are the primary reason for the entity's existence. By paying attention to organizational culture, managers can help establish and maintain these values and beliefs no matter which generations are represented in the workforce. It is important for managers to remember the reasons organizational culture is important. These values and beliefs help shape organizational missions and objectives and prescribe acceptable behavior for managers and other employees, as well as acceptable relationships between the organization and its external stakeholders. By adhering to these values and beliefs, HSOs/HSs retain their unique character and the privileges that society has accorded them.

### Case Study 3

## Healthcare Executives' Responsibility to Their Communities

### *1. What aspects of organizational culture and values should CEOs of HSOs/HSs address in their organizations and systems as they seek to address their responsibilities to their communities?*

As discussed in this chapter, organizational culture is the pattern of shared values and beliefs—along with associated behaviors, symbols, and rituals—that is acquired over time by members of the HSO/HS. The American College of Healthcare Executives' (ACHE's) position on executives' responsibility to their communities includes explicit attention to increasing access to needed care, improving community health status, and addressing the societal issues that contribute to poor health and health disparities, as well as personally working for the betterment of the community at large. Such commitments reflect values equity and fairness and shared beliefs such as commitment both to individual patients and to the communities from which they come.

As noted in the text, managers influence all work in the entities they manage because they influence the context, framework, and premises of decisions about work and the conditions under which it is done. In effect, managers help shape the culture and philosophy of the entities they manage in important ways. By making a personal and professional commitment to improving the community's health status, healthcare executives will be taking an important step in defining their organization's culture.

### *2. Give two examples of how senior-level managers in HSOs/HSs can seek to meet their responsibilities to their communities.*

The case provides the following examples:

- Actively engage in collaborative efforts with public health and other government agencies, businesses, associations, educational groups, religious organizations, elected officials, financing entities, foundations, and others to measure and assess the community's health status
- Support efforts to eliminate health disparities for vulnerable populations, including reducing barriers to access; increasing the supply of health workers and other resources in underserved communities
- Support the dissemination of accurate information about community health status, the services provided and programs available to prevent and treat illness, and patients' responsibility for their own health
- Participate in efforts to match healthcare resources with community needs
- Incorporate community service responsibilities into policies and programs over which managers have authority

- Demonstrate that commitment to the community is multifaceted and may include support of medical research, training of healthcare professionals, charity care, and civic contributions as well as a host of other activities that contribute to the community's well-being
- Offer health promotion and illness prevention programs to their employees, positively benefiting staff as well as sending an important message to the community

*3. Discuss how fulfilling their responsibilities to their communities is part of the environmental activity shown in Figure 5.7.*

Managers seek to understand and respond to, influence, modify, and change the external environment of their organization or system. This is denoted by the change loop arrow [6] in Figure 5.7 that extends to the environment.

Managers interact with the multiple components of the external environments of their organizations and systems, including their communities. For example, managers might have their HSOs/HSs participate in efforts to upgrade the economic conditions or other quality of life aspects of their communities.

Relationships with a variety of external stakeholders, including communities and patients, third-party payers, government, special interests, and licensure, regulatory, and accrediting agencies, must be established and maintained by managers as part of their environmental activities.

## Case Study 4

### The Business Office

*1. What should Staffs have done when Hite came to see him?*

Staffs has laid the foundation for a serious and continuing problem by his inappropriate actions in response to Hite's visit. Instead of responding as he did, Staffs should have sought to understand what was behind Hite's concerns by listening carefully. Hite was expressing a legitimate concern over the way Staffs used employee evaluations. Instead of hearing this message, Staffs first rejected the message being sent to him that people in the business office were not happy with certain practices, and then he punished the messenger.

*2. What messages did Staffs communicate to Hite and the other employees?*

Among the messages that Staffs sent through his actions was confirmation that he uses an autocratic management style. He also conveyed the message that he does not want to receive, and may in fact punish those who provide, dissonant views on how things are going in the business office. Instead of listening to Hite as he should have, Staffs completely ignored the message that she was trying to convey on behalf of the business office workers. Management can create a favorable relationship by having employees participate in decisions that affect them. Staffs apparently thought that attempts by his employees to participate in decisions affecting their work lives represented a form of insubordination. His summary dismissal of Hite, the employees' champion, is a clear rejection of employees having a voice in their workplace and also serves to frighten the group into continued submission.

*3. What will be the outcome of the action he took?*

Not all of the consequences can be identified. It is clear, however, that effective communication (understanding) will be difficult to achieve because the atmosphere is poisoned with fear. To change this Staffs must adopt a new policy toward his subordinates. He must recognize that employees have personal desires and rights. If her job performance has been satisfactory, then Hite has a good legal case for reinstatement or damages. If she is reinstated, then her informal leadership abilities could be used to create a positive relationship with employees. Reinstatement could create an awkward situation for Staffs. Regardless, a grievance procedure

should be established to settle complaints and assist management in understanding employee concerns. Existing policies should be reviewed using, where possible, employee views and suggestions, and employees should be fully informed about all changes.

*4. Is there any way Staffs can improve communication in the business office?*

Of even greater importance than communication are the human resources policies used in the business office. It is unfair to give employees only 2 days' notice before they are to begin a 1-week vacation. Basic changes must be made so fairness to employees is ensured, not only in vacation policy but also in all policies. The fact that employees felt it necessary to elect one of their members to see the business office manager indicates problems. Unless this problem is corrected, morale will be affected and productivity will decline. Perhaps Staffs is the problem. He should hold regular meetings with employees and attempt to ensure that other methods of communication are open so that employees know where they stand and feel that they are important to the business office.

## Case Study 5

### Very Brief History of Management Theories

*1. Which of these approaches to managing would you prefer to practice? Why?*

Students will very predominantly choose the human relations movement as their preferred approach because so much of contemporary management theory and practice incorporates this approach. Nevertheless, it is useful to compare and contrast the three approaches in discussion.

*2. Why was each approach popular in its day?*

The comparative popularity of these and other styles or approaches to management were largely contextual and driven by the state of management research and past practice. The scientific approach, for example, was driven by the primitive state of research into the complex variables that help determine performance.

*3. Does the human relations approach fit well with contemporary HSOs/HSs?*

Today, management is influenced by a broad set of variables, many of them interactive and interdependent. The underlying state of research on management theory and practice supports the broader perspective reflected in the human relationships movement. This approach is especially appropriate for HSOs/HSs with the variety of work and workers in these settings. However, management is still very much an evolving area, and it is likely that other paradigms will emerge in the future.

