1. Hello and welcome to “Healthcare Management.” The content for this lecture is taken, among other cited sources, from Public Health Administration by Lloyd F. Novick, et al., chapter 8, “The Public Health Workforce” and chapter 9, “Human Resources Management.”

2. The objectives of this lecture are:
   - Define management and associated functions
   - Describe basic management process models
   - Recognize the skills required for effective management
   - Distinguish effectiveness from efficiency
   - Describe Human Resource management as a specialized management function
   - Outline important management theories

3. “No job is more vital to our society than that of the manager. It is the manager who determines whether our social institutions serve us well or whether they squander our talents and resources.”
   - Henry Mintzberg, management researcher & author

4. What is management? According to Harold Koontz’s The Management Theory Jungle, it is getting work done through others - done properly, on time, within budget. It is 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 utilization of human and other resources.”

5. The cycle of management functions. These functions include planning, organizing, staffing, directing, and controlling. It is important to note that the cycle is continuous. The organization will go through a process of planning, organizing, staffing, directing, and controlling. But then the process will repeat itself again and again as the organization adapts to changes in the external environment.

   We will begin our description of these functions at the top with planning. In planning, a manager must decide in advance what is to be done, articulate desired outcomes based on mission and values, evaluate alternatives, and develop goals and objectives.

   Moving to the right, we have organizing. These activities include arranging people and activities to carry out work, creating departments by profession, product line or clinical service. Main considerations include the chain of command (who reports to whom) and the spans of control (who is responsible for what).

   Function number three is the staffing function which includes: selection, placement, training and compensation of personnel, and the appraisal of existing manpower against organizational needs. It also includes manpower acquisition strategies, such as whether to promote or demote employees, and hire or lay off workers.

   Next, directing activities include giving guidance on what to do or what not to do, setting expectations and monitoring performance.
The fifth function is controlling activities, such as monitoring and evaluating performance and assessing whether goals are achieved. If these goals are not being achieved, then an intervention may be necessary.

6. An organization can be defined as a system - made up of many interdependent parts. “Interdependent” means mutually dependent, inter-reliant, or mutually supporting.

The Input-Process-Output model allows us a better understanding of how a system works and how parts of an organization affect organizational behavior and contribute to outcomes. The Inputs are human resources, buildings, equipment, information systems, and capital. The process is use of technologies, policies, procedures, and plans. The outputs are units produced, units sold, services provided, and health outcomes.

7. So, let’s use this model in an example – the Emergency Department. Inputs in the ED include patients, doctors, nurses, patient rooms, equipment, and computers. Processes include making diagnoses via exams, testing, and consultation as well as treating illness and injury. Outputs include patients and may include visits, deaths, or those left without being seen.

We see also in our systems model is the feedback loop. The feedback loop alerts the system, when necessary, to change its inputs or to alter its processes to be able to produce different outputs or outcomes. The system adaptation engendered by the feedback loop is to respond to outside forces and changes in the external environment.

In this slide, we see that there has been a change in the external environment which includes a federal law requiring EDs to provide screening visits to all patients regardless of ability to pay. Another change in the external environment would be doctors’ offices being closed. Finally, a very important change in the external environment would be a disaster which has resulted in injuries. In the event of a disaster ED’s would quickly fill up, as many people who sustained injuries would require care. To compound this problem many doctors’ offices would likely be closed due to a disaster such as a hurricane, so people would then use the ED in lieu of their doctor’s office in getting treatment. This would also create a great strain on the ED, as the ED would be full to capacity with patients. As a result the ED would have to quickly adapt its processes as it has received an onslaught of new and numerous inputs.

8. Here we see the skills used by different types of managers. On the left vertical axis we are looking at managers at different levels within the organization: the first-line manager, the middle manager, and the senior manager. Along the bottom horizontal axis we are looking at skill levels which include technical skills, conceptual skills, and human relations skills.

What is very important to observe is that as the manager moves from first line manager to middle manager less technical skill is required of the manager and more conceptual skill and human relations skill is required. Then we move up to the senior manager and we find that even less technical skill is required and even more conceptual skill and human relations skill is required.

The greatest amount of technical skill is required at the first line manager level. But as the manager moves up the ladder to middle manager and then to senior manager, progressively less technical skill is required and more conceptual skill and human relations skill is required.
As you can see on the right vertical axis is the degree of authority ranging from small to large. Notice, as the degree of authority increases the need to have conceptual and human relations skills also increases and the need for technical skill decreases.

9. Managers exist in all parts of an organization. If an organization is plagued by too many managers who do not possess these skills, the organization will eventually have problems. As you can see on the slide, we have top management, middle management, and front line supervisors. Managers are ubiquitous within an organization.

10. Effectiveness and efficiency are very important concepts in the study of health policy and management as well as in business management. Effectiveness measures the degree to which goals are achieved. Another way of saying this would be goal attainment.

   Efficiency, on the other hand, refers to producing the largest results for a given amount of resources. Efficiency reflects the greatest benefit at given cost. Efficiency recognizes that resources are constrained, so we need to realize the “The biggest bang for the buck.”

11. Remember that effectiveness measures the degree to which goals are achieved. Keep in mind that effectiveness can be measured in different ways, depending on perspective. For an owner of a business, effectiveness may be the return on investment. For employees, work satisfaction and compensation. For customers, satisfaction with quality and cost of goods or services. For the local community, the contribution to community health. Finally, effectiveness for a government entity could be compliance with laws and regulations.

   Keep in mind that this implies that goals are appropriate and meaningful for the organization. In other words, goals are designed to benefit the organization – to make it more successful. Suppose we distribute a customer satisfaction survey to patients upon their departure from our hospital. An example of an acceptable goal would be to achieve a response from patients that at least 95 percent of them rated the hospital’s performance as above average. Another acceptable goal would be that of these patients that rated their hospital experience as above average, at least 80 percent of them rated their experience during hospitalization as excellent. You can readily see why the accomplishment of these goals would make the hospital more successful. In this case, it would help in making the hospital more marketable. So we see that organizations are more effective when managers choose and achieve appropriate goals for the organization.

12. Efficiency is important because the focus upon minimizing waste and using time and energy judiciously. Efficiency is measured by the ratio of useful work performed relative to total resources used. Efficiency reflects the greatest benefit at given cost. Keep in mind, however, that costs are easy to measure. Benefits, on the other hand, may be difficult to measure.

13. I will provide an example that will illustrate how organizations can sometimes be efficient but not effective, or effective but not efficient. Sometimes organizations are both efficient and effective, and sometimes organizations are neither efficient nor effective.

   A hospital has different nurse-to-patient ratio on different units with similarly sick patient. The different units have ratios of one nurse to one patient, one nurse to two patients, and one nurse to eight patients. The hospital measures effectiveness, in part, through patient satisfaction scores.

   Which unit is most efficient? The most efficient use of resources would be the unit that has a ratio of one nurse to eight patients. Eight patients are cared for with one nurse. We may also say that
the one nurse to two-patient ratio is more efficient than the one nurse to one-patient ratio – twice as efficient.

But now let’s review this situation in terms of patient satisfaction, which is a measure of effectiveness. It is likely that the one nurse to one patient ratio is the most effective. This is simply because one nurse can devote all of his time to the one patient. Workload is not spread out over eight patients. So you can see that the unit with a one to eight nurse to patient ratio is efficient, but not effective. The one to one unit is effective, but not efficient.

14. Public health administrators often place emphasis on the management of financial resources and information resources. However, often the most important determinant of institutional success is how well human resources are managed. This means that there are important skills required to be an effective human resources manager.

The purpose of human resources management is to select and maintain a workforce capable of meeting organizational and community goals. Attention to workforce planning, diversity, mentoring, training are integral components of a successful human resources strategy. Successful human resources management motivates workers and results in enhanced organizational effectiveness.

15. On this slide we observe the cycle for human resources management. The human resources managerial process features workforce planning, job analysis and descriptions, recruitment and selection, socialization and motivation, training and development, coaching and performance appraisal, and promotion, transfer, and in some cases termination. This process is an ongoing process that human resources managers must continuously monitor.

16. Managers in human resources need an understanding of a broad range of topics including: employment law, personnel selection, counseling and mediation, job position classification, compensation, and information management.

A key element to human resources management is performance appraisal. In this context, performance appraisal has four components which include: employees’ self-assessment of their performance, supervisors’ feedback on the employee, employees feedback on working more effectively with the supervisor, and development of a plan for performance improvement. These components, if carried out properly, can be of great benefit to the organization in helping the organization attain its goals, remain financially viable, and to adhere to its vision.

Another important aspect of human resources management is personnel policy. Personnel policies implement basic rules of the organization and provide and outline management intent. Policies are important to a successful organization. Organization should have policies on affirmative action, work hours, disability accommodations, employee grievances, violence in the workplace, use of drugs and alcohol by employees, outside employment, use of the various types of leave, and sexual harassment. These are very important aspects in any organization, and if not managed correctly may lead to severe and disruptive problems. Therefore, these aspects must be addressed with management’s rules, conventions, and intent codified within personnel policies.

17. At this point we want to look at a few major theories that have been developed in management. These theories describe attitudes and behavior of individuals towards subordinates within an organization. Keep in mind these are labels assigned to theoretical forms of management to help us study effective management approaches. I’ll introduce the concepts here, and then discuss them in more detail below.
Theory X is a traditional model typified by an autocratic style of management that assumes that workers want to be directed. Theory Y can be thought of as a human relations model, and it integrates the goals of the organization with the goals of the individual. Finally, Theory Z, a Human Resources model, is typified by long-term commitment and trust between a manager and employee.

18. Theory X, or traditional model, is an autocratic style of management which assumes that workers want to be directed. The Theory X style of management is consistent with that of scientific management where workers are treated like automatons, obeying instructions and needing outside stimuli from a manager in order to be productive.

The assumptions are that employees dislike and want to avoid work. They must be persuaded, rewarded, punished to modify behavior to meet organization’s needs. The manager’s basic task is to control the workers. According to Theory X, people will tolerate work, if pay is good and boss is fair.

19. Theory Y and the human relations model are synonymous in the study of management. Theory Y is a more democratic form of management. An assumption is that employees do not inherently dislike work, they learn to accept and seek responsibility. And, most importantly, employees want to satisfy social, esteem and self-actualization needs of which they can do by performing their job well. So, the manager’s basic task is to make worker feel useful and important. By satisfying these needs, the manager will improve morale and reduce resistance to formal authority.

20. Theory Z is consistent with the “Human Resources Model.” Theory Z is a Japanese approach to management which advocates trusting employees and making them feel like an intimate part of the organization. This is based on the assumption that once a trusting relationship with workers is established, production will increase. An assumption of Theory Z is that most people can be creative and self-directed, so a policies of collective decision making and informal control with explicit, formalized measures that expand worker influence will lead to improved efficiency and effectiveness.

21. The following questions are some that you will be expected to know:

1. Describe the management process. Why is the process continuous?
2. Identify a public health output (outcome) associated with your area of specialization. What inputs or processes are involved?
3. Can an organization be effective and inefficient? Give an example.
4. Are human resources skills needed by managers that work outside the official Human Resources department?
5. Contrast Theory X and Theory Y from the perspective of an employee.

This concludes the lecture on Healthcare Management. Thank you for watching and listening.