Study Guide

Health Care Management

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About the Author

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INTRODUCTION

Welcome to Health Care Management. In this course, you'll have the opportunity to learn the essential basics of how to be a good manager, what it takes to be an effective leader, and why the two aren't the same. You'll learn how to keep morale high as well as how to increase productivity. You'll also learn how decisions made by managers impact the department and quite possibly the entire health care organization.

OBJECTIVES

When you complete this course, you'll be able to

- Describe the changing health care environment and its impact on managers
- Compare the various schools of thought on managerial skills
- Discuss the process of planning and what role the manager plays
- Explain the importance of delegation of authority and mentoring
- Discuss how to best handle resistance to change in the department
- Identify different decision-making approaches
- Detail the skills needed to manage an entire department or organization
- Discuss managerial functions
- Discuss the manager’s relationship with the labor union

YOUR TEXTBOOK

Your textbook, Healthcare Management, Ninth Edition, by Rose T. Dunn, is the heart of this course. It contains the study material on which your examinations will be based.
It’s very important that you read the material in the textbook and study it until you’re completely familiar with it. It’s a good idea to begin by skimming the table of contents at the front of the book. This will give you an overview of the textbook’s organization. Then read the preface starting on page xv as a brief introduction to the textbook. A glossary, which provides definitions for terms used in the text, begins on page 675. Following the glossary is a list of references. An index, which allows you to find specific topics easily, begins on page 709.

Each chapter in your textbook opens with a list of key objectives. At the end of each chapter, you’ll find a helpful summary of the information you’ve just read, along with a list of additional readings. Some chapters end with an appendix that provides additional information on the topic. Key terms are defined in the margins. Illustrations, charts, and tables complement the text.

**COURSE MATERIALS**

This course includes the following materials:

1. This study guide, which contains an introduction to your course, plus
   - A lesson assignments page with a schedule of study assignments for the four lessons you’ll complete during this course
   - Assignment lessons emphasizing the main points in the textbook
   - Self-checks and answers to help you assess your understanding of the material
   - A research project

2. Your textbook, *Health Care Management*, which contains the assigned readings
A STUDY PLAN

In studying your assignments, be sure to read all of the instructional material in both the textbook and the study guide. Think of this study guide as a blueprint for your course. You should read it carefully. Individuals have varied learning styles, so you may need to make adjustments as to how you use these resources. Remember that the examination content will come from the textbook and this study guide.

Be sure to complete all of the work in each lesson before moving on to the next. You’ll find this easy to do if you follow the study plan outlined below.

1. Read the instructions to each assignment in this study guide. The instructions will tell you the pages in your textbook that you’ll be reading.

2. Quickly read the assigned pages in your textbook. This is called *skimming*, and it’s a learning technique you should use to get a general idea of the topics covered in that part of the text.

3. Read the assigned pages in this study guide.

4. Go back and slowly read the assigned textbook pages again. Start by noting the learning objectives for the material. Pay careful attention to what you’re reading, referring back to the learning objectives and considering how the material relates to them. Focus on definitions and main concepts.

5. When you’ve finished the assignment, complete the self-check, which you’ll also find in this study guide. The self-checks are based on both your textbook and this study guide. The self-checks are for your use only—they aren’t graded. *Don’t* send your answers to the school.

6. Once you’ve completed a self-check, turn to the answers provided at the back of this study guide. The self-checks are designed to show you how well you understand the material, so test yourself honestly. Make every effort to complete the questions before turning to the answers at the back of this study guide. If you find any weak areas in your knowledge, go back and review the relevant material until you understand it.
7. Follow this procedure for all of the assignments, until you’ve completed the lesson.

8. When you’re confident that you understand all the assigned material within a lesson, complete the lesson examination. The examination is based on both your textbook and this study guide.

9. Complete the research project after completing all four lessons.

10. Repeat steps 1–8 for the remaining lessons in this study guide.

If you have any questions, e-mail your instructor.

Now you’re ready to begin Lesson 1. Good luck!

Remember to regularly check "My Courses" on your student homepage. Your instructor may post additional resources that you can access to enhance your learning experience.
Lesson 1: Stepping into Management

For: Read in the study guide: Read in the textbook:
Assignment 1 Pages 7–8 Pages 3–24
Assignment 2 Pages 10–11 Pages 25–40
Examination 516800 Material in Lesson 1

Lesson 2: Processing and Planning

For: Read in the study guide: Read in the textbook:
Assignment 3 Pages 13–18 Pages 43–122
Assignment 4 Pages 21–23 Pages 125–207
Examination 516801 Material in Lesson 2

Lesson 3: Organizing and Staffing

For: Read in the study guide: Read in the textbook:
Assignment 5 Pages 27–31 Pages 211–355
Assignment 6 Pages 35–36 Pages 359–449
Examination 516802 Material in Lesson 3

Lesson 4: Influence, Control, and Labor Relations

For: Read in the study guide: Read in the textbook:
Assignment 7 Pages 41–44 Pages 453–582
Assignment 8 Pages 47–48 Pages 585–629
Assignment 9 Pages 50–52 Pages 633–673
Examination 516803 Material in Lesson 4
Research Project 51681000

Note: To access and complete any of the examinations for this study guide, click on the appropriate Take Exam icon on your “My Courses” page. You should not have to enter the examination numbers. These numbers are for reference only if you have reason to contact Student Services.
ASSIGNMENT 1—THE SUPERVISOR’S ROLE

Read this introduction, then read Chapter 1 in your textbook, *Health Care Management*.

**Important Terms**

*Capitation:* A system that pays physicians or health care organizations a fixed monthly amount for each individual in a plan, regardless of treatment.

*Critical access hospital:* A designation that allows a hospital to receive Medicare reimbursement based on its actual costs, which are generally more than typical Medicare reimbursement. The designation was designed to help hospitals in underserved areas.

*Fee-for-service:* A system that pays clinicians based on the number of services they perform.

*Managerial authority:* The legal or rightful power of a manager to act or direct others.

*Pay-for-performance:* A system that pays clinicians based on their ability to meet specified quality and efficiency measures.

*Prospective payment system:* A system that pays physicians and health care organizations a fixed amount for every *episode of care*. For example, treatment for a particular illness or injury is reimbursed at a flat rate regardless of the length of stay in the hospital or the number of related physician visits.
Trends in Health Care

The health care market is demanding new delivery models. Gone are the days when patients go to health care facilities only; now, health care facilities provide services through satellite offices that are more easily accessible by patients. Skilled nursing services are even provided in patients’ homes instead of in a facility. Reimbursement systems have also changed: The traditional fee-for-service system has been replaced by pay-for-performance fee schedules.

Other factors that managers in health care face are

■ Shortage of experienced nurses
■ Development of new staff positions such as certified nurse assistants
■ Employees’ ability to work remotely
■ Breakthroughs in technology
■ Work attitudes of Generation X and Generation Y

Demands of the Supervisory Position

The job of the manager has four dimensions:

1. The manager must be a good boss, manager, and leader, and must have the necessary competencies to run the department.

2. The manager must be a competent subordinate.

3. The manager must be a link between upper management and employees.

4. The supervisor must maintain satisfactory working relationships with other managers, supervisors, and leaders of other departments and service lines.

You’ve now completed Assignment 1. Take a moment now to complete Self-Check 1. Once you feel you understand the material, move on to Assignment 2.
Self-Check 1

At the end of each section of Health Care Management, you’ll be asked to pause and check your understanding of what you’ve just read by completing a “Self-Check” exercise. Answering these questions will help you review what you’ve studied so far. Please complete Self-Check 1 now.

Questions 1–9: Indicate whether the statements are True or False.

_____ 1. Traditional fee-for-service arrangements have been replaced with pay-for-performance (P4P) fee schedules.

_____ 2. Hospitals are creating centers of excellence to focus limited resources on the growth of more profitable service areas.

_____ 3. The employee is responsible for acquiring and combining the resources to accomplish goals.

_____ 4. The supervisor must plan, guide, and supervise.

_____ 5. The supervisor’s job is to create a climate of motivation, satisfaction, leadership, and continuous self-development.

_____ 6. The most valuable resource of any organization is the advanced technology found in the organization.

_____ 7. Organizing involves developing a systematic approach for attaining the goals of the organization.

_____ 8. Planning must come before any of the other managerial functions.

_____ 9. Once a plan has been developed, the manager can delegate the decision of how the work is to be accomplished to someone else.

Check your answers with those on page 59.
ASSIGNMENT 2—THEORIES OF MANAGEMENT

Read this introduction, then read Chapter 2 in your textbook, *Health Care Management*.

**Classical School**

The *classical* school of management theory began in the late 1800s. Classical theorists believed in structured management and the motivational power of money. Classical management theories emphasize efficiency, structure, procedures, and hierarchy. Types of classical management include scientific and bureaucratic management.

- *Scientific management* focuses on the relationship between workers and machinery. It also defines how to organize work for people, so that workers don’t need to think, but instead follow specific procedures and methods without exception.

- *Bureaucratic management* focuses on hierarchical structures, rational authority, and control. The focus of this approach is the structure rather than the employee.

**Human Relations Movement**

The *human relations, or behavioral*, movement arose in the 1920s as a result of the Hawthorne Studies, which emphasized the effect that other people have on worker productivity. This movement focused more on the human aspect of work, treating employees as people rather than units in a machine. Worker attitude was determined to be a key element in productivity. Supervisors were encouraged to listen to employees, pay attention to informal organization within the company, and motivate employees.
Human Resources School

The human resources school of management began in the 1950s as an extension of the behavioral school, and it continues today. This management theory emphasizes that employees are more creative and competent than employers historically gave them credit for, and that there’s a reciprocal relationship between organization prosperity and worker prosperity. In this school of thought, employees want meaningful work and want to participate in their organizations.

Contemporary Management Theories

Other management theories in use today include the contingency, systems, management as discipline, and chaos theories.

- **Contingency theory** holds that the “best” way to do things is dependent upon the situation, the culture of the organization, and the society of which it’s a part.

- **Systems theory** sees the organization as a collection of systems that interact with the environment and receive feedback from it.

- **Management as discipline theory** emphasizes simplification and decentralization. Management is a practice, not a rank, and involves setting objectives and using the strengths and knowledge of employees.

- **Chaos theory** holds that organizational events can’t always be controlled; the organization is a system of interacting movements and events that balances between stability and disorder. Small changes can have large effects. As systems become more complex, they also become more volatile.

You’ve now completed Lesson 1. Take a moment now to complete Self-Check 2. Once you feel you understand the material, go to your My Courses page to take your examination.
Self-Check 2

Questions 1–6: Indicate whether the statements are True or False.

_____ 1. Efficiency implies using the fewest resources.

_____ 2. Fayol identified four functions of management.

_____ 3. Jobs are designed so that each worker has a specified, definitive task for which he or she is responsible.

_____ 4. Positional authority is authority stemming from the personal qualities of an individual.

_____ 5. The human resources school of management understands that employees are creative and competent.

_____ 6. Systems theory is the concept that an organization is a collection of open systems that constantly interact with the external environment.

Questions 7–9: Choose the best answer to each question.

7. _______ is known for defining administrative management.
   a. Henri Fayol  c. Frederick Taylor
   b. Theo Haimann  d. Henry Gantt

8. The outcomes of organizational development may include increases in which of the following?
   a. Customer satisfaction
   b. Giving leaders more control
   c. Making change easier
   d. Putting the minds of all employees to work

9. _______ works by increasing the health of social and technical systems such as work processes, communication, rewards, and shared goals.
   a. Management by objective  c. Contingency theory
   b. Hawthorne effect  d. Organizational development

Check your answers with those on page 59.
Decision Making

Decision making is a very important skill that all managers need to perform their jobs effectively. Decision making plays a very important role in all of the five managerial functions. It’s the one function that a manager can’t delegate. Programmed decisions aren’t difficult, because they often pop up in daily working conditions. Non-programmed decisions are more involved and may arise from new problems or situations for which no standard solutions exist. Page 44 discusses in greater detail these two types of decisions. Pay attention to their definitions and meanings and how they can impact a manager.

Steps in Decision Making

Decision making is considered to be a process involving several steps:

1. Define the problem.
2. Analyze the problem.
3. Develop alternatives.
4. Evaluate the alternatives and select the best.
5. Take action and follow up.

Pages 47–51 discuss in more detail the steps managers take in making a decision. Managers often use their past experiences as a factor in making decisions; this experience sometimes appears in the form of a “hunch” or “intuition.”
Unethical Decisions

It’s never a good idea for a manager to make unethical decisions no matter what the reason may be. It’s very important that managers realize that they serve as role models to their staff, and that making ethical decisions will create a culture in their departments that will lead their staff to do the same. Managers are encouraged to instruct their staff to report unethical decisions and should take action as soon as possible when such incidents occur.

Coordinating Organizational Activities

*Coordination* is defined as the linking together of activities in the organization to achieve desired goals. It’s part of everything a manager does. Coordination is especially important in the health care field, with its proliferation of specialties. *Collaboration* is defined as individuals working together in a structured way to achieve a common goal. Collaboration requires both coordination and *cooperation* (willingness to work together). For example, the executives of a hospital might bring department directors together to determine if the organization is ready for a state agency’s arrival for inspection or accreditation purposes. The directors are acting to meet the organization’s objectives of becoming accredited. Your textbook compares these three concepts in Exhibit 4.1.

Coordination is described in Chapter 4 as existing in three directions:

1. *Vertical coordination* occurs between different levels of an organization, such as when a supervisor delegates and assigns duties.

2. *Horizontal coordination* occurs on the same organizational level among individuals from different departments. Exhibit 4.2 illustrates this concept.

3. *Diagonal coordination* ignores position and level.
Communicating

Communication is the process of exchanging information to achieve mutual understanding. Communication links managerial functions with the organization. Managers spend a lot of their time communicating to their staff and to others in the organization. It’s an important function; managers must learn how to use communication effectively. The keys to effective communication are imparting information clearly and listening to understand what others are attempting to communicate. When communicating, some factors managers must consider include staff members’ reading and comprehension level and whether or not English is their primary language. The diverse nature of today’s health care facilities makes awareness of language differences especially important.

There are several formal channels of communication of which managers must be aware.

- **Downward communication** occurs when someone at the top of the organizational structure initiates communication to subordinates. Content of this communication is usually directive.

- **Upward communication** is initiated by subordinates toward supervisors or supervisors toward management. It’s important for managers to encourage upward communication, so they know what actions are being implemented and so employees feel heard. It’s especially important for supervisors to initiate upward communication to their managers—it’s a major part of the job.

- **Horizontal or lateral communication** occurs across departments and among peers. Horizontal communication is important for coordination.

- **Diagonal communication** is the flow of information between positions regardless of department or level in the organizational structure.

In the health care field, it’s important to remember that communication between health care staff and patients is critical to quality care. Many people are unfamiliar with medical
terminology. Supervisors and staff must ensure that they’re communicating with patients in terms they can understand, or outcomes will be negatively affected.

**Barriers to Communication**

As stated before, it’s important for managers to know what the potential barriers to communication are so that they may be effective communicators. Some potential communication barriers include

- **Language**: Some words have different meanings to different people. Pronunciation can affect communication, leading to misunderstandings. Language barriers can also exist when managers use jargon or acronyms unfamiliar to employees.

- The **status and position of the speaker and listener**, which can create communication barriers because of attitudes toward the person, the job, the organization’s hierarchy, and many other factors

- **Resistance to change**, which can be a barrier to communication. Change often causes uneasiness in staff; people tend to think the status quo is safer.

- **Physical conditions** in the workplace, such as poor phone lines or inadequate e-mail systems, which can impede communication

**The Grapevine**

The *grapevine* is an informal communication network within an organization. It develops naturally as the result of interpersonal relationships among employees—friendships, acquaintances, etc. The grapevine operates at all levels of an organization and in all directions. Managers shouldn’t attempt to close down the grapevine, but instead can use this informal channel of communication to their advantage. Being attuned to the grapevine can help managers understand how employees feel about the organization and what’s happening within it. When managers properly utilize this form of communication they can create a feeling of trust with their staff.
Legal Aspects of the Health Care Setting

Health care organizations are more at risk for legal actions now than they’ve ever been in the past. These organizations are no longer protected by the doctrine of charitable immunity, which held that the assets of a charitable organization are immune from lawsuits. Managers must learn who is liable when negligence and accidents occur.

Liability

The potential of a lawsuit resulting from a medical mistake is always on the minds of health care professionals and managers. This potential is called liability. Consent forms and documentation requirements are some of the ways that organizations attempt to limit liability. A tort is defined as an action or omission to act that results in injury to another. Vicarious liability is the concept that one party may be held liable for the actions of another.

Respondeat superior is one form of vicarious liability. Under this doctrine, the organization is responsible for actions of its employees or anyone else over whom it exercises control and supervision. If a nurse causes harm to a patient by not following protocol, negligence, or simple human error, the hospital is considered responsible and may be liable for injuries to the patient. This doctrine only extends to civil law; the organization isn’t responsible for employees’ criminal acts.

Ostensible agency is a principle by which a hospital can be held liable for the actions of physicians that provide care at the organization, even when the physicians aren’t directly employed by the hospital. This principle is often applied in situations where a physician group is contracted by the hospital to provide certain services. Patients at the hospital have no way of knowing who is an employee and who isn’t, so the physician’s independent contractor status can’t be used to shield the hospital from liability.
The Institution’s Direct Responsibility

The institution has direct responsibility for providing care to the public in such a way that avoids harm. If an injury does occur, then the institution is liable for damages. Because of this, hospitals must take special care in allowing only competent physicians on staff and providing care in the hospital. A hospital also has a legal duty to maintain a safe environment and have properly skilled staff, adequate equipment, and proper medications. When a hospital fails in providing these things, legal actions can result. Hospital acquired conditions such as bed sores can be viewed by the courts as negligence on the part of the hospital. These conditions often won’t be reimbursed by insurance companies as well, as it’s considered a preventable problem caused by the hospital itself.

The hospital is also responsible for carrying out proper credentialing of members of it medical staff. If a practitioner is found to have lost his or her license in another state and then been hired at the hospital the organization will have a serious liability issue. Activities of all physicians must be reviewed regularly to detect any cases of physician misconduct or injuries due to treatment or lack thereof.

Self-Check 3

Questions 1–23: Indicate whether the statements are True or False.

_____ 1. Managerial skills can’t be learned.

_____ 2. Managers go through the processes of decision making in different sequences depending on preference.

_____ 3. Supervisors can’t make all the decisions necessary for running the department.

_____ 4. Defining the problem is the first task in decision making.

(Continued)
5. The manager can’t use experience in decision making.

6. Communication and coordination are important in both action and follow-up.

7. **Work specialization** means to break down a job into smaller, specialized tasks.

8. **Coordination** and **collaboration** mean the same thing.

9. Vertical coordination is achieved between departments on the same organizational level.

10. A supervisor’s skill in communication often determines his or her success.

11. Supervisors spend most of their time either sending or receiving information.

12. Communication occurs once the message is sent.

13. Organizational structure doesn’t have any affect on communication.

14. Lack of an effective upward flow of communication leads to employee frustration.

15. Speech is the only effective way to communicate.

16. Vicarious liability is based on a relationship between two or more individuals.

17. **Tort** is defined as an action or omission of action that results in injury to another.

18. The doctrine of **respondeat superior** releases the employee from liability for his or her wrongful act.

19. Nonprofessional persons can commit malpractice.

20. If a nurse gives the wrong medication to a patient and the patient doesn’t get ill, the nurse can’t be negligent.

21. Under the ADA, an employer has the right to inquire into an applicant’s medical condition.

22. An employer can use qualification standards or selection criteria to screen out individuals with disabilities.

23. Under HIPAA employees are allowed to remain insured after termination.

(Continued)
Questions 24–30: Select the one best answer to each question.

24. _______ is/are an integral part of all five managerial functions.
   a. Decisions                  c. Planning
   b. Organizing                d. Influencing

25. _______ coordination is defined as coordination that cuts across organizational arrangements, ignoring position and level.
   a. Horizontal                c. Vertical
   b. Diagonal                  d. Diamond

26. _______ is defined as the willingness of individuals to help each other.
   a. Collaboration            c. Cooperation
   b. Coordination              d. Commonality

27. _______ is considered to be a conscious effort to tie activities together.
   a. Coordination              c. Collaboration
   b. Organization              d. Teamwork

28. In all coordination efforts, good _______ is imperative.
   a. decision making          c. communication
   b. directives                d. collaboration

29. _______ communication is concerned mainly with communication across departments or among peers
      a. Diagonal                c. Horizontal
      b. Vertical                d. Downward

30. The _______ gives the members of the organization an outlet for their imagination.

Check your answers with those on page 59.
Managerial Planning

Planning is the most important managerial function. It’s an everyday task for the manager to make sure that staff execute their jobs promptly and efficiently. When planning, the manager should be able to forecast future trends and plan accordingly. The manager must pay attention not only to events internal to the organization but also to external events such as changes in government policies and the political, economic, and labor environment. Failure to plan strategically can result in loss of money for the organization as well as potential loss of new customers. It’s important that managers view strategic planning as part of their job functions. By knowing the organization’s mission, managers can align their departmental efforts to reach those goals.

Two important environmental analysis tools are PESTHR analysis and SWOT analysis. PESTHR analysis assesses trends in the political, economic, social, technological, human resource, and regulatory environments. It looks at factors such as the organization’s customers and competitors, demographic shifts in the area, and even the availability of credit for capital expansion. SWOT analysis evaluates the internal condition of the organization and its position relative to competitors.

Tactical Considerations in Planning

No plan can be successful unless it’s carried out. The supervisor is responsible for implementing management’s plans. To do this, he or she must convince staff to embrace the changes and mobilize to carry them through. This requires solid communication and organizational skills—the supervisor must prepare, motivate, and encourage staff.

Managers must choose a strategy that will help them act. In some situations, it’s best to act quickly while the situation is favorable; in others, a slower approach that allows staff to
acclimate to change may be best. The concentrated mass offensive strategy pulls together all resources and takes radical action all at once. Team involvement takes longer but allows management to use employees as a resource for information and ideas, and provides for employee buy-in. This tactic may be used when the organization is trying to reach a goal such as accreditation or improved outcomes.

Planning Tools

Managers have several planning tools at their disposal for implementing their objectives. These can be divided into two major groups: repeat-use plans and single-use plans. Repeat-use plans are used for situations likely to reoccur. Policies, procedures, methods, and rules are types of repeat-use plans. Single-use plans are used for situations that aren’t likely to reoccur. Programs, projects, and budgets are types of single-use plans. Note that although budgets must be used every year, their components will change from year to year, so they can’t be reused.

Repeat-Use Plans

Policies provide the manager a general guideline of what should occur in the department. They tend to be broad statements without definite boundaries. Policies are extremely important to an organization, because they’re one of the items requested when federal or state agencies perform organizational inspections. When a manager is new to an organization or department, it’s important for him or her to review policies to make sure they’re current with what’s happening in the industry.

Procedures are derived from policies. They’re more specific and explain the actions required to comply with policies. Some organizations have the two combined in one document. Procedures specify actions, and usually specify steps to take for recurring activities used in daily operations.
Methods, or practices, are also plans for action, and are more detailed than procedures. Methods focus on a single operation or a particular step in a procedure and lay out its performance in detail.

Rules are the most explicit and least flexible form of standing plan. Rules state specific actions that must or must not be done.

**Single-Use Plans**

Programs consist of a complex set of activities designed to reach a major objective. Once that objective has been achieved, the program is no longer needed. Projects are smaller in scope than programs; multiple projects are often contained within a program. Projects must be coordinated within a program for effective implementation of the program. Programs are usually devised by top administration, whereas department heads and supervisors are often involved in projects.

Budgets are plans that express anticipated activities and results in numerical terms. Although budgets are ultimately expressed in monetary terms, they can also be expressed in other measurable terms, such as employee hours or numbers of supplies. Since supervisors must use budgets for their daily operations, they should have input into the development of the budgets.

**Time Management Techniques**

A managers’ time is always in demand. Between managing a department and attending organizational meetings, the time for a manager to accomplish his or her tasks becomes extremely limited. A manager must know what issues are important and need immediate attention and what can be delegated to someone else. One of the ways a manager can create more time is to understand that he or she can’t make it to every meeting. Therefore, he or she must attend those meetings that are mandatory and get the pertinent information from other meetings through other means, such as reading the minutes. Doing this can free up a lot of time for other important tasks.
Self-Check 4

Questions 1–23: Indicate whether the statements are True or False.

____ 1. Forecasting the future is the only way health care organizations can survive.

____ 2. Management engineers are competent at organizing and managing departments.

____ 3. **Forecasting** is scanning the external and internal environments for useful information.

____ 4. Management typically confines its forecasting effort to factors that intuition suggests are important to its own planning.

____ 5. The supervisor’s effectiveness as an agent of change is demonstrated by his or her ability to convince the employees.

____ 6. To be an effective change agent, a manager must have solid communication and organizing skills.

____ 7. It’s not the manager’s job to work with the maintenance department or biomedical services and plan for periodic maintenance checkups.

____ 8. Medicare’s reimbursement reduction for hospital-acquired conditions has increased administration’s awareness.

____ 9. Effective use of workers means the continual appraisal of their performance, appropriate promotions, and fair disciplinary measures.

____ 10. Supervisors aren’t responsible for planning the best utilization of space.

____ 11. Security isn’t the supervisor’s responsibility.

____ 12. The employees in a department are its most valuable resource.

____ 13. Policies ensure uniformity of decision making throughout the organization.

____ 14. An effective policy should require a manager’s judgment but not complex interpretation.

(Continued)
15. A procedure manual is a helpful tool for effectively communicating the organization’s practices.

16. Organizational manuals are valuable tools only if they’re up to date.

17. The first thing a supervisor must do is to determine which problems must be attended to personally and which can be delegated.

18. A supervisor should plan his or her time so that the quickest items can be done first.

19. Depending on the number of people who report to a supervisor, it might be useful to set aside a certain time period each day when his or her door will be open to staff.

20. The accounting for time spent allows assessment of which activities were time wasters and serves as a reminder to eliminate those activities.

21. Personality clashes may contribute to at least 80 percent of an organization’s resignations.

22. To help reduce management’s time spent dealing with conflicts, managers are to encourage employees to settle conflicts themselves before bringing them to management.

23. System-imposed time is time spent dealing with subordinates, such as counseling, evaluating, and providing direction.

Questions 24–30. Select the one best answer for each question.

24. The _______ statement is an all-encompassing strategy for the organization.
   a. goal  
   b. strategic  
   c. vision  
   d. mission

25. Which of the following is defined to support the vision and define results?
   a. Critical success factors  
   b. Mission  
   c. Strategic thrusts  
   d. Objectives

(Continued)
Self-Check 4

26. Effective management is always management by
   a. goals.  c. missions.
   b. objectives. d. strategic thrusts.

27. _______ are plans that express anticipated activities and results in numerical terms.
   a. Budgets  c. Procedure manuals
   b. Organizational manuals d. Programs

28. A program involves many derivative plans, each of which can be considered a
   a. plan  c. strategy
   b. goal d. project

29. A _______ is the most explicit kind of standing plan, either forbidding or requiring a certain
    action or inaction without variation.
   a. goal  c. rule
   b. plan d. strategy

30. A _______ is a standing plan that details one single part of a procedure.
   a. method  c. policy
   b. procedure d. plan

Check your answers with those on page 60.
Organizing and Staffing

ASSIGNMENT 5—ORGANIZING

Read this introduction, then read Chapters 11–16 in your textbook, Health Care Management.

Fundamental Concepts of Organizing

While planning defines the goals and objectives of an organization, organizing defines and arranges the resources and activities needed to accomplish those objectives. The organizational structure is the arrangement of jobs in the organization. This structure is often displayed in a chart to make the relationships of different positions clear. Organizational design involves decisions regarding departmentalization, chain of command, and degree of centralization.

Organizing is based on the concepts of authority and span of management or span of control. Authority is the right to give orders to others; it’s the key to the manager’s job. There are many theories as to the source and limitations of authority, which are discussed in your textbook. Authority is usually vested in the position within the organization, rather than the specific person who holds that position at any time. For example, the CEO position has authority over the entire company; when the current CEO leaves, that authority will shift to his or her successor. Functional authority, by contrast, stems from an individual’s knowledge or expertise. Doctors have functional authority due to their medical training. Functional authority can’t be delegated.

Span of management refers to the number of people who report to a particular manager. There’s a limit to how many subordinates one individual can effectively manage. This is why most organizations have a variety of departments organized by function or activity.
Division of Work

Once organizing has been achieved, division of labor (work) is the next step. In the health care organization, labor is divided into departments and functional units. Because of the complexity of the technology and medical science employed in a health care setting, there’s a lot of job specialization in health care organizations. This makes health care organizations highly complex. Departments may be organized on the basis of the following:

- **Function**—the most common practice, departmentalization by function groups similar activities and specialties under a single chain of command.

- **Process and equipment**—dividing departments according to their use of specialized equipment, such as x-ray machines or laboratories, happens a lot in hospitals.

- **Location**—dividing departments by location is common in regional health care systems that have different buildings in different areas. Location can also serve to divide single facilities, where subspecialties are organized on different floors.

- **Customer**—grouping departments according to the patients they serve often overlaps with groupings by product offered. Examples include children’s hospitals and centers of excellence that specialize in certain treatments or disease.

- **Time**—dividing by time is usually done in addition to some other sort of division. For example, the emergency department will have a day and night shift for 24-hour coverage. Other departments, such as outpatient care, probably aren’t divided by shift because they don’t do procedures at night.

- **Product**—division by product in the health care industry is closely associated with division by customer because all the customers will have illnesses in common and therefore need similar treatments (“products”). For example, an oncology center will serve patients who have cancer, while a maternity center will serve pregnant women and infants.
Individuals are placed into departments based on their skills and ability to perform departmental functions. By hiring the appropriate staff, coordinating their duties, and overseeing workflow, managers will be able to create the ideal department organization.

**Delegation of Authority**

Managers can’t do everything, so to be effective, *delegation of work (not responsibility)* must occur. The manager must be able to select an employee and grant him or her the authority to do the job. The granting of authority is important, because the individual to whom the manager delegated the work must have permission to make the necessary decisions and actions to get the task done. The individual is essentially acting as the manager's representative in getting the job done. Once the manager has effectively delegated to an employee, the manager must step back and allow that employee to do the work and make the necessary decisions to get the job done. Ultimate responsibility for the job still rests with the manager, however.

A manager may find that it’s necessary to groom subordinates into the roles where they can take on more delegated tasks. *Grooming* is the process of preparing someone to take on increased authority or responsibility. It’s an important part of managing—without such preparation, employees may find themselves stuck in a job with no means of career advancement, and the organization will have to fill empty positions from outside candidates, who will need to be trained in policies and procedures.

**The Process of Reorganization**

There comes a time when every manager needs to reorganize. Perhaps he or she is new to a department and sees that things haven’t been done efficiently, or perhaps it’s a mandated order by the administration. Many reorganizations take place as a result of quality improvement programs.
Reengineering is a form of reorganization that determines the best way to accomplish tasks regardless of how they were accomplished in the past. It’s a way of discarding the “baggage” that can accumulate from long-entrenched procedures that haven’t changed with improved technology or industry advances.

The structure of an organization isn’t static. Events, both internal and external, occur that trigger the need to rethink how things are done. Whatever the reason, proper tools for reorganization must be used. A close review of current policies and procedures should be done. Staff must be questioned as to the specifics of the jobs they do. Employees often know more about how the job is done and why productivity may be lacking than managers do. They’re also the ones most likely to interact with patients, and therefore know why patients are satisfied or dissatisfied.

Because the process of reorganization can be disruptive and stressful for employees, it should always be done with proper planning and communication. It’s important not to reorganize too frequently—the constant upheaval can damage employee morale and even lead to loss of staff.

Committees as an Organizational Tool

A committee is a formal group with defined purposes and relationships within an organization. The committee members work together to achieve specific goals. Their work with the committee is usually only one part of their duties within the organization.

In health care, no one is an island. Teams and committees are very much a part of the health care organization. All organizations have standing (permanent) committees that address a wide range of organizational objectives. These objectives remain the same even though committee members may change. Ad hoc or temporary committees are formed when a problem with a process or system needs to be addressed and resolved. When the task has been completed, the committee is dissolved.
Managers can be invited to several committee meetings in one day alone. They must know which are mandatory to attend—usually those that pertain to their department or service line. Because of the prevalence of committee meetings, it’s important that they’re run efficiently. Otherwise, productivity declines. The committee depends on the chair to guide discussions, build successful group interaction, and lead the committee in fulfilling its tasks. There should always be an agenda, so the discussion can be kept on track and timely. Meetings should always end on time unless there’s a very good reason for extending them—meetings should never be allowed to run long as a matter of course.

**The Informal Organization**

The informal organization isn’t committees or departments; it’s the network of friendships and alliances that forms within the organization as a result of people interacting with each other on a daily basis. These groupings of employees are found within every department and within every organization. The basis of all informal organizations is a small group of a few people who work closely together. Regardless of whether or not a manager likes the group, he or she should not try to break the group up. People have a basic need to associate with others; disrupting the personal associations that develop in the department will have a very negative impact on morale. Instead, managers should acknowledge to staff that they know the groups exist and that it’s OK.

Effective managers will use the group to their advantage, especially during a time of reorganizing or making changes within the department. During this time, the manager may find that resistance from staff occurs. By trying to get buy-in from the informal group and its leaders, staff resistance can be minimized and change can be introduced successfully. The informal organization is also associated with the grapevine, which was discussed earlier. Managers may make use of the grapevine to disseminate information to staff.
Self-Check 5

Questions 1–30: Indicate whether the statements are True or False.

_____ 1. The parity principle deals with the right to direct others and to give orders.

_____ 2. External limitations on authority include such implicit factors as mores, community practices, and lifestyle.

_____ 3. The chain of command is the flow of authority downward from top-level management to subordinate managers.

_____ 4. Division of work means the degree to which each task of the organization is broken down into component parts.

_____ 5. Departmentalization is the process of grouping teams into distinct units.

_____ 6. Health care organizations utilize the specialization and division of work theories.

_____ 7. Departmentalization by function and by equipment frequently becomes competitive.

_____ 8. Delegation of authority means that the boss surrenders all his or her authority.

_____ 9. The formal organizational structure is based on the division of labor and departmentalization.

_____ 10. The scalar chain is the line of horizontal authority relationships from superior to subordinate.

_____ 11. When no one in the department can take over when the manager is gone, that’s a sign of poor supervision.

_____ 12. A disadvantage of general supervision is that it doesn’t create an environment for teamwork to thrive.

_____ 13. General supervision enables employees to take great pride in the results of their decisions.

_____ 14. As daily problems arise, the supervisor should let understudies participate in them and even try to solve some of them.

(Continued)
Self-Check 5

____ 15. Reorganizing is triggered by internal events only.

____ 16. In Chandler’s findings, when organizations change their strategies, they must change their structure to support these strategies.

____ 17. Often reorganization is closely aligned with reengineering and process-improvement activities.

____ 18. Using information technology to improve performance can cut costs and deliver better patient care.

____ 19. Management doesn’t spend enough time in committees.

____ 20. In a discusional meeting, the chair encourages members to participate more to secure their ideas and opinions.

____ 21. An ad hoc committee has a formal, permanent place in the organization.

____ 22. Weak or compromise decisions and tyranny of the minority are shortcomings of committees.

____ 23. Groupthink is allowing one’s deliberations to be dominated by a desire to concur with the group at any expense, even if the facts point to another conclusion.

____ 24. The size of the committee has no bearing on how well it will do.

____ 25. People join groups because they provide a sense of satisfaction.

____ 26. The informal organization doesn’t influence the behaviors of employees.

____ 27. Large, informal groups are the basis of the informal organization.

____ 28. Norms are expectations about how members of the group ought to behave.

____ 29. The supervisor doesn’t have to respect or tolerate the informal organization.

____ 30. Observation is the best means for the supervisor to determine who the informal organization leader is.

(Continued)
Self-Check 5

Questions 31–36: Select the one best answer for each question.

31. Which form of organization may be more expensive because more managers are required?
   a. Line management
   b. Tall organization
   c. Flat organization
   d. Span of management

32. _______ is defined as the authority that arises from the subordinates’ belief in social order.
   a. Traditional authority
   b. Authority
   c. Formal authority
   d. Authority acceptance

33. _______ is the method used in redesigning a job by adding variety to it through more tasks of a similar nature.
   a. Work redesign
   b. Job enrichment
   c. Job enlargement
   d. Job redesign

34. _______ focuses on the work itself—what’s being done and how it’s being done.
   a. Work redesign
   b. Job design
   c. Job redesign
   d. Job enrichment

35. _______ is power based on the personal attraction of an individual or the desire of other people to be like that person.

36. _______ is concerned with the supervisor being responsible for meeting customer expectations.

Check your answers with those on page 62.
ASSIGNMENT 6—STAFFING

Read this introduction, then read Chapters 17–19 in your textbook, Health Care Management.

The Staffing Process

_Staffing_ is the procurement and maintenance of the human resources necessary to fulfill the organization’s goals. Staffing begins with recruitment and selection. It also includes orientation, training, and other support for the new employee, such as initiating pay and benefits. Managers are responsible for staffing their departments, whether through reorganization or filling a newly opened spot with a new employee. It’s up to the manager to know job specifications and to hire the most qualified individual for each position.

If the manager is charged with creating new positions, he or she must know the needs of the department and how they fit into the organization’s overall objectives. Once these are determined, the manager must match the appropriate candidate to the appropriate job by matching their skills and experiences to the available positions. Managers can hire new employees by recruiting from outside the organization or they can accept a transfer from another department within the hospital. Throughout the process, managers are assisted by the human resources department, which specializes in handling employment matters, especially federal and state employment laws.

The Selection Process

The selection process is a critical one; managers want to fill vacant positions with the best candidates for the job. They want candidates who are qualified but not overqualified (this may create boredom for the employee). The selection process involves choosing the candidate that best meets the job demands, will be able to be successful at the job, and will stay with the organization. Usually, the manager is the one who puts together the job description and the desired type of
candidate. This information is sent to human resources, and they in turn recruit potential candidates and select the ones with the best qualifications.

Once human resources have found a few good candidates, the manager interviews them to determine if one of them will be a good fit for the job. Employment interviews are structured so all candidates are asked the same core questions and their performance can be compared. A lot of times, managers allow peers to conduct candidate interviews as well. Since they’ll be working with the new person, their input can be valuable. Some organizations even give the staff an opportunity to interview candidates who could potentially become their bosses. A manager may ask one or two candidates back for a second interview to get a better idea as to whether they’ll fit the job and be a good fit in the department.

Performance Appraisals

Performance appraisals, also known as employee evaluations, are an important job function of the manager. The evaluation is used as a tool to measure an employee’s performance. An effective manager can also use this tool as a way to mentor and help develop employees. Most organizations conduct evaluations six months after hire and then once every year. Evaluations are also conducted when an increase in wage or promotion of an employee is being considered.

Every organization has its own performance appraisal template that includes the employee’s job specification, the organization’s goals for excellence, and other measures. Some managers may initiate the process by having the employees evaluate themselves and submit those self-evaluations to the manager. The manager will then evaluate the employee and discuss both evaluations with the individual.
Questions 1–25: Indicate whether the statement is True or False.

____ 1. Selection is the process of choosing from the pool of applicants.

____ 2. Good management dictates that supervisors and human resources staff work together.

____ 3. Good human resource planning and maintenance have a major impact on the performance of the organization.

____ 4. The supervisor alone should do the evaluation of the employee's performance.

____ 5. Under the unity of command concept, each person should take orders from and report to only one boss.

____ 6. It's the supervisor's duty to be familiar with job descriptions and make sure they're realistic.

____ 7. Job descriptions and job specifications are based on job redesign.

____ 8. Job specifications shouldn't ask for less than what's needed, but should specify the requirements realistically.

____ 9. Transferring an employee from one position to another within the health care institution often results in greater job satisfaction.

____ 10. Dismissals always have to be approved by the human resources director.

____ 11. The selection process involves choosing the candidate who best meets the job demands, is likely to perform well, and will stay with the organization.

____ 12. The information solicited by the application doesn't have to follow the laws, regulations, and court decisions regarding equal opportunities and discrimination.

____ 13. An application may provide the interviewer with a sample of the candidate's abilities to write, organize thinking, and present facts clearly.

(Continued)
Self-Check 6

_____ 14. Not all interviews must be conducted in person.
_____ 15. There should be an informal warm-up before an interview.
_____ 16. One pitfall in evaluating the applicant is overgeneralization.
_____ 17. Choosing a candidate who is slightly more qualified for the position is the best way to go.
_____ 18. It’s better not to state the specific reasons for rejecting a candidate.
_____ 19. Performance appraisal is a formal system of measuring and evaluating that may identify the types of training experiences that will enhance the employee’s performance.
_____ 20. The performance appraisal is a critical tool at the disposal of the supervisor, as it influences all personnel functions.
_____ 21. Succession planning is how a manager ensures that individuals can do their jobs.
_____ 22. A skills inventory is a list of skills the job requires.
_____ 23. Mentoring goes hand-in-hand with the appraisal process.
_____ 24. A job evaluation is considered to be an internal alignment.
_____ 25. Seniority is the only objective criterion that will eliminate favoritism and possible discrimination.

Questions 26–29: Select the one best answer for each question.

26. A/an _______ interview is usually designed to discuss an employee’s strengths and weaknesses.
   a. nondirective
   b. directive
   c. employment
   d. appraisal

(Continued)
Self-Check 6

27. Which of the following is an assessment method that compares employees to other employees?
   a. Critical incidents assessments  
   b. Behaviorally anchored rating scales  
   c. 360-degree feedback  
   d. Comparative standards

28. _______ is the tendency to give high or low marks on an entire appraisal because of high or low marks on one aspect of the appraisal.
   a. Overgeneralization  
   b. Halo effect  
   c. Central tendency  
   d. Similar-to-me appraisal tendency

29. Which of the following is not considered a benchmark job by the textbook?
   a. Decision support analyst  
   b. Dietician  
   c. Registered nurse  
   d. Custodian

Check your answers with those on page 63.
Influence, Control, and Labor Relations

ASSIGNMENT 7—INFLUENCING

Read this introduction, then read Chapters 20–24 in your textbook, Health Care Management.

Giving Directives and Managing Change

The manager’s responsibility is to plan, organize, and make sure that work is done on time and efficiently. To achieve the third objective, managers use influencing to initiate subordinates’ action. Giving directives is part of a manager’s daily job; he or she must be able to execute this function in a way that motivates staff to get the job done. There are several factors in giving directives effectively:

- **Directives must be reasonable.** If a directive can’t be accomplished, there’s no point giving it.

- **Directives must be easily understood by the receiver.** If the directive is given in language the employee doesn’t understand, then it can’t be accomplished.

- **Directives must be worded appropriately.** Respectful and considerate tone and words are more effective than disrespect or bullying tone. Different employees may respond to different types of wording—the manager should know this.

- **Directives must be compatible with the objectives of the organization and shouldn’t conflict with other orders.** Conflicting orders create confusion and noncompliance. When a directive appears to conflict, the manager should explain why it’s necessary or how it doesn’t in fact conflict.
Directives must be accompanied by a clear time frame for accomplishment. That time frame must be reasonable, or expectations of quality adjusted to compensate for inadequate time.

Leadership

Leadership is a very important managerial skill. Leadership involves influencing, guiding, and motivating staff into action. Managers who use this skill correctly will be able to get staff to do their work while fulfilling their basic needs and increasing morale, which will in turn increase the employee retention rate. Good leadership energizes the staff, creating a desire to go the extra mile to do the job properly and efficiently.

Motivation

Motivation affects employees’ performance. Motivation is closely related to influencing. If employees are highly motivated, their performance level will be high, and the manager won’t have to supervise staff closely. Therefore, it’s very important for a manager to know how to motivate employees and what things to avoid that could be detrimental to their motivation. The text discusses various theories on motivations; however the need theory stands out among them. By striving to satisfy a need, a person will be motivated to do whatever it takes to see that the need is met.

By understanding how motivation works and the things that can affect employees’ motivation, such as attitude, perception, and behavior, a manager can act in a positive way to increase employee motivation while creating need satisfaction at the same time.

Morale

Morale is an important topic, and managers should really understand how it affects the organization. If the morale in a department or organization is low, the turnover rate of staff will be high and the retention of exceptional employees will be low. Managers’ leadership and managerial style play a crucial
role in affecting the morale of the department. Lack of communication and bad management are the two biggest causes of low morale. Some aspects of morale are in the managers’ control (internal factors), while some aren't (external factors).

Internal factors such as the work environment, incentives, and the quality of leadership and supervision are within the manager’s control. Managers must conduct themselves in a way that will encourage trust among the staff; effective communication can help in this regard. Also, how a manager deals with conflicts within the department can greatly affect morale. If the staff sees on a continual basis that their manager communicates with them effectively, treats everyone equally, shows no favoritism, and is consistent with the objectives of the organization and the department when disciplinary action is needed, morale increases.

External factors occur outside of the job. The manager doesn’t have direct control over these types of factors. However, a manager can still have a positive influence on how individuals deal with such factors, which in turn will improve morale in those individuals and their performance won’t be hindered by these outside influences. The employee assistance program (EAP) is one way that companies try to help employees deal with external factors so they don’t negatively affect morale.

**Discipline**

How a manager disciplines staff affects their morale as well as their overall respect for him or her as their leader. Employees must know that they have the manager’s support as long as they’re within the ordinary rules of conduct. Managers must make sure that their staff has been properly instructed on the objectives of both the department and the organization. They must be absolutely certain that their directives are clear and understood for the purposes of positively using disciplinary action when an employee strays from acceptable behavior. They must also adhere to the company’s rules themselves—managers that don’t “practice what they preach” will lose the employees’ respect.
When disciplinary action is needed, the manager must go through the appropriate steps and must not be inactive. Managers who fail to make the appropriate disciplinary actions will be viewed by staff as ineffective leaders. Communication and documentation are very important, as is consistency in applying the rules.

When disciplining an employee, a manager must do it in private, conduct it in a positive way, and encourage the employee to want to do better the next time. If this fails, and the employee continues to miss the mark, the manager must take disciplinary action. The following is a list of typical progressive disciplinary actions:

1. Spoken warning or reprimand
2. Written warning
3. Disciplinary layoff or suspension
4. Demotion (used infrequently due to demoralizing effect)
5. Discharge

Most organizations have policies and procedures for the progressive disciplinary actions a manager is allowed to take. For example, some organizations require employees to receive one verbal warning and two written warnings before they’re discharged from service. When handled correctly, a manager will create a work environment where everyone is held accountable for his or her work and morale won’t be negatively impacted.
Questions 1–33: Indicate whether the statement is True or False.

_____ 1. *Influencing* is the managerial function by which the supervisor motivates others to accomplish organizational objectives.

_____ 2. Some subordinates must be told what to do simply because they don’t respond to less forceful orders.

_____ 3. Phrasing orders as requests reduces their character as a directive.

_____ 4. A good directive must be compatible with the purposes and objectives of the organization.

_____ 5. There are no shortcomings with the autocratic technique of supervision.

_____ 6. The democratic style emphasizes a looser type of supervision and greater individual participation in the decision-making process.

_____ 7. The contingency approach assumes that leadership behavior varies according to the situation.

_____ 8. Emotive leadership roles are those used by the leader to organize and influence the group to achieve specified objectives.

_____ 9. The follower approach emphasizes the importance of the group at a particular point, while acknowledging that certain characteristics help one person emerge as the leader over another person.

_____ 10. Underlying all management styles is charisma.

_____ 11. When necessary, effective leaders reach out to others for help and expertise.

_____ 12. Cultural blindness is based on the idea that cultural identities shouldn’t be discarded or ignored but instead maintained and valued.

*(Continued)*
Self-Check 7

_____ 13. A person’s level of aspiration is closely related to the order of needs.

_____ 14. Motivational rewards are monetary only.

_____ 15. Perceptual organization is the process by which an individual selects which stimuli to respond to and which to screen out.

_____ 16. An individual is more likely to act if the motive is stronger, the probability for success is high, and the reward is perceived to be significant.

_____ 17. One of the ways that people resolve the problems of conflict and frustration is by detour behavior.

_____ 18. Needs and motives stand alone as determinants of behavior.

_____ 19. Younger employees probably won’t remain with the organization long-term.

_____ 20. The supervisor’s role in motivation and leadership has much bearing on the morale of subordinates.

_____ 21. Low morale doesn’t affect employees’ work performance.

_____ 22. High staff turnover isn’t influenced by low morale.

_____ 23. It’s a supervisory function to promote and maintain the morale of the subordinates at as high a level as possible.

_____ 24. The supervisor can directly deal with external factors that affect staff.

_____ 25. Incentive programs are drastically different from pay-for-performance programs.

_____ 26. Stress-reduction programs demonstrate management’s interest in the employees’ welfare.

_____ 27. The most important benefit an organization can offer its employees is training.

_____ 28. Discipline is said to be poor when subordinates follow regulations reluctantly or refuse to follow them.

(Continued)
Self-Check 7

29. Favorable discipline thrives in an organizational climate in which management applies positive motivation, sound leadership, and efficient management.

30. Setting an example is a key responsibility of management.

31. Positive disciplinary action doesn’t affect morale.

32. It’s okay to give a public reprimand to an employee if it’s positive.

33. A warning should leave the employee with the confidence that he or she can do better and will improve in the future.

Check your answers with those on page 64.

ASSIGNMENT 8—CONTROLLING

Read this introduction, then read Chapters 25–26 in your textbook, Health Care Management.

Fundamentals of Control

With the advent of new health care regulations such as Value Based Purchasing, controlling will be more closely enforced in health care organizations. Under Value Based Purchasing, CMS tailors financial reimbursement to how well the organization is providing quality care to its customers.

Controlling is defined in the text as the process of checking performance against standards. In health care, those standards are usually set by agencies such as the Centers for Medicare and Medicaid Services (CMS), the Joint Commission, and the state department of health. Health care organizations use these standards as a benchmark to see where they excel and where they need to improve.
Every manager must determine if the services their departments provide have met the industry standards for quality care. If not, then the appropriate corrective actions must be evaluated, made, and documented. When the Joint Commission or any other agency comes into the organization for an inspection, they’re going to look for each department’s quality measurements. When a Joint Commission surveyor examines a report and discovers that the scores are low, the surveyor will ask for what corrective actions were taken to meet the industry standards for quality of care. Whether or not the organization passes survey will be determined by the controlling functions each manager has done on a day-to-day basis. The text gives several examples of performance metrics with which you should become familiar.

**Budgetary and Other Control Techniques**

*Budgeting* is both a planning and a controlling function. Some managers dread the idea of creating a budget because they view the process as time consuming and tedious. However, with the right budget, managers can maintain their departments. Each organization has its own process for creating and presenting a budget. Managers should focus on the types of expenses their department incurs. For example, the Quality Management department is concerned with accreditation, hospital events, and physician conduct and practice. When creating its budget, the QM director has to consider not only the resources needed for the department and staff, but also the resources the manager needs to accomplish the department’s objectives.
Self-Check 8

Questions 1–4: Select the one best answer for each question.

1. ______ budgeting focuses on planned changes from the previous year’s level of expenditures.
   a. Incremental  
   b. Zero-based  
   c. Traditional  
   d. Flexible

2. ______ budgeting ignores the previous year’s budget and requires that every request for funding be justified anew.
   a. Zero-base  
   b. Flexible  
   c. Traditional  
   d. Incremental

3. The ______ budget is a projection of cash balance at the end of each month throughout the budget year.
   a. capital  
   b. revenue and expense  
   c. incremental  
   d. cash

4. ______ budgeting is the practice of involving operating unit managers and supervisors in the development of forecasts of expenditures and revenues for their respective units.
   a. Cash  
   b. Grassroots  
   c. Incremental  
   d. Capital

Questions 5–18: Indicate whether each statement is True or False.

_____ 5. Controlling is the process of giving directives.

_____ 6. Controlling is most closely related to the planning function.

_____ 7. The purpose of the controlling process is to ensure that performance is consistent with plans and that plans and standards are being followed.

_____ 8. Controlling is one of the preparatory steps for the work to get done.

_____ 9. E-mail fuels the grapevine.

(Continued)
Self-Check 8

______ 10. Anticipatory control is a mechanism that alerts the user to discrepancies after a process is completed.

______ 11. Benchmarking establishes goals by comparing performance to others.

______ 12. Observation can’t be used as a technique for measurement.

______ 13. Benchmarking is the process of seeking best practices so that the organization remains competitive in the marketplace.

______ 14. Budgeting isn’t a planning function but an administrative function.

______ 15. Budgetary control refers to the use of budgets to control the department’s daily operations.

______ 16. What-if analysis manipulates variables in a budget to see how the results change.

______ 17. A date isn’t needed in a budget.

______ 18. When preparing a budget, a manager must locate internal competition for funds.

Check your answers with those on page 65.

ASSIGNMENT 9—LABOR RELATIONS

Read this introduction, then read Chapters 27–29 in your textbook, Health Care Management.

The Labor Union and the Supervisor

The nature of the job means that managers have the most contact with the unions. The supervisors deal with the unionized employees, and the managers make the decisions that
affect the employees. Managers must accept and respect the employees’ decision and right to join the union. Labor laws dictate things that managers can and can’t do during union organizing. For example, managers can’t interrogate employees to find out whether they’re for or against the union. They also can’t threaten, coerce, or intimidate any employee because of union activity. It’s important to avoid saying anything that might be construed as an attempt to circumvent this rule. Managers can tell employees that the organization doesn’t believe that they need union representation. A list of do’s and don’ts for managers appears on page 636 of your textbook.

Regardless of whether their employees are in the union or not, managers should continue to strive to be effective leaders. They should continue to give clear and reasonable directives and keep morale high amongst staff. They should keep employee files up to date, including any disciplinary actions taken against employees, as that information may be needed during union negotiations and grievances.

**Handling Grievances**

There will come a time when a *grievance* (formal complaint) will be brought against a manager. This can happen regardless of whether or not the manager is an effective leader. There will always be one employee who will feel that he or she is being treated unfairly and will therefore go the union and file a grievance. This action may or may not be justified. In either case, the manager must handle the matter appropriately. It’s always a good idea to consult with the human resources department for advice on how to proceed.

The first step of the grievance procedure usually involves the manager meeting with the shop steward to try to settle the matter. When dealing with a grievance, managers must remain calm and deal with the shop steward professionally. They must deal with the facts and define the problem, and after taking the appropriate investigative steps provide a clear answer.
Emerging Influences in Health Care

It’s no secret that the health care industry is changing rapidly. New technologies and medicines emerge regularly, along with new federal and state regulations and policies. New reimbursement methods are emerging. The implementation of ICD-10 will change the way conditions and treatments are reported. Regulatory changes that refuse payment for hospital-acquired infections are already changing patient care protocols to prevent such incidents. Meanwhile, staffing shortages in critical fields continue. All these changes mean that effective leaders will always be sought after in the health care industry.

Self-Check 9

Questions 1–18: Indicate whether the statements are True or False.

____ 1. Employees usually vote for a union because their major needs aren’t satisfied on the job.

____ 2. Supervisors can ask questions about union activities.

____ 3. Supervisors can request that outside union officials leave facility property if they try to solicit employees.

____ 4. Top-level administration should consult with supervisors to determine how specific provisions in the union contract have worked.

____ 5. The role of the shop steward is inflexible.

____ 6. The supervisor should remember that the shop steward shouldn’t be treated as an employee.

____ 7. Unless special provisions exist, the shop steward’s rights are the same as those of any other union member.

(Continued)
Self-Check 9

____ 8. The shop steward is usually the spokesperson for the employee in a grievance procedure.

____ 9. The shop steward’s job and legal responsibility is to represent the employee unless he or she knows that the grievance isn’t valid.

____ 10. Almost all union contracts contain provisions for a grievance procedure.

____ 11. Union contracts typically provide for an appeal to the human resources director.

____ 12. After hearing testimony and evidence, the arbitrator renders a final decision, which is binding on both parties.

____ 13. Aging baby boomers will place a strain on today’s health care system.

____ 14. Nursing is the only area in health care that will experience staff shortages.

____ 15. Training staff in customer service techniques must be a component of every orientation program.

____ 16. HealthGrades has increased transparency of service outcomes and benchmarking.

____ 17. Access to specialists will be hindered by electronic health records.

____ 18. Managers must be reactive.

Check your answers with those on page 66.
BACKGROUND

Health care organizations closely align their mission statement and strategic statement to both their internal organization as well as their marketing approach to the external market to capture more customers.

GOAL

This project is designed to help you demonstrate your understanding of how a health care organization’s mission statement and strategic statement can be used to target a specific type of health care customer. This project will also enhance your writing, research, and critical-thinking skills.

PROCEDURES

Step 1

Go to http://lessons.pennfoster.com/pdf/sp0754.pdf and read the instructions for research projects.

Step 2

Choose a hospital organization and begin researching answers to the following questions. Locate answers to the questions, and then write your findings in your own words.

1. What is the organizational structure of your chosen organization (board of trustees, corporate, etc.)?
2. What is the mission or strategic statement of your organization?
3. What kind of services does the organization provide (i.e., what types of surgery or patient care)?
4. Do a SWOT analysis on the organization. What are the weaknesses and strengths of the organization?
5. Give a brief description of the organization, where it’s located, when it was founded, whether it’s gotten any outstanding awards or achievements, etc.

6. Describe the general population surrounding the organization.

You may need to use additional research sources and other Web sites to complete your project. You must use appropriate citation throughout your paper, and you must include a reference page with the project. You can use sites such as the Census Bureau to answer some of the questions.

**WRITING GUIDELINES**

1. Type your submission, double-spaced, in a standard print font, size 12. Use a standard document format with 1-inch margins. (Do not use any fancy or cursive fonts.)

2. Include the following information at the top of your paper:
   a. Name and address
   b. Student number
   c. Course title and number (Health Care Management: ALH225)
   d. Research project number (51681000)

3. Read the assignment carefully and answer each question.

4. Be specific. Limit your submission to the questions asked and issues mentioned.

5. Include a reference page that lists Web sites, journals, or any other references used in preparing the submission.

6. Proofread your work carefully. Check for correct spelling, grammar, punctuation, and capitalization.
GRADING CRITERIA

Your project will be based on the following criteria:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content</td>
<td>60</td>
</tr>
<tr>
<td>Written communication</td>
<td>30</td>
</tr>
<tr>
<td>Format</td>
<td>10</td>
</tr>
</tbody>
</table>

Here’s a brief explanation of each of these points.

**Content**

The student

- Provides a clear discussion of the assigned topic or issue
- Addresses the subject in complete sentences, not just simple yes or no statements
- Supports his or her opinion by citing specific information from the assigned Web sites and any other references used
- Stays focused on the assigned issues
- Writes in his or her own words and uses quotation marks to indicate direct quotations

**Written Communication**

The student

- Includes an introductory paragraph, a body, and a concluding paragraph
- Uses correct grammar, spelling, punctuation, and sentence structure
- Provides clear organization by using words like *first, however, on the other hand, and so on, consequently, since, next, and when*
- Makes sure the paper contains no typographical errors
The paper is double-spaced and typed in font size 12. It includes the student’s

- Name and address
- Student number
- Course title and number (Health Care Management: ALH225)
- Research project number (51681000)

**SUBMITTING YOUR PROJECT**

Use this procedure to submit your research project for grading:

1. Log on to the Penn Foster Web site and go to My Courses.
2. Click Take Exam.
3. Attach your file or files as follows:
   a. Click on the Browse box.
   b. Locate the file you wish to attach.
   c. Double-click on the file.
   d. Click Upload File.
   e. If you have more than one file to attach, click on the Browse box again, and repeat steps b, c, and d for each file.
4. Enter your e-mail address in the box provided. *(Note: This information is required for online submissions.)*
5. If you wish to tell your instructor anything specific regarding this assignment, enter it in the Message box.
6. Click Submit File.
Self-Check 1

1. True
2. True
3. False
4. True
5. True
6. False
7. False
8. True
9. False

Self-Check 2

1. True
2. False
3. True
4. False
5. True
6. True
7. a
8. a
9. d

Self-Check 3

1. False
2. False
3. True
4. True
5. False
6. True
7. True
8. False
9. False
10. True
11. True
12. False
13. False
14. True
15. False
16. True
17. True
18. False
19. False
20. False
21. False
22. False
23. True
24. a
25. a
26. c
27. a
28. c
29. c
30. Grapevine

**Self-Check 4**

1. True
2. False
3. True
4. False
5. True
6. True
7. False
8. True
9. True
10. False
11. False
12. True
13. True
14. True
15. False
16. True
17. True
18. False
19. True
20. True
21. False
22. True
23. False
24. c
25. c
26. b
27. a
28. d
29. c
30. a
Self-Check 5

1. False
2. True
3. True
4. True
5. False
6. True
7. False
8. False
9. True
10. False
11. True
12. False
13. True
14. True
15. False
16. True
17. True
18. True
19. False
20. True
21. False
22. True
23. True
24. False
25. True
26. False
27. False
28. True
29. False
30. True
31. b
32. a
33. c
34. a
35. Referent power
36. Requirements quality

**Self-Check 6**

1. False
2. True
3. True
4. False
5. True
6. True
7. False
8. True
9. True
10. True
11. True
12. False
13. True
14. True
15. True
16. True
17. False
18. True
19. True
20. True
21. False
22. False
23. True
24. True
25. True
26. d
27. d
28. b
29. a

Self-Check 7

1. True
2. True
3. False
4. True
5. False
6. True
7. True
8. False
9. True
10. False
11. True
12. False
13. True
14. False
15. False
16. True
17. True
18. False
19. True
20. True
21. False
22. False
23. True
24. False
25. False
26. True
27. True
28. True
29. True
30. True
31. False
32. False
33. True

**Self-Check 8**

1. c
2. a
3. d
4. b
5. False
6. True
7. True
8. False
9. True
10. False
11. True
12. False
13. True
14. False
15. True
16. True
17. False
18. True

Self-Check 9

1. True
2. False
3. True
4. True
5. False
6. False
7. True
8. True
9. False
10. True
11. True
12. True
13. True
14. False
15. True
16. True
17. False
18. False