DEVELOPMENTS OF HOSPITAL EXECUTIVES

THESIS FOR THE DEGREE OF M. A.

MICHIGAN STATE UNIVERSITY

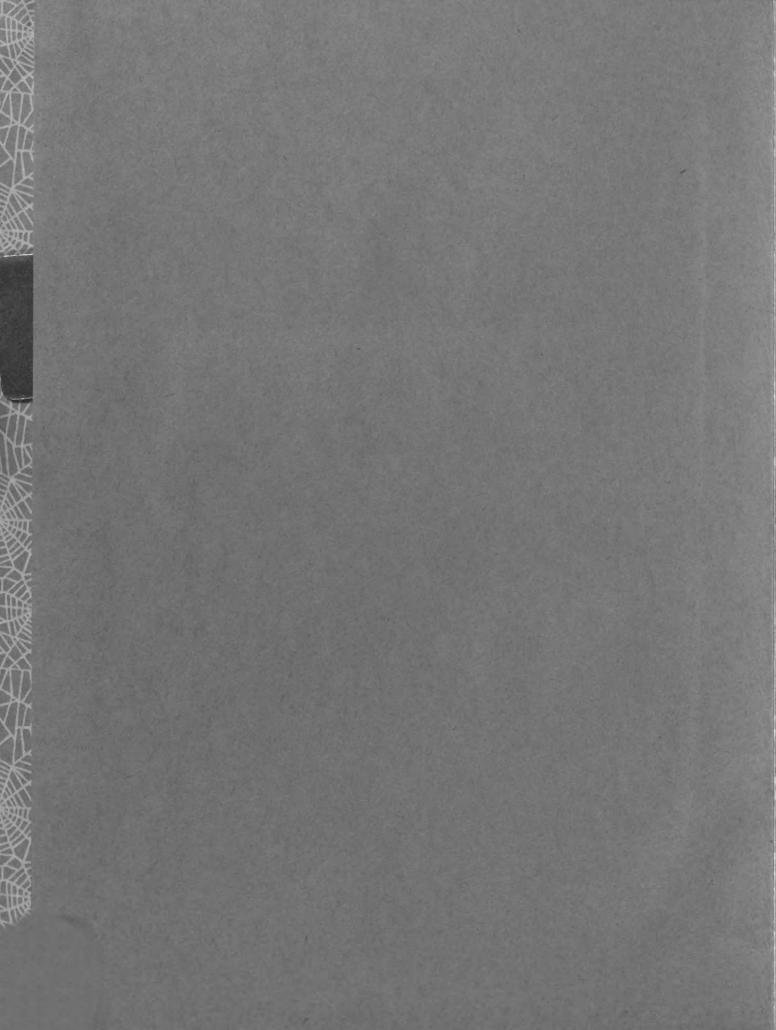
JOSEPH P. POZZA

1962

THESIS

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ABSTRACT

A STUDY OF RECRUITMENT AND DEVELOPMENT OF HOSPITAL EXECUTIVES

by Joseph P. Pozza

The finding and development of competent managerial personnel is a common problem among all business organizations. Willard E. Bennett states:

"If one were called upon to name a management problem common to all business organizations, large and small, a problem so persistent that it has taken on the appearance of a morbid pre-occupation in some quarters, that problem would be finding and developing competent managerial personnel."

This study scrutinizes how hospitals, as a group, react to management development. Other industries look upon management development as an integral part of their industry, and there is no reason why the hospital industry cannot do the same. Would not a thorough program in management development solve a major portion of problems in hospital operation?

A thorough management development program consists of; recruitment of managerial potential, selection from this body of potentials, individuals for key positions, and a continuing managerial program which will include both in-hospital and out-of-hospital education.

Management development programs utilized by other industries are exemplified. Their programs should serve as a guide as to how other industries value such programs. These programs can be applicable to the hospital industry.

A brief study is made of the top executives within individual hospitals.

It was discovered that approximately one-third of our hospitals with 25 beds and more are managed by individuals possessing a technical degree.²
Experts claim that more than technical knowledge is needed to perform the duties of a manager, therefore, there is a need to develop non-technical managerial skills within these individuals.³

What are hospitals doing to compete with other industries for managerial personnel? Recruitment statistics were obtained comparing college recruitment by hospitals to that of other industries. Comparisons were also made of financial remuneration offered executives.

Through study of available information, data relating to the hospitals utilization of management development is exemplified. Some of the better programs are mentioned. These programs are measured against the writer's concept of a thorough management development program.

The writer's concept as to how a thorough management development program should be conducted is portrayed in the chapter entitled, "Model Training and Development Program".

The validity of the study is questionable because of the spot sampling technique used by the writer. The great number of hospitals needed to be contacted to establish validity would have been too costly and time consuming.

The material presented merely indicates that:

- 1. Hospitals are not conducting enough thorough and adequately efficient programs in management development.
- 2. Hospitals are not recruiting enough individuals possessing managerial potential.

3. Salaries must be more competitive so as to attract available managerial personnel.

Willard E. Bennett, Manager Selection, Education and Training, (New York: McGraw-Hill Book Company, Inc., 1959) p. 1.

²"Guide Issue", <u>Hospitals</u>, August 1, 1960.

Bennett, op. cit., p.40.

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EXECUTIVES

by

Joseph P. Pozza

A THESIS

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in partial fulfillment of the requirements
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School of Hotel, Restaurant and Institutional Management

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CHAPTER I

INTRODUCTION

The hospital industry is the fifth largest industry in the United States. In 1960, there were 6876 hospitals listed by the American Hospital Association, and 1,657950 beds in these hospitals. Total admissions were 25,027,152. Total assets for all listed hospitals were \$17.1 billion dollars, and total expenses \$8.4 billion. There were also 1,597,984 full-time workers in listed hospitals.²

STATEMENT OF PROBLEM

One would think that such a large industry as the hospital industry would keep pace with other industries of a large magnitude in adopting techniques which will increase their overall effectiveness. It is true the hospital industry is a large industry, but the fact that it consists of approximately 7,000 component parts indicates that it possibly lacks unity. These component parts are, actually, separate entities. One hospital, located in the extreme Northwestern part of the United States, may have an excellent method of operation due to highly proficient managers, while another hospital, located in the Midwest, may be inefficiently operated because of its failure to possess competent managers.

To determine if hospitals keep abreast of times, or are keeping

¹Association of University Programs in Hospital Administration, <u>University Education for Administration in Hospitals</u>, (Menasha, Wisc.: George Banta Publishing, 1954), p. 3.

²"Hospital Statistics, 1960, "Hospitals, Guide Issue, August 1, 1961, pp. 383-390.

pace with other industry, the area of management within hospitals is scrutinized. Management is emphasized because, as John G. Glover states:

"Capital and skilled labor are usually plentiful regardless of economic conditions, but competent management is the scarce fundamental in any economy.

The proper staffing of an enterprise includes a program of continued development and training of selected individuals to occupy key positions."

How do hospitals cope with their managerial problems? Do they look upon recruitment of capable managers and managerial potential, as a major part of proper staffing? Do they try to keep their managers competent through programs in continuing development and training?

HYPOTHESIS

The hospital industry is faced with many major problems, such as rising costs, shortage of key personnel, and improper utilization of its existing facilities. The exact methods needed to solve these problems are not known. However, a question which does come to mind is: What is top-management within hospitals doing to solve these problems?

This question, in itself, has prompted the writer to ask more questions concerning management within a hospital. Questions such as: What qualifications do hospital managers have? What methods are used to recruit managerial potential? What steps are taken to keep hospital managers competent?

³John G. Glover, Fundamentals of Professional Management, (New York: Simmons Boardman Publishing Corp., 1958), pp. 137-144.

If blame is to be placed for existing problems, it should fall upon top-management's shoulders. It is from here that control stems, so logically this also should be the starting point of inquiry as to why these problems exist. To accomplish this, management, itself, should be scrutinized.

Other major industries have seemed to look upon the recruitment and development of managers as an integral part of their industry. Have hospitals done the same?

The hypothesis the writer makes is this: "If hospitals were to adopt a thorough program in management development, consisting of recruitment of managerial potential, selection from this body of potentials the best qualified individuals for key positions, and a continuing educational program for all managerial personnel, they could solve a major portion of problems in hospital operation". To accomplish this, hospitals must compete with other industries for personnel possessing good managerial potential.

METHODOLOGY

The importance placed upon management development by other industries, and executives within these industries, is exemplified. This information was gathered through selected readings of books, managerial periodicals, and reports.

Recruitment and managerial compensation are discussed because they are considered necessary to accomplish proper staffing of a hospital. Information for this phase of the study was obtained through selected readings and both written and verbal communications with universities, hospitals and employment offices.

Through reading of hospital literature, information was gathered as to hospitals' utilization of programs in management development. This approach was selected because the great sample needed to establish validity through a questionnaire type of survey would have been too costly and time consuming. It was the feeling of the writer, that if hospitals were active in the area of management development, they would publicize their programs in hospital journals.

Spot samples were obtained regarding hospitals' utilization of university and community education in the management area.

To obtain information of previous investigations on this and closely related subjects, the American Hospital Association was contacted. This institution forwarded material on the subject. Several graduate study projects required by Schools of Hospital Administration related to the subject, also were procured.

From the material gathered on the subject of management development within hospitals, it has been determined by the writer that a study of this nature has never been conducted in the hospital field. Although general in nature, the material presented should astound the reader.

CHAPTER II

THE NEED FOR MANAGEMENT DEVELOPMENT

ESTABLISHING THE NEED

The definition of management indicates its complexity. There are many definitions. Webster defines management as "the act, art, or manner of managing, or handling, controlling, directing, etc.,". Glover designates it as "that intellect and personal experiential discretion which motivates persons to perform assigned work with a will," and Dale Yoder says that the term "refers to the processes of planning, direction and control."

It requires great skill to perform the functions of a manager.

Management is responsible for the accomplishment of its own goals, which are attained only through knowledgeable planning, organizing, directing, coordinating, and controlling. Harold Leavitt has this to say about the managerial job:

"We can partially differentiate managerial from other jobs by emphasizing the change quality of managerial problems as against the relatively static quality of tasks at lower levels. The manager deals with unknowns instead of knowns. He is a solver of unprogrammed problems."

It would be possible to go on indefinitely listing quotes which justify the need for management development. Instead, one, Willard

Websters New World Dictionary, College Edition, (New York: The World Publishing Company, 1954), p.890.

²John G. Glover, Fundamentals of Professional Management, p.96

³Dale Yoder, Personnel Management and Industrial Relations, (4th ed. Englewood Cliffs, N.J.: Prentice-Hall, Inc. 1956) p.7

Harold J. Leavitt, Managerial Psychology, (Chicago: University of Chicago Press, 1958), p.236.

Bennett's, was selected because it portrays the feelings of many experts.

"If one were called upon to name a management problem common to all business organizations, large and small, a problem so persistent that it has taken on the appearance of a morbid preoccupation in some quarters, that problem would be finding and developing competent management personnel.

Management seems to have concluded that the answer to most management problems lies with management itself; that the degree of success of a business enterprise equates directly with the quality and performance of its management - at every level."5

Despite the classification and type of control by which a hospital is governed, hospitals still should be run as economically and efficiently as any other business. The hospitals should take all the precautionary steps taken by other industries in striving for efficiency. Management development seems to be an intrinsic part of management in most industries. If hospitals wish to compete with industry they should adopt such a program. This would be a major step in giving the public what it justly deserves.

GROUP TO BE DEVELOPED

The participants in this program of management development should include all department heads and their assistants, plus all members of the administrative staff. Supervisors and their subordinates also should participate in training, but will not be considered for purposes of this study. If a department head is well-trained his subordinates should be directed by the knowledge he possesses. This group was selected because it is felt its members make up the nucleus of the managerial team responsible for the successful completion of objectives. This group consists

Willard E. Bennett, Manager Selection, Education, and Training, (New York: McGraw-Hill Book Company, Inc., 1959), p.1.

of individuals technically trained for specific fields and those who should possess managerial ability. Table I indicates the recommended participants for this program. If a department head has an assistant, he, too, will participate.

According to many experts, a technically trained person is found to be lacking in the non-technical managerial skills, in which he should be trained if he is to perform the duties of a manager. Past and present cases have indicated evidence of deserving employees promoted to managerial positions solely as a reward for professional contributions.

Little or no thought is given to their managerial qualifications. They are advanced on what is, perhaps, the least important of all managerial selective criteria - technical ability. Two noteworthy comments on this subject are:

"Many problems in hospital administration can be traced to poor human relations which, in turn, result from weakness in supervision. Hospital supervisors are well educated and trained, but often they have little training in the art and skills of management."

"Failure to think in broad terms is present to some degree in every member of your management team. Many men have risen to top jobs through their specialties and have never altogether broken the habit of thinking within the limits of those specialties."

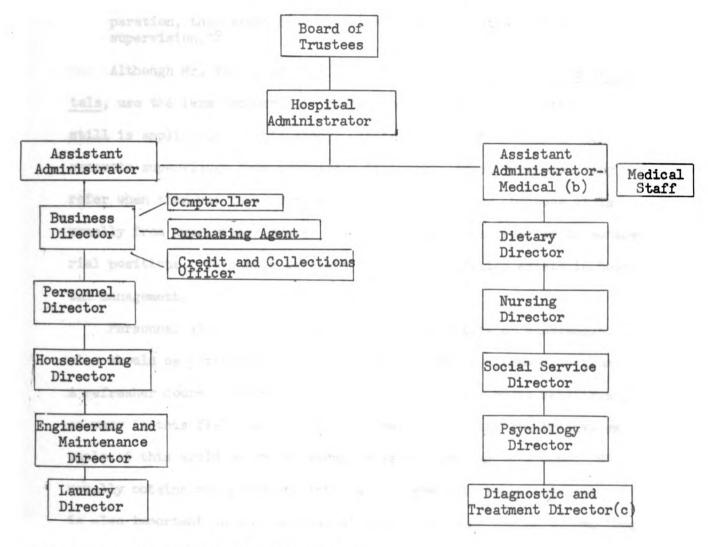
The authors of <u>The Give and Take in Hospitals</u>, when discussing how nurses and doctors despise paper work, have this to state about nursing personnel:

⁶Tbid, p.40.

⁷Keith O. Taylor, "Supervisory Development," Hospital Management, (August, 1958), p. 121.

⁸Temple Burling, Edith M. Lents, and Robert N. Wilson, The Give and Take in Hospitals, (New York: G.P. Putnam's Sons, 1956), pp. v-vi.

Table I
Organizational Chart of a Hospital (a)



- (a) This hospital has a psychiatric unit.
- (b) The Medical Director has authority over Interns, Residents, and the Medical Staff.
- (c) This department consists of: Radiology, Cardiology, Electroencophalogram, Laboratories, Physical Therapy, Recreational, Occupational and Music Therapy, Pharmacy, Dental Service, etc.

"These work-minded, desk-minded supervisors suffer mainly from lack of proper training for their work. If they had been given confidence in their own abilities through adequate preparation, they might have relaxed and done a better job of supervision."9

Although Mr. Taylor and the authors of The Give and Take in Hospitals, use the term "supervisor" instead of "manager", the material still is applicable to this study. It is possible that they do not separate supervisory from managerial training. Exactly to whom they refer when they use term "Supervisor" does not matter, because it is usually from supervisory groups that individuals are promoted to managerial positions. We should be aware that this condition exists in hospital management.

Personnel already trained in the arts and skills of management also should be participants in this training and development program. A refresher course in many areas of management would prove beneficial, as many in this field become rusty in their jobs. An illustrative example of this would be an individual's second reading of a book. He usually obtains new ideas and information from this second reading. It is also important to keep abreast of times, and this can be accomplished only by keeping informed of new developments and techniques through continuing education, one of the constituents of a thorough management development program. This continuing education also is used as a safeguard against stagnation in thinking.

"This training assignment is never finished. No man is ever completely trained, and no one course will produce a good manager."10

⁹ Joseph Dean Edwards, Executives: Making Them Click, (New York: University Books, 1956), p.9.

¹⁰A.S. Alston, Office Executive, (March, 1959), p. 22.

"Men in management posts are not thinking outside the confines of their day-to-day operations.

One of the most serious shortcomings of management people is their increasing tendency as they rise in executive circles, to 'stand pat'."

THE DOMINANT PERSONALITY WITHIN A HOSPITAL

There is such a thing as the personality of a hospital. It is discernible in every area of the institution.

This individuality, this intangible entity, be it good or bad, strong or weak, is felt by patients, by visitors, by hospital personnel. It even is reflected throughout the community.

Inanimate object though it may be, the hospital develops the characteristics exemplified by its employees.

This personality should stem from some central area which could be the managerial team or the most influential personality within the hospital. It is hoped that this most influential or dominant personality would be that of the hospital administrator. Theoretically according to a hospital organizational chart (Table I) this is from where authority or power should stem. This may not always be true but for purposes of this study it will be assumed to be true.

Although in many instances the administrator is responsible to the governing board of a hospital, his thinking nevertheless, should influence that board. His day-to-day contact with the hospital and his knowledge of the field should make him more aware of hospital problems. For this reason it is felt that the administrator is the key factor in developing the hospital's personality.

¹¹ Edwards, op. cit., pp. 9 & 19.

Ray K. Bolinger, in an article entitled "Develop Your Hospitals

Personality", states that no one group is responsible for developing
the hospital's personality. 12 This writer disagrees with this statement
and feels the administrative team is very much responsible. The objectives and attitudes of top-management should mold this personality.

A department head usually hires the employees within his own department,
and through personal contacts and departmental meetings should be influential in instilling the hospital's personality within his department.

Mr. Bolinger possibly makes this assumption because of the presence of
individual differences within employees, but these differences can be
controlled by proper direction. Goals and objectives of management, if
properly communicated, should spread through the hospital. Through group
effort and centralized control a uniform personality should result. This
personality will be reflected by an employee's work habits, courtesy, and
many other tangible and intangible qualities.

The position of hospital administrator shall be scrutinized because he is the person responsible for all activity within the hospital. His attitudes, objectives and managerial philosophy is usually responsible for the hospital's dominant personality. Other reasons why his position is one of the most important are:

- a. He must coordinate, control, direct, organize and plan for the entire hospital.
- b. His centralized authority should result in:
 - 1. Unity of action
 - 2. Uniform hospital objectives and philosophy.
 - 3. Coordination of all departments resulting in harmony and not chaos.

¹²Ray K. Bolinger, "Develop Your Hospital's Personality," Hospital Administrative Review, (September, 1949), pp. 19-25.

A study of hospital administrators listed in the August 1, 1960, Guide Issue of Hospitals, reveals that 967 nurses and 1230 doctors are the administrative heads of hospitals. * Just what managerial training these administrators possess is unknown. BUT, the question should be asked: "Were they promoted to these positions because of their technical ability?". All persons responsible for the hiring of these hospital administrators should ask themselves this question.

Let us assume that these doctors and nurses are responsible for the dominant personality that exists in their hospitals. Let us also assume they were promoted because of what Mr. Bennett states is perhaps the least important of all managerial selective criteria - technical ability. It would then seem that these hospitals would have very good mursing or medical staffs because the administrator was trained in this technical ability. BUT, what about managerial qualifications? If a person is a good doctor or nurse, this is no indication he is a good manager. If managerial positions are filled with technically trained individuals there is much reason to doubt if competent management exists. These assumptions could very well indicate the reasons hospitals are faced with major problems.

Promotion of a person possessing only technical ability to the position of hospital administrator is not the sole contribution to the problem. Political appointees to the position is another source responsible for hospital inefficiency. This situation is predominant in city, county, and state hospitals. Charles LeTourneau states:

^{*}Does not include proprietary hospitals and hospitals under 25 beds.

"The appointment of bank clerks, drug salesmen, retired business executives, and other untrained persons to the top executive positions in hospital management still occurs with altogether too much frequency." 13

Mr. Edwards has this comment to make:

"Occasionally, men rise through inheritance, marriage, or judicious and skillful 'apple polishing' despite inferior managerial skills. Whatever the reason, the result is the same; a man is in a management post which he is incapable of handling properly."

We cannot conclude that all of the above mentioned are unqualified to fill managerial posts, but we can question it. Undoubtedly, there are some with innate or acquired qualities of leadership and management; but possession of such qualities does not rule out a program in management development.

The administrator cannot manage a hospital alone. It takes many diversified skills to perform every duty a hospital is called upon to perform. Many departments are responsible for specialized technical skills. The administrator must rely on the heads of these departments for information of a technical nature. A thorough knowledge of all departments would be practically impossible. Authority must be delegated.

Along with delegated authority should go confidence in the individual; confidence that this individual will do a complete job, both technically and managerially. To insure the employer that the individual will do a complete job it is necessary to see that he is helped to develop managerially. The administrator should know each department head's technical ability but it is difficult to evaluate their managerial

¹³Charles U. LeTourneau, M.D., "The Profession of Hospital Administration," Hospital Administration Review, (Autumn, 1956), p. 8.

HEdwards, op. cit., p. 18.

ability. A management development program should be the answer to protection against this risk. It is like buying insurance to protect both manager and managerial team.

SUMMARY

The late Doctor MacEachern, past Director of Northwestern University's program in Hospital Administration, stated:

"The director (administrator) should be interested in educational activities of the personnel. There are certain fixed courses in several departments but, in addition, general educational facilities may be made available for all classes of employees, usually under the leadership of the director."

Doctor John McGibony, former Director of the University of Pittsburgh's Hospital Administration program states:

"The success of any hospital probably is more dependent upon the competency and attitudes of its personnel than any other factor. Competent supervision at all levels is the soundest of investments in the improvement of management, financial stability and better patient care."16

Training and development should be established on a continuous basis. When an individual is promoted to a top management position, his training and development should not be curtailed. Steps should be taken to keep management competent through a continuing program in management development.

Malcolm T. MacEachern, Hospital Organization and Management, (Chicago: Physicians' Record Co., 1951), p. 88.

^{16.}H. Boyd, "Selecting Department Heads for the Small Hospital," Hospital Management, (October, 1959), p. 6.

CHAPTER III

MANAGEMENT DEVELOPMENT IN INDUSTRY

Hospitals today well might look to other industries for innovations which are applicable to them. So-called "big business" spends a great deal of money seeking out new and better methods and systems. Management development has been tested and now seems to be an integral part of industry. Industry has utilized it for the last 20 to 30 years. The vast majority of programs - four out of five, in fact - have been set up since World War II, and half of the programs are eight years old or less.

INDUSTRY'S EVALUATION OF MANAGEMENT DEVELOPMENT

There is a diversity of opinion concerning the value of management development in industry. The opinions can be grouped into three classifications: (1) those in favor of it, (2) those not in favor, and (3) those undecided. Most companies are for the program, but many still are against it.

The American Management Association completed an exhaustive twoyear study of management development in 1954 and disclosed the fact that there is no standard procedure for developing management personnel. This study also revealed that 90 percent of American corporations hold management meetings. Seventy percent have leadership and development programs of one kind or another.²

One conclusion drawn from the American Management Association survey was that the mortality rate of training programs is high, results

The Presidents Panel, "Does Management Training Pay Off?", Dun's Review and Modern Industry, (November, 1959), p. 42.

²Bennett, op. cit., p. 5.

disappointing and disillusionment frequent.³ There are many possible reasons for this. Many industrial concerns are disappointed and disillusioned because they joined the bandwagon without thoroughly understanding management development. Some felt that it was an individual thing, while others thought of it as a short term program, an attendance at a college seminar, a period of job rotation, or an appraisal and counseling procedure. They went about setting up their programs haphazardly and then expected shortterm results.

There also was noted resistance by members of management towards management development. Many utilized it as a cover-up for a poor selection of individuals into the managerial ranks. "Everyone involved must realize that worthwhile development comes slowly. Small results may appear in a few months, but important ones probably will not be evident for three to five years."

But then, let us look at the opposite side of the ledger, companies which believe in management development. Dun's Review and Modern Industry surveyed presidents of 106 leading United States industrial corporations.

Most of these men still are sold solidly on management development. In fact, generally, they favor further expansion of this activity.

Company courses, university courses, and seminars conducted by universities and other groups are all popular. The titles of subjects covered by company courses reveal, as might be expected, a strong emphasis

Bennett, op.cit., p. 8.

¹⁴J. Thomas Freeston, Earl G. Planty, <u>Developing Management Ability</u>, (New York: The Roland Press Company, 1954), p. 170.

⁵The Presidents Panel, op. cit.

on people. About one-fourth of all courses named have to do with motivations and management of personnel.

The members of the panel interviewed by <u>Dun's Review</u> agreed that the ability to promote from within is the greatest benefit derived from a program in management development. The program has resulted in improved performance by trainees and the company as a whole.

INDUSTRY'S UTILIZATION OF UNIVERSITY SPONSORED PROGRAMS

In-company courses are of great importance in any development program. Individual companies must stress their goals and objectives in formulating the philosophies they wish exemplified by their management teams. This is, possibly, the primary purpose of in-company courses. BUT, industry also relies upon the universities to help them develop their managerial personnel.

How does a university help to develop them? Surely there are many ways, as, for instance:

- a. Re-education An individual who has been schooled in the arts and skills of management cannot possibly retain all he has learned, so refresher courses are needed.
- b. Continuing education An individual is never totally trained and can always further his knowledge by being introduced to new subject matter.
- c. To keep abreast with the changing management philosophy An individual should keep abreast with current thinking and should be made aware of changes which may affect his basic philosophy.
- d. Association with other business executives Mere presence brings an individual into contact with executives from other businesses, which results in an interchange of ideas.

Included in section "b" on continuing education, is the concept of trying to develop the "whole" man. The Bell Telephone Company of

Pennsylvania has established, at the University of Pennsylvania, an Institute of Humanistic Studies for Executives, which is a very good example of this concept.

The curriculum of the Institute includes 10 different courses which are specifically designed for the program: Practical Logic, History and Aesthetics of Music, World Art, Literature, Ethics, History and Meaning of Science, Political Science and International Relations, and American Civilization. Classroom work covers 550 hours a year and includes extensive reading as well as preparation of special reports on topics assigned to individual students.

The approach used by the Bell Telephone Company is looked upon as a total educational experience, in which association with each other, and the advantages of the rich cultural resources of Philadelphia, play an important part.

Attendance at outside acitvities are related to the curriculum and specific courses. Philadelphia Orchestra concerts are experiences in music; the opening of the annual exhibit at the Pennsylvania Institute of Fine Arts is related to World Art; and the spring meeting of the American Academy of Political and Social Science is as related to politics as the United Nations is to world peace.

This program is described to provide the reader with a better understanding of what management development encompasses.

Harvard University conducted a survey of all universities and colleges sponsoring executive development programs. This survey was conducted to

E. Digby Batzell, "Bell Telephone's Experiment in Education," Harper's, (March, 1955), pp. 73-77.

show the individual participant's reaction to such programs.

Thirty-nine universities and colleges have had 10,290 participants in their programs since the start of the program at Harvard in 1943. (Table II) Harvard leads all the other universities and colleges in the total number of participants. Since Harvard is the leader in this procedure the university was contacted for specific information about its program.

Harvard conducts two schools in management development. One is called "Management Development", and is conducted at the Harvard Business School. The other is the "Advanced Management Program", and is conducted by the Graduate School of Business Administration. Both of the programs were started in the same year, but the Advanced Management Program has had a better attendance. Attendance through the 39th session, ending in May, 1961, has exceeded 5,000, (7) while attendance of the other program has been approximately 2,700. Let us take a look at the Advanced Management Program at Harvard.

Classes are limited to approximately 140 students. Companies normally are restricted to one applicant for each session. This applicant must be between the ages of 36-50 and either must occupy a topmanagement position or have demonstrated clearly a potential for a topmanagement position.

The program fee for the 13 - week course is \$2,750, which includes

⁷Pamphlet announcing the 40th and 41st sessions of the Advanced Management Program at Harvard University Graduate School of Business Administration.

List of Colleges and Universities offering Management Development Courses

	<u>.</u>		
College on University	Year	Length in Weeks	Total
College or University	Founded	weeks	Attendance
Group I 9-13 weeks			
Harvard University	1943	13	2,707
Massachusetts Institute of Technology	1956	10	101
Carnegie Institute of	1770	10	101
Technology	1954	9	129
Group II 8 weeks		_	
Case Institute of Technology	1956	8	129
Pittsburgh, University of	1949	8 8	921
Stanford University	1952	0	310
Group III 6 weeks		,	1
Banff School of Fine Arts	1952	6 6 6 6	427
Columbia University	1952	6	609
Cornell University Hawaii, University of	1953 1954	6	204 21 0
Houston, University of	1953	6	229
Indiana University	1951	6	271
Southern California,	-//-	•	-1-
University of	1952	6	78
Washington, University of	1952	6	144
Group IV 4-5 weeks			
Atlantic Summer School	1954	5 4	206
Colorado, University of	1958	4	18
Georgia, University of	1953	4 5 4	132
Illinois, University of	1957	4	17
Kansas, University of	1955	5	70
McGill University	1951		58
Michigan State University	1955	4	67
Michigan, University of	1954	44544454	192
North Carolina, University of	1953 1951) 1.	177 177
Northwestern University Ohio State University	1955	4),	61 <i>9</i> 89
Ohio University	1955 1955	4),	100
Oklahoma, University of	1957	4	48
Pennsylvania State University))	163
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TABLE II (Continued)

College or University	Year Founded	Length in Weeks	Total Attendance
Group IV 4-5 weeks Texas, University of Western Ontario, University of	1955 1949	5 5	95 881
Group V 2-3 weeks Buffalo, University of California, University of	1953	3	101
Los Angeles	1958	3 3	38 63
Oklahoma State University- Oregon, University of	1954 1958	3 2	18
Pennsylvania, University of Richmond, University of	1950 1955		279 104
Texas A&M College	1952	3 3 2	162
Utah, University of Washington University	1957 1954	2	53 115
Total			10,290

Source: Harvard Business Review, "Reaction to University Development Programs", (May-June, 1961) pp. 116 & 134.

Title and caption over last column are that of the writer.

tuition, all books and materials, medical and other fees, and room rent.

Sponsors assume the responsibility for tuition, expense, and continuation of salary during the program. This indicates some industries spend a considerable amount of money on individual development of their managers, through university programs.

The program places great emphasis upon the responsibilities of business management, not only in the economic field, but also in the political and social areas covering (1) competence in the management of

business activity, (2) development and application of social skills so as to make the business enterprise a good society, and (3) the willingness to participate constructively in the broadening affairs of the community and nation.

The formal study program is divided about equally among the following subjects:⁸

Administrative Practices
Cost and Financial Administration
Problems in Labor Relations
Business and the World Society
Marketing Administration
Business Policy

Undoubtedly, all other programs have been patterned somewhat after that of the Advanced Management Program at Harvard. The information on this program will enlighten the reader as to what takes place in such programs.

It is assumed that all companies pay a student's salary, tuition, and expenses to any university program attended. Together with the cost of maintaining an in-company development program, companies spend a considerable amount of money on management development. Half of the companies interviewed by Dan's Review and Modern Industry spend \$35,000 a year or more.

One of the questions asked the participants of these programs was if they preferred university to company sponsored programs. Seventy-two per cent of the individuals answering this question preferred universities. (Table III) This indicates the tremendous part colleges and universities play in developing managerial personnel for industry.

⁸Ibid.

The Presidents Panel, op. cit.

Group	Unive	rsity	Company/A	ssociation	No Preference	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
I	1196	75%	203	13%	193	12%
II	568	72	129	16	95	12
III	863	70	225	18	143	12
IV	1065	73	206	14	196	13
v	290	65	84	19	70	16
AIL	3982	72	847	15	697	13

Source: Harvard Business Review, (May-June, 1961), p. 127.

The results of the Harvard study led the university to make the following statement:

"Our findings demonstrate - to an extent making exhaustive inquiry unnecessary again - that the pragmatic, serious, and experienced group of executives who have attended broad coverage university development courses have found them valuable." 10

INDIVIDUAL APPRAISAL

The comments made by a top executive in a leading company exemplify how individual development helps industry. Mr. Philip B. Hofmann, vice chairman of the board of Johnson & Johnson states:

"Our fabulous growth is, by and large, the result of the dynamic leadership of the industrial community - a leadership

¹⁰Kenneth R. Andrews, "Reaction to University Development Programs", Harvard Business Review, (May-June, 1961), p. 134.

that has come to express itself in efforts to improve people at all levels of our business operations. Most good managements strive to improve continually their own performance and the performance of all who work with them. Today it is recognized that growth of the individual members of an organization leads to company progress and prosperity."

SUMMARY

Management Association, Dun's Review and Modern Industry, and Harvard Business Review, indicates, despite the pros and cons of management development, that industry definitely favors management development.

Seventy per cent of American Corporations have leadership and development programs. The majority of the 106 leading industrial corporations are still solidly sold on management development. These facts, plus industries' utilizations of university sponsored development programs, are strong indications that management development definitely is accepted by industry.

¹¹Freeston & Planty, op. cit., p. v.

CHAPTER IV

RECRUITMENT BY HOSPITALS

Discussion of this phase of management development is necessary because personnel to be developed should possess basic qualifications and abilities. If the group to be developed is found to be lacking in these qualifications and abilities, there would be no value in attempting to develop them managerially; it then would be necessary to recruit for talent. A method of measuring managerial ability must be initiated to determine whether or not recruitment is necessary.

Recruitment of technically trained individuals is not the subject of this chapter. It is the non-technical managerial person who is to be scrutinized. A technically trained individual is selected primarily for his specialized ability; his development managerially is of lesser importance.

MANAGEMENT AUDIT

The purpose of this audit is to determine if managerial personnel members are qualified for their positions and to recognize individuals with managerial potential. The results of this audit will determine the weaknesses of managerial personnel which will, in turn, determine if recruitment should take place.

A management audit consists of:

- 1. A review of the individuals performance as compared against established goals and standards.
- 2. A review of his qualifications in terms of education, experience, and personal characteristics, for his current job and for jobs to which

he may be promoted or transferred.

3. A determination of any areas of weakness which require strengthening to meet the requirements of the man's present job or of other jobs for which he is under consideration.

A list, or organizational chart, is made of managerial positions considered important for the proper business operation of a hospital.

These positions would be possibly the:

Administrator
Assistant Administrators
Business Manager
Comptroller or Chief Accountant
Credit Manager
Personnel Manager
Purchasing Agent

The size of a hospital will determine how many positions to consider.

The above list would apply to a hospital with over 200 beds. Assistants to some of these positions and other individuals with managerial potential should also be considered.

A personal file is accumulated for each of these individuals.

Management specifications are prepared for each position; specifications pertaining to education, experience, and personal characteristics. For example, specifications for the position of hospital administrator would be:

Educational: Master's degree in Hospital Administration or Business Administration.

Experience: Minimum of three years experience as administrator, assistant administrator or department head. Such experience with any other organization also will be considered.

Carl Heyel, Appraising Executive Performance, (New York: American Management Association, 1958), pp. 17 & 18.

Personal Characteristics:

Ability to plan, organize, control, co-ordinate, and direct

Interest in self-development

Ability to delegate authority

Attention to costs

(This list could be very lengthy and will differ with each position. Individual hospital requirements probably also would differ.)

After specifications are drawn for all positions, a review or audit is made of each individual against established goals and standards. If a person does not meet all the requirements, attempts should be made to strengthen his weaknesses. This is accomplished by coaching by his immediate supervisors and a formal management development program, if one exists. When this sudit again is taken, attention is given to those individuals who did not meet the requirements to discover if they have improved. If the strengthening of an individual's weaknesses is virtually an impossibility, it then would be wise to recruit for a replacement. Possibly this replacement could be found within the hospital; if not, recruitment should be accomplished through outside sources. Perhaps the individual being replaced would be qualified for some other position within the hospital; if not, there is no reason why he should be retained as an employee. This is one step in striving for the sought objective of having the most qualified individual in each position.

This audit should be taken yearly and by that level of management which is one step above the level being audited. For example, the hospital administrator would be audited by the board of trustees, the assistant administrators and the department heads by the administrator, and the

assistant department heads by the department heads.

Results of such managerial audits have not been obtained and it is doubtful if many hospitals utilize them. This writer has yet to read an article in any hospital journal on the subject, and feels that if such audits were conducted they would reveal many managerial personnel not meeting the requirements.

There could be many reasons as to why this condition exists. Salaries offered to managerial personnel are not competitive and hospitals have the tendency, as many corporations do, to retain mediocrity. Many of these individuals are possibly persons more interested in devotion to mankind than monetary return. It is fine to have this type of person, but devotion alone is not a sufficient criterion to warrant a managerial position.

"The company that does not have sufficient potential is not firing enough people. In some companies, if a man does not rape the stenographers or rob the till, he is kept on, although he should be let loose."

The hospitals may defend themselves against this accusation by replying that even though their managerial personnel do not measure up to specifications, their years of experience in such a technical setting compensate for weaknesses. True, experience is a fine teacher - if gained in the proper setting. If not, as Thomas Nelson states:

"Experience in a variety of technical specializations does not guarantee that a man will learn to plan, organize, motivate, coordinate and control. . . . Experience doesn't necessarily educate. Experience is usually over-rated as a teacher. Mere experience is one of the slowest ways known to change behavior. . .

Anon", What Makes an Executive? (New York: Columbia University Press, 1955), p. 111.

Finally, often - much too often - experience teaches the old, the out-of-date, the wrong ways of behavior rather than the newer or better ways."3

COLLEGE RECRUITMENT

This type of recruitment would be the most effective means in establishing a core of managerial competency within the hospital. Hospitals have difficulties in attracting individuals from other industries who have proven themselves as managers, because salaries offered, in most cases, are non-competitive.

Hospitals are doing some recruiting to fill managerial positions, but the question is, "Are they doing enough?" Their main source of recruitment is through universities with a program in hospital administration. Letters of inquiry to universities with such schools (nine of thirteen responded) revealed:

- 1. All the universities with a program in hospital administration, with the exception of Washington University in St. Louis, Missouri, are swamped with applications for admission and must turn away many each year.
- 2. Most students are present because of self-interest. Very few students are reimbursed for their education by hospitals. (This indicates that hospitals spend little money on this phase of management development.)

Schools of Hospital Administration presently graduate approximately 200 students yearly, and in the past two decades have graduated more than 1,000 students.

Thomas H. Nelson, "Opportunities in the '60's' for Management Development, "Advanced Management, (May, 1960), p. 25.

Interview with Carl Thielman, Administrative Assistant, Toledo Hospital, Toledo, Ohio, May 10, 1961.

This certainly is not an abundant amount considering that this program has been in existence since its formal inception at the University of Chicago in 1934.

According to Doctor Charles LeTourneau there is a definite shortage of academically trained administrators. Table IV indicates the number of administrators, Doctor LeTourneau feels are needed by hospitals.

Although this need probably only exists on paper, it represents the fact that recruitment is needed desperately. (Hospitals may argue that this need does not exist.) If these trained administrators were to sift into all managerial positions considered important for the proper business operation of a hospital, the need would be much greater than that shown by Dr. LeTourneau.

TABLE IV

Need For Trained Administrators
According to Size of Hospital

Number of Beds	Total Hospitals		Total No. of Administrators		Total Administrators Needed
25-99	3187	x	1	=	3187
100-199	1278	X	2	=	2556
200-299	555	X	3	=	1665
300-499	414	X	4	=	1656
500 +	537	X	5	-	2685
TOTAL	5971				11,749

Source: Charles LeTourneau, Hospital Administration Review, (North-Western University, Autumn, 1957), p. 15.

It is obvious that schools of hospital administration cannot fill this need shown by Doctor LeTourneau. Are hospitals going to other colleges and universities to compensate for this shortage?

A brief sampling indicates that they are not. Surely some hospitals are recruiting for managerial personnel, but to contact the great number necessary for a valid sample would have been an extremely tedious task. Instead, four universities were contacted to determine whether or not hospitals were coming to them to recruit for managerial talent. These universities were selected because they do not have a program in hospital administration. Michigan State had such a program, but on a very small scale. The results of these contacts were:

Number of Hospital Interviews

	<u>In 1950</u>	In 1960
Michigan State University	0	1
Ohio State University	0	0
Toledo University	no record	0
University of Wisconsin	0	0

HOSPITALS VS INDUSTRY

Hospitals must compete with other industries if they wish to upgrade their management level. Brief sampling points out they are not doing so. Doctor Morris Kreeger, former director of Michael Reese Hospital in Chicago, feels that salaries are below what industry pays and that it is difficult for hospitals to compete with industry.

Michigan State University revealed that while hospitals were doing

⁵Lucy Freeman, Hospital in Action, (Chicago: Rand McNally & Company, 1956), p. 204.

practically no recruiting, approximately 100 industrial concerns conducted interviews in 1950 and 744 interviewed in 1960. Ohio State
University, which operates decentralized placement facilities, revealed that in its College of Commerce and Administration 180 interviews were conducted between July 1, 1950, and June 30, 1951 and 373 between July 1, 1959, and June 30, 1960. Ohio State mentioned receiving requests from hospitals to recommend alumni or students for specific jobs. This method seems to be ineffective and inexpensive. It is a weak means of recruitment.

Salaries offered to managerial personnel within hospitals do not compete with salaries paid by other industries. There may be some exceptions to this assumption, but these exceptions are few. In 1961, the Toledo Hospital Council conducted a wage survey of most of the positions existing in a hospital. Twenty-three hospitals participated, but most did not furnish all the information requested. The reasons for failure to respond are not known, but it is suspected that hospitals possibly regard this information as secret and confidential. They compete with other hospitals for the same personnel. For data pertaining to this study, only eight of the 23 reporting hospitals, furnished information.

Below is a list of average monthly starting salaries for the following positions as reported by the Toledo Hospital Council Wage Survey.

Chief Accountant or Comptroller	\$402
Business Manager or Office Supervisor	384
Personnel Director	367
Purchasing Agent	3 58
Credit Manager	354

Further analysis of industrial recruitment will reveal the gap which exists between hospitals and industry. A survey conducted by Frank Endicott, Placement Director at Northwestern University, indicated the trends of other business and industrial concerns in employing college and university graduates. Reports are from 210 well-known business and industrial concerns located in 24 states. There was an average of 45 college contacts per company. All but a few are large or medium-sized corporations. Table V indicates the number of college men hired in 1960 and the number desired in 1961 in specified fields.

Of extreme interest are the salaries paid individuals just out of college. The average starting salaries for specified fields and the number of companies reporting (in parenthesis) are:

Accoun	ting (134)	\$458
Sales	451	
	l Business),30

These salaries range from \$37.00 to \$104.00 more than salaries offered by reporting hospitals. The shocking point, however, is that these individuals, drawing a larger salary, are just out of college and not in positions such as those occupied by personnel from reporting hospitals. These figures are a sure indication that hospitals are not competing with other business and industry in recruitment of, or salaries offered to, college graduates. (Again it should be noted that the writer is speaking of the majority of hospitals and not all.)

Juvenal L. Angel, in a publication entitled, Careers in Hospital

Administration, supports the assumption that hospitals are not competing

TABLE V

Employment of Inexperienced College Men in 1960 and Quotas for 1961, As Reported By 202 Companies

Field No. of Companies No. of Men Hired No. of Companies No. of Men Destroment Accounting 113 1655 109 1619 Advertising 24 165 18 148 Economics 32 88 15 68 Finance 26 114 23 104 General Business Trainees 84 2377 79 2244 Market Research 28 56 21 50 Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449 Sales 78 2347 73 2210		190	<u>60</u>	196	61			
Advertising 24 165 18 148 Economics 32 88 15 68 Finance 26 114 23 104 General Business Trainees 84 2377 79 2244 Market Research 28 56 21 50 Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	<u>Field</u>		· · ·	•	No. of Men Desired			
Economics 32 88 15 68 Finance 26 114 23 104 General Business Trainees 84 2377 79 2244 Market Research 28 56 21 50 Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	Accounting	113	1655	109	1619			
Finance 26 114 23 104 General Business Trainees 84 2377 79 2244 Market Research 28 56 21 50 Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	Advertising	214	165	18	148			
General Business 84 2377 79 2244 Market Research 28 56 21 50 Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	Economics	32	88	15	68			
Trainees 84 2377 79 2244 Market Research 28 56 21 50 Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	Finance	26	114	23	104			
Marketing 25 236 22 247 Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449		84	2377	79	55Jtf			
Merchandising 11 439 11 489 Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	Market Research	28	56	21	50			
Office Management 10 69 8 65 Personnel 37 132 29 89 Production Management 39 405 34 449	Marketing	25	236	22	247			
Personnel 37 132 29 89 Production Management 39 405 34 449	Merchandising	11	439	11	489			
Production Management 39 405 34 449	Office Management	10	69	8	65			
	Personnel	37	132	29	89			
Sales 78 2347 73 2210	Production Management	39	405	34	14149			
	Sales	78	2347	73	2210			
Time and Motion Study 15 54 14 28	Time and Motion Study	15	54	ب لا	28			
TOTAL 522 8137 456 7810	TOTAL	522	8137	456	7810			

Source: Frank S. Endicott, Trends in Employment of College and University Graduates in Business and Industry, (Northwestern University: 1961), p. 2

with industry by stating:

"The Controller's salary is probably the only one in the hospital organization which must meet competition of private industry, because a well trained and able controller is always in demand."

The salary of the Hospital Administrator surely does not meet the competition offered by industry. Comparison is made between the median salaries paid the three highest salaried executives in major business and industry groups (Table VI) and the salaries paid graduates of the University of Minnesota's and Northwestern's programs in hospital administration.

The University of Minnesota, in a survey of its graduates, found that the median salary of all its graduates now in hospital work as administrators, assistant administrators, administrative assistants, and department heads was \$8,500.7

Salary brackets of 455 graduates of Northwestern University's School of Hospital Administration are as follows: 8

Under \$5000	-	4
\$5000 to \$10,000	-	193
\$10,000 to \$15,000	-	168
\$15,000 to \$20,000	-	64
\$20,000 and over	-	26

Grade Academy Press, Inc., 1956), p. 20.

⁷John A. Lapp, Careers in Hospital Management and Administration, (Chicago: The Institute of Research, 1959), p. 19.

⁸Eva H. Erickson, (ed), <u>Northwestern Alumni Newsletter</u>, (May, 1961).

Of the 694 graduates of the program at Northwestern through 1960, 423 occupy the following positions:

Administrator	239
Assistant Administrator	129
Administrative Assistant	3 5
Department Heads	20

TABLE VI

Median Compensation Earned in 1959 By
Three Highest Paid Executives in Major
Business and Industry *

Industry	Highest Paid	Second <u>Highest</u>	Third <u>Highest</u>
Retail Trade	\$93,000	\$70,000	\$60,000
Manufacturing	\$92,000	\$64,000	\$52,000
Finance	\$75,000	\$43,000	\$35,000
Rail and Air Transportation	\$75,00 0	\$43,000	\$37,000
Gas and Electric Utilities	\$68,000	\$45,000	\$33,000
Mining	\$63,000	\$44,000	\$39, 000

*Survey includes 999 companies, all of whom are listed on the New York Stock Exchange.

Source: National Industrial Conference Board, Studies in Personnel Policy, No. 179, p. 6.

For those who do not see any correlation between the comparisons, a further explanation is justifiable. Of the 999 reporting companies of

business and industry, approximately 39 had annual sales of less than \$10 million dollars and approximately 500 had sales between \$10 million and \$49 million. Approximately 181 hospitals have patient income of between \$5 million and \$10 million and hundreds have incomes of between \$1 million and \$5 million. There are approximately 40 hospitals with patient income in excess of \$10 million. 9 Hospital endowments are not included in the above mentioned figures. This information indicates that there are many hospitals which have incomes comparable to those received by major industry and business.

Although most hospitals are non-profit organizations and the industries with which they are compared are strictly profit making organizations, many hospitals can be classified as "big Business". It takes just as much ability to manage a hospital as it does to run any other business or industry. The fact that hospitals provide a service for the community and, in some cases, have been built by the community, should have no bearing on limiting a hospital executive's salary. The finest materials are used to construct most hospitals and the most competent individuals also should be used to manage them. Monetary remuneration is one of the necessary factors in attracting competent managers.

Doctor Morris Kreeger implies that it is doubtful if hospitals can raise their executive's salary to meet the competition of other industry. 10 Efforts should be made though, to close the wide gap which now exists.

⁹ Hospitals, "Guide Issue," Survey conducted of statistics of listed hospitals, (August 1, 1960).

¹⁰ Lucy Freeman, op. cit.

Exactly what criteria are necessary for hospital executives to command a higher salary is not certain, but the size of a hospital and the gross amount of annual income should be of major importance.

Would not this rise in salaries cause hospitals to increase costs to patients? This is a question, which undoubtedly many persons would ask. It is hoped that this writer's answer to this question justifies the supposition that a salary increase is needed.

It is questionable just what lures an individual into any given profession. Awareness of a profession at an early age is probably one factor; status of the profession is another, and, surely lucrativeness of the profession ranks high amongst the factors. Publicity of a profession or field is needed, but the reputation of this profession must go hand and hand with publicity. In other words, even though the hospital field would be well publicized, if it is known as a low paying field, it will not attract the caliber of person needed to raise the level of managerial competence. If the lucrativeness of the field compares with other businesses and industry groups the individuals possessing managerial ability would be attracted to the field just as they would be attracted to any other field.

The increase of costs to the patient would be negligible. Through more competent management, costs would possibly be lowered instead of raised. A more effective utilization of personnel and equipment, which is presently direly needed within the hospitals, would result. With application of up-to-date management principles and techniques, management is sure to compensate for the \$30,000 to \$50,000 increase in salaries.

VALUE OF A COLLEGE EDUCATION

College recruitment is emphasized because this is the most effective means of attracting the large number of potential managers needed. It is difficult to attract proven individuals into the field. The business and industries for which they now work would be hesitant in terminating the employment of a competent manager.

Even though college recruitment is stressed it should be known that there are many successful men without much formal education. Employees already within the hospital may make good managers, but it is difficult to discover such men. If they have the initiative, their presence will be made known through exhibited drive, ability, and intelligence.

Education is one quick means of preliminary screening and because there are so many college degrees, it takes an advanced degree to really stand out.11

Frank Pace Jr., former Secretary of the Army, Detlev Bronk, President of the Rockerfeller Institute, and George Coppers, President of the National Biscuit Company, members of the Round Table discussing the value of a college education, agreed with other members, that a college degree provides an initial point of division between those more trained and those less trained; those better motivated and those less motivated; those with more social experience and those with less. 12 They also stated:

"We do not look for the campus big shots, but to those who have tried to support themselves or do something similar while they went through college."

¹¹What Makes and Executive?, op. cit., pp.39 & 45.

¹² Ibid, p. 64.

¹³ Ibid, p. 43.

Joseph Dean Edwards has this to say concerning the value of a college degree:

"The possession of a college degree is considered in many companies virtually a must for holders of middle or top-level management jobs." Li

To sum up expert opinion on the value of a college education,

Doctor Adrian McDonough's statements are used.

"The broadest type of information coming to the individual is that associated with his formal education. All experience and further education builds upon this core of knowledge stored in the mind of the individual. The individual's actions are guided by his particular educational exposure."

OTHER RECRUITMENT

Other forms of recruitment media used by hospitals are not considered important and will be mentioned only briefly. Some recruitment is done through medical employment agencies, such as the Woodward Medical Personnel Bureau in Chicago. The effectiveness of this method is questionable. It is doubtful if new talent is attracted into the field by this method. This seems to be more of a re-locating device than a recruitment one. Local and State Employment agencies and newspaper advertisements are other forms of recruitment media. Ott and Forni, one of the leading employment agencies in the Toledo, Ohio, area stated hospitals seldom call upon them for managerial personnel, but when they do, the only potential employee they look for is the hospital administrator.

SUMMARY

Brief sampling indicates that hospitals are not doing enough

¹⁴Edwards, op. cit., p. 150

¹⁵Adrian M. McDonough, "Information - Raw Material for the Supervisor," Hospitals, (July 16, 1957), pp. 55-56.

recruiting of managerial personnel.

It is not known where most hospitals have acquired their existing managerial personnel, but it is known that hospitals with which this investigator has come in contact have few managerial personnel who possess a college degree.

To test the competency of their present managers, hospitals should conduct management audits. The results of these audits should determine how much recruitment is necessary.

The most logical place to recruit the supposedly large number of managerial personnel needed, is through colleges and universities. It is one expert's opinion that approximately 6,000 academically trained administrators, alone, are needed.

To obtain the great numbers needed, hospitals must compete with other business and industry for their share of the college graduates who possess managerial potential. In order for them to compete, hospitals should conduct formal interviews at colleges and universities, and raise starting salaries to compete with salaries offered by other businesses and industries. Surveys similar to that conducted by Frank Endicott may serve as a guide to determine how much competitors are paying to attract college graduates.

College recruitment is emphasized because of other business and industrial utilization of this method of recruitment.

"Business places considerable reliance on colleges and universities, not only for the initial education and training of its executive personnel, but also for further training after they begin to advance."16

What makes and Executive?, op.cit., p. 160.

CHAPTER V

HOSPITALS! UTILIZATION OF MANAGEMENT DEVELOPMENT

What are hospitals doing to develop managerial personnel? This is a difficult question to determine because of the great number of hospitals and their geographical locations. Comparatively little information was obtained through reading hospital literature.

ment development within hospitals is solely up to the individual hospital. Undoubtedly, there are some hospitals who are very active in this area, but information about their programs has not been published in periodicals with nationwide coverage. Certainly recruitment and selection of personnel into the managerial ranks takes place in all hospitals but their methods of carrying out these phases of management development are questionable as far as effectiveness is concerned.

During the past few decades, there has been a vast growth in hospitals, both in the number of such institutions and in their size and added facilities. The concepts of modern management and business practices have not kept pace with this rapid growth. Competent management seems to be one of the essential ingredients missing within our hospital systems. This is an assumption the writer is using to develop this topic.

Development of managerial personnel through continuing education is the topic of discussion in this chapter. The chapter will establish the accusation that hospitals are not doing enough to develop good managers.

David P. Mayer, "A Manpower Development Program Guide" (unpublished Master's dissertation, Institute of Business Services, Xavier University, 1959), p. 6.

IN-HOSPITAL EDUCATION

Managerial courses offered within the confines of a hospital, circulation of magazines and books on management, and recommended reading lists, are methods that can be utilized by hospitals for purposes of management development. Surely most hospitals do circulate magazines among their departments, but this contributes little when compared to all that is needed in developing managers.

Of primary importance are the formal management development courses conducted within hospitals. Other industries place great importance on an activity of this nature and there is no reason why hospitals should not do the same. This is the ideal place for the dominant personality within a hospital, (mentioned in Chapter 2) to mold his staff into a competent managerial team.

The type of material to be presented in a program is entirely up to the individual hospital. Needs within each hospital are certain to vary and problems in one hospital are not necessarily problems in another.

Material presented in industrial management development programs could be applicable to hospitals.

Quite an extensive list of subjects can be offered, but beginning courses should consist of material on management principles and functions. The State of Ohio's Department of Mental Hygiene and Correction's Development Program, described in pages 15 through 19, is a good example of the way in which a program should progress. The basics should be stressed so that personnel become aware of what is expected of them as managers. Courses can be offered indefinitely, as there is a wealth of information to be acquired. No person, particularly a manager ever should stop

learning. By analyzing the weaknesses of the managerial staff, common errors can be discovered and methods should be initiated to help strengthen these weaknesses. If there comes a time when it is thought all has been covered that possibly can be covered, courses previously given can be repeated as refresher courses.

The exact number of hospitals having management development programs is not known. There seems to be quite a bit of activity in supervisory development, in which managerial personnel sometimes participate; but programs devised specifically for top management seem to be practically non-existent.

A few hospitals which have management development programs are Altoona Hospital in Altoona, Pennsylvania; Baptist Hospital in Pensacola, Florida; and the State of Ohio's Mental Hospitals. Each program will be described briefly.

Top management did participate in the training program at Altoona Hospital, but the program seemed to be designed with the supervisor in mind. They do not separate managerial from supervisory personnel. Many favorable results were noticed after this training program and the subjects included:

Organization study
Work distribution analysis
Methods improvement
Work simplification
Planning
Coordinating and controlling work
Instructing new workers
Disciplining
Problem solving
Supervisory responsibilities²

²E.J. O'Meara, "These Supervisors Have Learned How to Think", <u>The Modern Hospital</u>, January, 1957, p. 82.

The only criticism which can be leveled against this program is that it was of short term duration instead of being set up as a continuous project.

Pat N. Groner, administrator of Baptist Hospital, Pensacola, Florida, in a speech at the American Hospital Association meeting in 1961, entitled "Take a Tip from Industry", acknowledged the help of industrial techniques in a training program for department heads at his hospital. His program has utilized the services of a consulting firm in the field of management development.

A probing evaluation of all department heads preceded the training program for them, in order to suit the training program to their specific and individual needs. In addition to training conducted in the hospital, the program included institutes and university courses for the trainees.³

The program at this hospital exemplifies how an individual hospital utilizes industrial techniques to fit the needs for development of its managerial personnel.

The State of Ohio's Department of Mental Hygiene and Correction set up its training program with both the supervisor and manager in mind. Through studies, the department discovered that many of its supervisors and managers, were qualified to carry out the technical side of their jobs, but they were found lacking in the non-technical managerial side. This non-technical managerial side consists of areas such as management functions, communications, human relationships, leadership, and scientific management.

³Anon, "The 1961 Annual Meeting in Review", <u>Hospitals</u>, October 1, 1961, p. 69. ¹Lynn R. Timmons, "The Need, Information pertaining to the Department of Mental Hygiene and Corrections' Training Program, 1960.

Because of this investigator's familiarity with this program, it will be a topic of further discussion.

Management and Supervisory Training is a segment of the training policy spelled out by the Department of Mental Hygiene and Correction in its Department Directive Number 66.

The key objectives for this department's training of management and supervisory personnel are:

- 1. To promote a better understanding of management principles and functions, as they relate to institutional management.
- 2. To sharpen leadership skills and to improve capacities of self-expression.
- 3. To drive home the need for, and the understanding of, teamwork and the responsibilities of each manager and supervisor as a member of the team.
- 4. To promote a greater understanding of human relationships as they apply to good management.

The Directive further states: "To carry out the training objectives, certain procedures will be necessary."

- 1. All training shall be under the direction of a Unit Training Officer, appointed by the Institution Superintendent, (topofficial within a hospital) who will conduct the programs in the name of the Superintendent and in cooperation with the department training staff.
- 2. Management and supervisory personnel shall be given sufficient training through group conferences to enable them to carry out

their responsibilities adequately.

3. All training shall be conducted in accordance with written job descriptions, outlines, course procedures, handbooks, or manuals as recommended by the training staff.

To carry out the policies and procedures set forth in Directive 66, unit training officers were appointed by each institution and they attended a pilot program conducted by the departmental training staff. This pilot program defined procedures by which unit training officers were to conduct their programs.

This program, as explained thus far, may sound as though it were extremely autocratic. Actually it is not so in every aspect. In a department as large as that of the Department of Mental Hygiene and Correction (49 institutions), central authority is necessary.

Provisions were made to enable institutions to resolve any problems encountered in their training program by bringing them to the attention of the members of the department training staff, and together they would try to come up with a solution.

Upon completing certain sessions of pilot programs within each institution, evaluation reports were submitted to the departmental training officer. This means was devised as a method of determination of the progress of the program.

Since the program's inception in May, 1960, the following material has been presented by institutions:

- I. A look at the manager's job
 - A. The technical knowledge a person is assumed to possess.

B. The non-technical knowledge which a good manager needs to develop.

II. Management principles

- A. What management "Is" and "Does"
- B. Controlling
- C. Coordination
- D. Direction
- E. Types of organisation
- F. Purpose and principles of organization
- G. Planning
 - 1. The scope of planning
 - 2. Types of plans
 - 3. The "How" of planning

III. Communications

- A. Introduction to communications
- B. Communications in management
- C. The ABC's of good communications
- D. The "C" qualities of written communication
- E. Oral presentations
- F. The conference method

IV. The use of role-playing

This training program conducted by the Department of Mental Hygiene and Correction should set an example for other hospitals as to the feasibility of such a program. This certainly is not a thorough program in management development, but it does have extremely high merits, for the in-hospital education phase of management development. The writer's

concept of a thorough program will be presented in the next chapter.

The Departmental Training Program has been in effect for approximately one year and thus far noticeable results have not been obtained. Results are expected to be forthcoming shortly, as the program has been established on a continuous basis.

There is one criticism of this program, which should be mentioned.

It is questionable whether supervisory and managerial personnel should be trained together. These two groups are bound to differ in educational background and experience, which is sure to hamper training conditions.

A supervisor with a limited educational background, in most cases, will not understand the basics which a group of this sort is assumed to possess. This will result either in slowing down the progress of the group, or in confusing those who do not understand and are afraid to admit their lack of knowledge. It is this writer's opinion that members of top management should be subject to more intense training than their subordinates—the supervisors.

Another means of in-hospital education is the residency program required by schools of hospital administration. This residency familiarizes individuals with the problems involved in hospital administration and, if gained in the proper setting, it is a valuable means of educating.

On-the-job training is also a means of development and it can be valuable if the person doing the training is qualified to do so. Job rotation fits hand in hand with this type of training.

Although management development does not seem to be an integral part of the hospital industry, some concept of the magnitude of the educational assignment of hospitals can be seen when they are compared

with the other institutions of higher learning in this country. During the past year, there were approximately $2\frac{1}{2}$ million full-time students enrolled in all colleges and universities in the United States. At the same time, approximately one-quarter million full-time students were in formal educational programs in American hospitals. The net educational cost to the hospitals for all students can be estimated safely to exceed \$200 million annually.

This is a considerable amount of money, and if the money spent on management development in all hospitals were to be added to this amount, it hardly would be noticeable. Surely hospitals must spend money to train technical personnel, but why must they neglect management development? This should play as important a role in the educational assignment of the hospital as the technical training offered. The quality of patient care and competency of the business operation of a hospital are dependent on each other. The ability of the institution to render the best possible patient care hinges upon the utilization of available money and this is a function of the managerial staff.

COMMUNITY AND UNIVERSITY EDUCATION

The great number of hospitals and their geographic location again proves a handicap in conducting a valid survey. Information was gathered through reading of hospital literature and spot inquiries. It can be stated, however, that through this type of investigation, the hypothesis can be made that, generally speaking hospitals seldom utilize community

⁵Ray E. Brown, "Evaluating Hospital Administration", <u>Hospitals</u>, October 1, 1961, p. 156.

or university education to develop managerial personnel. Known exceptions to this hypothesis will be discussed.

Contact with schools of hospital administration revealed that few hospitals sponsor or pay the expenses of students. In fact, the number of students sponsored by hospitals is negligible. It should be noted, though, that State Departments of Health and Offices of the Armed Forces are frequent sponsors.

Wittenberg University, in cooperation with the Ohio Hospital Association, offers yearly a hospital oriented management development program. The purpose of this program is to enable technically competent professional and administrative personnel to maximize their contributions to hospitals by developing their managerial competency. This program is one-week in length and, since its origin in 1957, has served personnel from 61 different hospitals.

This number seems like a representative amount and does indicate that some efforts are being made to meet the need for development. If further study were made of those attending, it would reveal that some of the hospitals in attendance are from bordering states. If notices were sent to hospitals from bordering states, the total number of hospitals in attendance is not adequately representative, because Ohio, itself, has 263 hospitals. 7

To determine if hospitals are taking advantage of other universitysponsored programs on management development, Harvard University was

⁶ Letter from Wittenberg University calling attention to their special management development program offered to hospitals, June, 1961.

^{7&}quot;Guide Issue", Hospitals, August 1, 1961, p. 430.

Contacted. The reason for this contact was that the total attendance at Harvard's program is much larger than that at any other university program. More detailed information on the Harvard program can be found in Chapter 3. Mr. Gormbley, Director of the Advanced Management Program at Harvard, stated that no hospitals have participated in this program since its inception in 1943.

There are other means of utilization of university education which are possible. These include the attendance of university courses and arrangements with colleges or universities to conduct classes within a hospital. Data has not been obtained on these methods, but a hospital which has utilized university educational courses as sort of a fringe benefit to its employees will be discussed.

The Baptist Memorial Hospital in Memphis, Tennessee, has had an employee educational assistance program in operation for five years. Although this program was not designed for the specific purpose of management development, it is worth mentioning because of the minor effect it has on cost per patient day.

Through its educational program Baptist Memorial Hospital encourages employees to take additional collegiate courses while continuing full-time employment at the hospital. Upon completion of the approved courses, the hospital reimburses the employee for tuition costs.

Since the beginning of the program, exactly 100 employees have participated. The hospital has paid approximately \$4250 for tuition reimbursement for the latest twelve-month period. The cost per patient day for the support of this educational assistance is approximately 1.5 cents.

or about 11 cents per patient admitted.8

The participants in this program stated that they have improved their worth to their departments in the following respects:

Improved technical skills	27%
Improved human relations	87%
Improved general cultural benefits	74%
Improved supervisory skills	49%

The general consensus of opinion of the employee participating group and their department heads, regarding the value of such a program was that improvement has extended appreciably to the areas of supervisory and technical skills.

If these results can be derived from a general educational program, it would seem that equally good results could be derived from a program specifically developed for managerial personnel.

One example of hospital attendance of community sponsored educational activities will be exemplified. Even though small in magnitude, this example does show how hospitals in one community setting responded to this type of education.

The Toledo Chapter of the American Institute of Industrial Engineers, sponsored a clinic entitled, "Self Development - Key to Effective Management". This clinic was conducted by Doctor George S. Odiorne, Director of the Bureau of Industrial Relations, University of Michigan. Carl Thielman, Treasurer of the Toledo Chapter of Industrial Engineers, and Administrative Assistant at Toledo Hospital, sent notices of the clinic

⁸Robert F. Scates, "Educational Assistance-An Investment in People", <u>Hospitals</u>, July 16, 1961, pp. 39-40.

to 27 hospitals in the Northwest District of the Ohio Hospital Association.

Toledo Hospital, was the only hospital represented at the clinic.

HOSPITAL SPONSORED ACTIVITIES

Figures are not available on attendance at various Hospital Association meetings, but this year's Ohio Hospital Association meeting was attended by this investigator. The meeting was well-attended. If response to all such meetings is equal to that shown at the Ohio Hospital Association meeting, hospitals are utilizing this phase of management development very well. This seems to be the only type of media which is being utilized well by hospitals. While this type can be considered beneficial, it should be known that this medium, alone, will not develop good managers. It takes much more effort than just this one activity.

Local hospital councils prove beneficial in helping to develop managers. The investigator is a non-participating member of the Toledo Hospital Council and has this opinion on the effectiveness of such a council: It is an excellent means for interchanging of ideas and creating an awareness of what is being done at other hospitals. It serves as an official liaison between member hospitals and the Ohio Hospital Association. Hospitals cooperate with one another as much as they can; but, in essence, they compete with each other for the same labor force and for their share of patients that will enable them to operate more efficiently. Members seem to divulge only that information which will not endanger their competitive abilities.

⁹Interview with Carl Thielman, Administrative Assistant, Toledo Hospital, Toledo, Ohio, May 10, 1961.

The last assumption is based upon the members' cooperation in participating in the Salary and Wage Survey mentioned in Chapter 4. One actually cannot blame a hospital for keeping information of a competitive nature from other hospitals because it possibly can do more harm than good. Larger hospitals, with more available money and better physical facilities, could make it extremely difficult for the small hospitals.

Statistics are available on the American College of Hospital Admininistrators meetings (Table VI). The total of the figures, representing the members' attendance of these meetings, seems impressive. Actually they are not very impressive, considering that there are approximately 7,000 hospitals in the United States.

The American College of Hospital Administrators presently has approximately 4,000 members. Men and women engaged in hospital administration as a career in the United States, Canada, and other countries may request membership in the College. The candidate must be in a responsible position, either as the administrator, assistant administrator, administrative assistant, or in a post of comparable responsibility.

(A position where two or more departments are under his supervision.) 10

Considering the number of hospitals in the United States the membership in this organization should be considerably higher than it is. Wilson Benfer, member of the Board of Regents of the College, said that the College is aware that more participation is needed by hospitals and

¹⁰ Interview with Wilson Benfer, Administrator, Toledo Hospital, Member of the Board of Regents, American College of Hospital Administrators, November 7, 1961.

added that the College is taking steps to help increase its membership.

This College was established solely for members of top-management within hospitals. Dues to the College are rather high and this could be one of the reasons why more potential members have not applied for membership. This reason should not exist. Either the individual hospital should assume the responsibility of paying its employees' dues, or the individual employee should be adequately compensated so that he can afford to pay the dues.

In essence the College is the ultimate in management development for the extreme top-level managers within a hospital. A look at some of the College's bylaws under "Section 1. Program", will indicate why.

In furtherance of the objects for which the College was formed, its program shall be to:

- 1. Improve the efficiency of hospital administration.
- 2. Publish an educational journal.
- 3. Establish a criterion of competency for hospital administrators.
- 4. Hold an annual meeting at which topics of interest to the membership shall be presented and opportunities provided for discussion by the membership of subjects relating to hospital administration and furtherance of the education of hospital administrators.
- 5. Provide, through the conferring of Fellowships, for recognition of individuals who have done or are doing noteworthy service in the field of hospital administration.
- 6. Familiarize hospital trustees and the public with the fact that the administration of hospitals necessitates the employment of executives who have had special training and experience in hospital administration.
- 7. Promote the proper development of professional education in hospital administration.
- 8. Sponsor and conduct programs of continuing education in hospital administration.

- 9. Provide opportunities for enlarging knowledge in the profession of hospital administration to individuals who desire to follow careers in this field.
- 10. Initiate and encourage studies and investigations in hospital administration and make the results available to the membership.
- 11. Promote and undertake such activities as will tend to increase the quality of hospital administration.
- 12. Coordinate the activities of the College with those of related groups and professions.
- 13. Bring the College, its objectives, and program to the attention of all concerned with hospital care. 11

SUMMARY

Ray E. Brown, in his article, "Evaluating Hospital Administration", stresses the educational assignment of hospitals. Without a doubt, hospitals are a key factor in educating the populace. This educational assignment is vitally needed. Throughout this study comparisons have been made with other business and industries. It is fitting, therefore, to make another analogy to summarize this chapter.

Harvey Schoenfield, in an article entitled, "Factors of Production in Hospital Management", compares four "M's" necessary in the hospital operation -- men, material, machines, and management -- with the economists' four fundamental factors of production -- land, labor, capital, and enterprise. 12

Labor or men are needed in any business or industry to accomplish the goals for which the respective enterprises have been created.

^{11&}quot;Bylaws", American College of Hospital Administrators, Chicago, September, 1957, pp. 4-5.

¹² Harvey Schoenfeld, "Factors of Production in Hospital Management", Hospital Management, October, 1959, p. 39.

TABLE VII

AMERICAN COLLEGE OF HOSPITAL ADMINISTRATORS REGISTRATIONS FOR ALL INSTITUTES, CONFERENCES AND SEMINARS, 1933 - 1960

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	YEAR 1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960		TOTALS

Source: Information furnished by Elwood W. Camp, Assistant Director for Educational Activities, American College of Hospital Administrators, June 27, 1961.

Hospitals have taken on their educational assignment as any other business and industry must. Workers must be trained to fit the needs of any enterprise in order for that enterprise to accomplish its goals.

All factors of production should be maximized in any enterprise to create an acceptable product. Many an enterprise has failed because it has not met the competition of other enterprises. Whether an enterprise is founded to create a product or to perform a service, all factors contribute to the success of that enterprise.

Hospitals, in most cases, have a command market. Some individuals in certain communities have no choice as to which hospital they wish to go. Hospitals exist because they render a much needed service to the community. But are hospitals rendering the best possible service?

The developing of a manager within an enterprise should be just as integral a part of the enterprise as the training or educating of technical personnel. It is of extreme importance that all hospitals be aware of this.

Hospitals which are doing nothing to develop their managers should know that they are neglecting an important responsibility which they are required to assume. The hospitals which have some type of development programs should guard themselves against thinking "We have, or are doing, enough." This is a fallacy, because no business or industry has progressed to the stage where improvement is not needed. Perfection is virtually an impossibility, but striving for perfection should be a "must".

CHAPTER VI

MODEL TRAINING AND DEVELOPMENT PROGRAM

Training is stressed, as well as development, because it is difficult to divorce training from development. Both are needed in any successful program. Training is considered to include formal activities as well as classroom and group activities, and development is thought of as an individual and on-the-job approach.

ESTABLISHING A PROGRAM

A program in management development should not be forced upon a hospital; it should be undertaken with the idea of need. This can be accomplished by presenting facts which will justify a program, such as has been done in previous chapters. The idea must be sold to the board of trustees, central authorities of state - and government - controlled hospitals, administrators, and any other authority responsible for the training conducted within hospitals.

After the idea has been accepted, the cost of establishing such a program must be budgeted for, as are all other expenditures. Long and short term goals must be considered in the planning of such a program. The availability of income will determine how fast a program will progress. Included below, is a list of some of the factors which should be considered in establishing a thorough management development program.

- A. Availability of managerial potential
 - 1. Do we have qualified managers?
 - 2. Do we have a reserve of qualified personnel to back up key positions?

Learl G. Planty, J. Thomas Freeston, <u>Developing Management Ability</u>, (New York: The Ronald Press Company, 1954), p. 3.

- 3. Must we recruit for managerial talent?
- 4. Must we raise executive compensation to attract talent?

B. In-Hospital Training Program

- 1. Is there a trained person in our employ who can be delegated to the responsibility of conducting such a program?
- 2. Is there space available within the hospital where training sessions can be held?
- 3. What would be the cost of necessary materials, such as visual aids, films, periodicals and books?
- 4. Would it be feasible to hire an instructor from a nearby university or college to conduct this program?
- 5. How much time should be devoted to formal sessions?

C. Out-of Hospital Education

- 1. What sum of money should be set up for personnel to attend institutes, seminars, programs, and courses offered by management groups, colleges and universities?
- 2. Should top-managerial personnel be encouraged to join professional organizations, and should the fees for membership in such organizations be paid by the hospital?

To step into this program whole-heartedly would perhaps be too expensive. If this is the case, it then would be wise to divide the program into phases, with recruitment as one phase, in-hospital training as another, and out-of-hospital education as the final phase. By the time the program is completely set up, most of the cost of initiating such a program will have been absorbed and all phases then can be carried out in unison.

An overall plan of manager selection, education, and training, used by various industries and presented by Willard Bennett in his book,

Manager Selection, Education and Training, is portrayed in Table VII.

This plan seems to be very comprehansive and is applicable to hospitals.

This overall plan is possibly the best available plan, and the one which will obtain the most results. It should be known that there is no plan which is guaranteed to give 100 per cent satisfaction.

Mr. William B. Given, Jr., has developed a job specification to help select young men who could advance in management. To him:

"Leadership is quite likely to come from a man who gets a real kick out of sticking his neck out -- but not from a desire to show off; who is keen to try a new way; who enjoys proving that the boss is all wet; who has the common sense to ask for outside help when he needs it, and the instinct to seek out the right person for that help; who has unlimited confidence in the future, but is realistic about the terrible things that can happen; who gets pleasure out of doing things for others; who is challenged by tough problems; who will be a useful citizen; who realizes all men want and need friendship; who is not afraid of being afraid."

The overall plan presented by Mr. Bennett and the job specification given by Mr. Given are only two of the methods used by various business concerns in coping with the managerial problem. It is not necessary for the reader to agree with these two approaches, but only to realize that some method must be devised by which to seek out the best available managerial potential.

If it is found through conducting your managerial audit that recruitment is necessary, do not hesitate to go out and compete with other industry for managerial personnel. If this means you must raise starting salaries, do just that, because the good raw material is needed to obtain results, through further training and development. If you are satisfied in obtaining personnel most other industries do not want, then you also

²Marvin Bauer (ed), <u>Development of Executive Leadership</u>, (Cambridge: Harvard University Press, 1949) p. 82.

TABLE VIII

OVERALL PLAN OF MANAGER SELECTION, EDUCATION AND TRAINING

H	SUPPRIVISED TRAINING	Programs and Techniques	IN-COMPANY	(1) Trait evaluation (2) Performance evaluation (3) Developmental discussions (4) Job rotation OUT-OF-COMPANY (1) Farm out - Agreement between hospitals to exchange key personnel for short periods		
II	CONDITIONING	Programs & Techniques	IN-COMPANY EDUCATION	(1) Management instruction program a. Lecture b. Conference discussion c. Lecture-discussion d. Case study e. Role playing f. Films g. Visual aids (2) Reading list OUT-OF-COMPANY EDUCATION (1) Institutes (2) Seminars (3) Programs (4) Courses		
H	SELECTION	Programs & Techniques	GENERAL	(1) Management inventory (2) Psychological tests (3) Depth interviews (4) Personal interviews (5) Provisional promotion (6) Final promotion INITIAL SELECTION (1) Graduate training program (2) Nomination (3) Pre-management training program a. classroom instruction b. job orientation c. working assignments	SECONDARY SELECTION	(1) Information from "data

Source: Bennett, Manager Selection, Education and Training, p. 87.

producing" programs and techniques employed in all three parts of plan should be satisfied with the results obtained through these people. The adage "You get what you pay for" should be applied when recruiting personnel. It is natural for a person to try to get what the market will bear. If hospitals are weak in certain phases of management, they, themselves, are to blame. Personnel are available to help strengthen their weaknesses. So all that the hospital have to do is to go out and compete for these personnel.

The hope of obtaining competent dedicated individuals is very slim.

Just how many individuals are dedicated to the extent whereby they will sacrifice a better salary for devotion to the field? It is possible to attract devoted individuals, but do that many of them have managerial potential?

Hospitals that utilize professional employees, such as doctors and murses, for these managerial positions should think twice before doing so. These technically-trained individuals possibly could make good managers and should have the right to abandon the specialty in which they have been trained, to enter the management ranks. BUT, further consideration of this point will bring forth the fact that you are more than likely adding to your problems, rather than helping them.

There is a definite shortage of doctors and nurses, and the hospitals are partially responsible for this shortage. The responsible individuals within hospitals possibly feel they are rewarding doctors or nurses for their professional contribution by promoting them to top management positions. But is this the right thing to do? Hospitals must think so, because as mentioned on page 12, there are 967 nurses and 1230 doctors that are administrative heads of hospitals. It is known that these hospitals have lost a

good doctor or murse, but do they know that they have gained good managers?

Professional employees should be hired for the express purpose of utilizing their specialized abilities. They should understand that they are receiving an opportunity to practice their chosen profession or specialty in a situation where their advancement in that endeavor will be paralleled by a communsurate rise in prestige, status, and salary. The hospitals should see that this condition persists.

OBJECTIVES OF MANAGEMENT DEVELOPMENT

Objectives must be stated, so as to know exactly for what goals to strive. To have available qualified managers, is not enough; provisions must be made to keep them managerially competent. The concept that a man is never totally trained should be embedded in the minds of all those responsible for development of managerial personnel.

Objectives may differ somehwat between hospitals, but generally they will be similar to these:

- A. Increase the effectiveness of the organization by:
 - 1. Better utilization of executive ability.
 - 2. Assisting executives to function more effeciently in their present jobs.
 - 3. Developing managers who think from an overall hospital viewpoint, rather than specialists.
 - 4. Assisting executives to keep abreast of new developments.
 - 5. Increasing teamwork in the management group.
- B. Build a reserve of qualified personnel to back key positions.

Bennett, op. cit., p. 41.

- C. Devise methods of testing executives' competence before they are promoted to key positions.
- D. Improve the morale of members of the management group. Promotion should be based on a systematic review of the qualifications of all executives.
- E. Attract desirable personnel to the hospital.

CONDUCTING A PROGRAM

After adequately staffing your hospital with the best available managerial personnel, it is then time to proceed with continued training and development. Training and development may precede adequate staffing, but it is suggested that they follow it. This does not imply that development programs should not be conducted until you are adequately staffed; but ideally such programs should follow proper staffing. It would seem rather foolish to develop a person whom you know hasn't the qualifications to make a good manager.

Some of the major questions to be answered related to conducting a program are:

- 1. How are we to know whether or not our executive compensation compares with that of local industry?
 - A. There have been numerous studies conducted on executive compensation in major industry. A visit to a library will reveal a wealth of information on the subject.
 - B. The procedure used by the Veterans Administration could serve as a guideline. This organization is authorized by law to make a locality survey and establish rates

substantially equal to those being paid by local firms for various positions. 4

- II. Who is to conduct the training and development program?
 - A. With direction from the administrator, a member of the managerial staff, such as the personnel officer, may conduct this program if he has the capabilities to do so. Perhaps this could be a joint venture of several members of the staff.
 - B. An instructor from a near-by university or college may be willing to conduct such a program.
 - C. Colleges, universities, and community educational groups should be utilized for out-of-hospital education.
- III. How often are these sessions to be conducted?
 - A. This is entirely up to individual hospitals. Some may wish to conduct sessions once a month on the employer's time and others weekly on the individual's time.
 - B. It is recommended that these sessions be conducted on a continuous basis, at least once a month, on the employer's time. Individuals should be encouraged to utilize some of their own time for self-development.
 - C. The attendance of any outside educational activity of long duration should be planned for. Either individuals should be sent to specific functions, or money should be set aside for the express purpose of attendance of institutes, seminars,

Letter from Stanford K. Tsugawa, Assistant Personnel Director, Ann Arbor Veterans Administration Hospital, June 14, 1961.

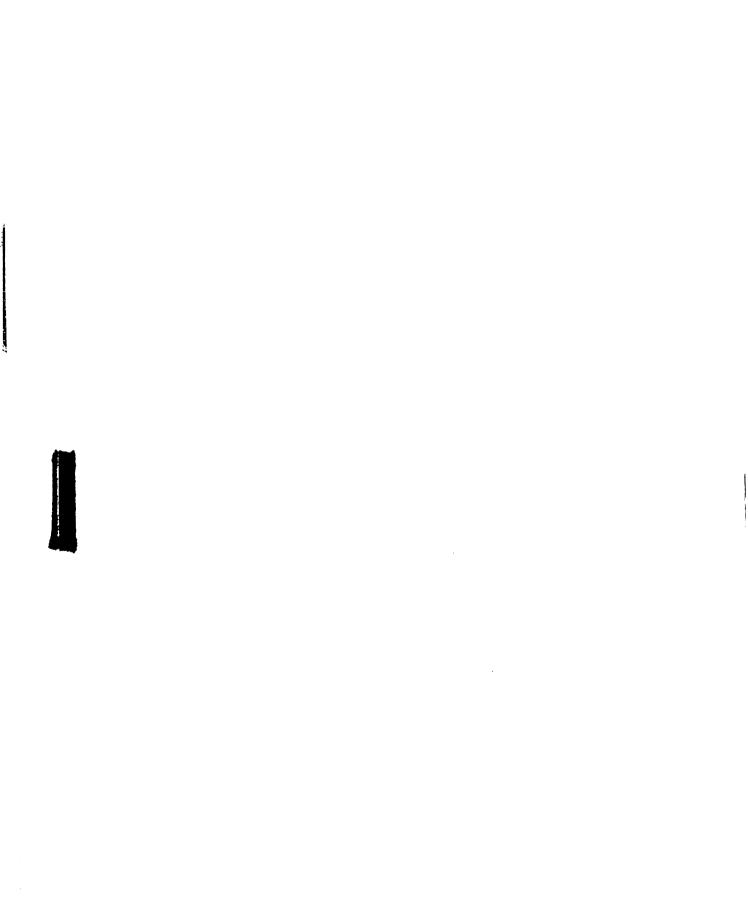
and short courses by any managerial person desiring to attend such functions. Their attendance should be subject to the approval of the administrator.

- IV. What type of subject matter should be presented in this program
 - A. Training deals with systematic development which is needed in knowledge, skills, and attitudes. 5
 - 1. Examples of knowledge to be developed.
 - a. Principles of management
 - b. Knowledge of one's own strengths, weaknesses, and needs.
 - c. Knowledge of social skills and cooperation
 - d. Hospital policies
 - e. Hospital history
 - f. Hospital problems and plans
 - 2. Examples of skills to be developed.
 - a. Disciplining
 - b. Giving Orders
 - c. Receiving orders
 - d. Self analysis, direction, and improvement
 - e. Waste control
 - f. Cost control
 - g. Administrative skill planning, organising, coordinating, motivating, and controlling.

⁵Earl G. Planty, Training Employees and Managers, (New York: The Ronald Press Company, 1948), pp. 21-22.

- 3. Examples of attitudes to be developed.
 - a. Feeling of participation in management
 - b. Sympathy with problems and desire to help
 - c. Understanding and cooperation with supervisors
- B. An analysis of many known industrial training programs
 reveals that there are five fundamental fields in which the
 prospective executive should be company trained.
 - Indoctrination Instruct in concern's objectives, policies, organization, and current practices.
 - Management Technonomy Established body of laws and principles of management.
 - 3. Management instruments Those tools which management uses to initiate, operate, regulate, and administrate a business enterprise, such as records, reports, manuals, systems, standards, accounting, communication, budgets, methods, and other control devices.
 - 4. Management leadership Those qualities of ability which make a person an initiator and an organizer. The candidate should be thoroughly instructed in the art and application of leadership.
 - 5. Thorough training in the specific field for which the candidate is required.
- C. Almost any type of program matter can be presented to develop managers. The program conducted by the Bell Telephone Company of Pennsylvania, discussed on pages 18 and 19, illustrates this.

⁶John G. Glover, op. cit., pp. 144-145



- D. The administrator can determine what subject matter to present by studying common errors and failures. He also can aid individuals in self-development.
- V. How do we know that this program is a desirable function?
 - A. Information presented thus far establishes fairly well the need for such a program. Results are also good convincers.

 Earl G. Planty, in his book, <u>Training Employees and Managers</u>, reveals some of the tangible results of training. These are:
 - 1. Reduction of waste and spoilage
 - 2. Method and system improvement
 - 3. Reduction of supervisory burden
 - L. Reduction of overtime costs
 - 5. Reduction of grievances
 - 6. Improvement of quality
 - 7. Encouragement of upgrading
 - 8. Improvement of communication
 - B. This training and development is necessary for the purpose of guarding against inefficient management, which is directly responsible for the majority of business failures. This inefficiency can be traced to one or more of the following factors:
 - 1. Failure to analyze properly the business problem at the inception of the business.
 - 2. Lack of managerial ability, education, and experience.
 - 3. Lack of, or poor, business policies.
 - 4. Inefficient financial plan.

- 5. Lack of business records. 7
- VI. How much money should be budgeted annually for this program?
 - A. This is entirely an individual hospital decision. Local conditions and availability of money are major factors.
 - B. A rule of thumb method, may be to spend as much money as needed to obtain the results desired. If money is available, the program should be conducted thoroughly; if not available, conduct that phase of the program considered most important to your hospital.

A method hospitals may use to determine how well they are meeting the need for managerial development is by applying the acid test, explained by Mr. Edwards in his book, <u>Executives! Making them Click.</u>

"The acid test of how well a company is helping its people to grow and develop into executives is the quality of its executive reserve - the pool from which promising men are drawn to fill vacant management posts. The reserve should contain an adequate number of well-coached candidates in the proper age distribution, ready to fill any present vacancy or to occupy positions not yet created but necessary as the company expands."

All hospitals should ask themselves if they can meet this acid test.

If they cannot, this is a positive indication that a program in management development is needed at their institution.

SUMMARY

The objective of this chapter is to serve as a guide in conducting thorough management development programs. A thorough management development program is extremely necessary to increase the managerial competency

⁷Glover, op. cit.,p. 20.

⁸Edwards, op. cit., p. 149.

within hospitals. The conducting of partial programs is a step in the right direction, but it is felt that much more than this slight step is needed. A thorough management development program should consist of:

- I. Recruitment of managerial potential
 - A. Selection of outstanding individuals from the managerial pool, consisting of managerial potentials who are present because of an adequate recruitment program, into topmanagement positions.
 - Management audits are needed to keep posted as to the qualifications and needs of the managerial staff.
- II. Contiming education and development of the managerial staff.
 - A. In-hospital educational program
 - 1. Formal sessions
 - 2. Arrangements to have sessions conducted by a qualified instructor.
 - 3. On-the-job coaching and job rotation
 - 4. Circulation of professional magazines
 - 5. Establishment of a managerial section in the hospital library
 - B. Out-of-hospital education and development
 - 1. Reading lists
 - Attendance of university courses, institutes, seminars, and formal management development programs conducted by colleges, universities and management groups.
 - 3. Membership in professional management organizations, such as the American College of Hospital Administrators.

CHAPTER VII

SUMMARY AND CONCLUSIONS

How are hospitals to cope with existing problems? This investigator proposed a thorough program in management development as the most effective approach.

Although hospitals complain of the shortage of technically-trained persons, such as doctors and nurses, this is not the core of the problem. These individuals evidently are in abundance in comparison with competent managerial personnel. Due to the lack of individuals who are adept in the managerial aspects of operating a hospital, the professional persons, namely the doctors and nurses, have been called upon to assume managerial positions. This, in effect, violates the principle of effective utilisation of personnel. These individuals are trained primarily for the explicit purpose of patient care. They should not assume top management posts unless they also are trained in the arts and skills of management.

Most hospitals' problems stem from the business operation of the hospital. Problems such as cost control, waste control, and purchasing, all have an effect on high costs to patients, which is the most frequent public complaint. If management is responsible for all of these problems, it therefore is logical for management within a hospital to be scrutinized.

It is not only necessary for the top official within a hospital, the administrator, to be a competent manager, but also all members of his managerial staff must be well trained. The exact make-up of a competent manager is not known, but the most effective methods of developing them has been recognised.

What type of managerial personnel do hospitals have? The qualifications

of managers in all hospitals are not known, but in hospitals where they are known it can be stated that if competent management exists, very little is being done to keep it managerially competent.

This study has been concerned with members of top management within a hospital, that is, personnel such as the administrator and his assistants, all department heads and their assistants, and other personnel responsible for the business operation of the hospital. It is felt that all these individuals should be trained in the arts and skills of management and should be kept managerially competent through continuous education.

The position of hospital administrator was carefully studied because this is considered the most important position within a hospital. The administrator is responsible for all activity within a hospital, which includes the development of personnel. He is even responsible, legally, for the welfare of the patients and their care, up to and including surgeries!

It is suspected that the reason for the lack of proper utilization of management development within hospitals is due to the fact that administrators are not aware that this is a responsibility which they are required to assume as the top official within a hospital.

Schools of hospital administration have come to the aid of hospitals, and their graduates have taken over some of the administrative posts. Although this has been an effective means of staffing hospitals with better qualified managerial personnel, more than this is needed. These schools graduate approximately 200 students yearly, which is not nearly enough.

Interview with Wilson Benfer.

It would seem that hospitals would recruit elsewhere for managerial personnel if the Schools of Hospital Administration did not fill their needs, but brief sampling indicates they have not. Random samples indicate that practically no recruitment of managerial personnel is being done through universities. Recruitment of potential managerial personnel through colleges and universities is considered the most effective means of recruiting.

Methods of recruitment and management development in other industries were brought forth in order to set an example for hospitals. Many successful businesses and industries maximize the utilization of college recruitment and management development. Hospitals should "Take a tip from industry," because industry must remain competent to earn profits for its stockholders. Industry seems to consider management development as an integral part of its business, and hospitals should do the same.

Hospitals should test their managers' competence through some type of managerial audit. Standards should be set as high as possible, since the objective is to improve management within the hospital. The results of these audits will determine the weaknesses of personnel and establish if recruitment is necessary.

If recruitment is necessary, hospitals must compete with other industries for potential managerial personnel. In order to compete with industry, much more effort is needed. Sampling indicates that hospitals are not competing. They do not conduct enough college interviews, nor do they offer salaries sufficiently competitive to attract managerial potential.

After a hospital is properly staffed with qualified managers and managerial potential, methods must be introduced to help develop them and keep

them managerially competent. Continuous education, consisting of in-hospital training and out-of-hospital training, must be utilized. Education of the group is accomplished through a formal in-hospital training program.

Further development can be accomplished through utilization of educational facilities offered by various hospital groups, universities and groups within the community.

Hospitals' utilization of these two methods is discussed, and individual hospital programs are exemplified. Sampling again indicates that little is being done in the area of top management or executive development.

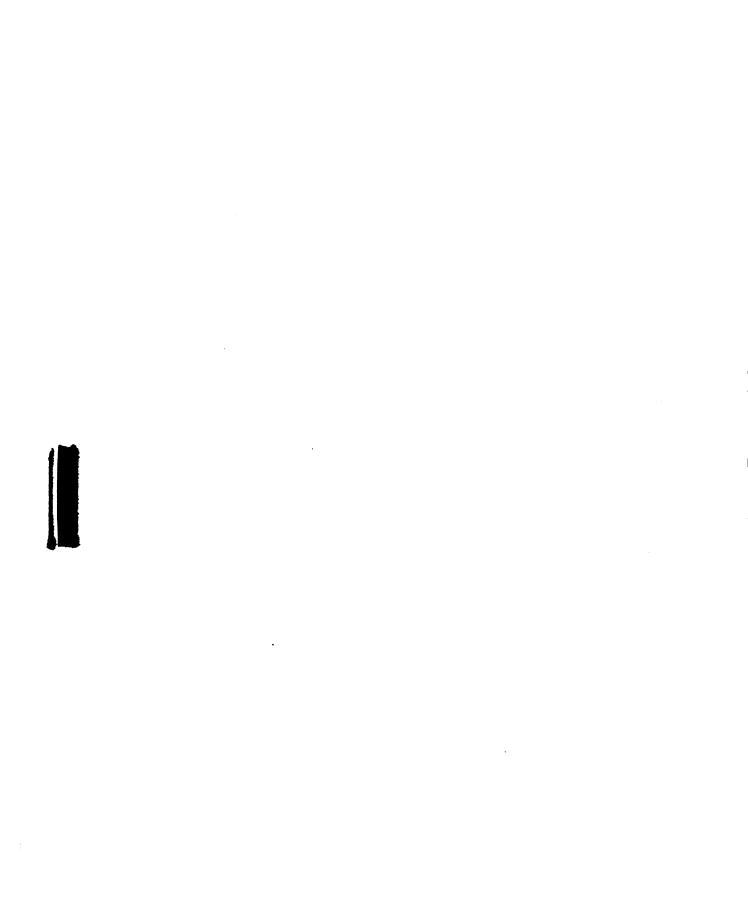
The "Model Training and Development Program", explained by the investigator, groups together assumptions previously made, and it serves as a guideline in illustrating the investigator's opinions as to how a thorough management development program should be conducted.

CONCLUSIONS

ment development, but this thesis was not written to judge any one hospital.

The objective of the study was to try to portray how hospitals, as a group,
react to management development and how they could benefit from better
managerial recruitment and managerial development. Many hospitals possibly
do have programs that compare to the model program presented by the writer.

For these hospitals, and also for those without any such program, it is
hoped that the material presented has created an inquisitiveness which will
prompt them to ask, "Are we doing enough to maintain or improve the managerial competency of our hospital?" Their honest answers to this question
will determine what is needed in the area of management development.



These are the conclusions that can be drawn from the material presented in this thesis. Further study, more money, and considerably more time are necessary to really do justice to the subject. The material presented merely indicated:

- 1. Hospitals are not conducting enough thorough and adequately efficient programs in management development.
- 2. Hospitals are not recruiting enough individuals possessing managerial potential.
- 3. Salaries must be more competitive, so as to attract available managerial potential.

APPENDIX

June 13, 1961

Director
Department of Hospital Administration
Washington University
507 South Euclid
Saint Louis, Missouri

Dear Director:

This letter is in reference to statistical data on recruitment.

I am a graduate student in the School of Hotel, Restaurant and Institutional Management from Michigan State University and am currently writing my thesis on "Management Development in Hospitals".

The reason I have selected you to write to is because of your school in hospital administration. If hospitals are recruiting for managerial personnel, surely they would be doing it through schools that have a program in hospital administration.

Some of the questions I am about to ask will undoubtedly be difficult, if not impossible, to answer because of lack of information. The reason for my asking them is to support a statement I plan to make in my thesis. It is my opinion that hospitals, particularly in the past, have not competed with industry for managerial personnel so vitally needed in any business venture. The questions will be related to this assumption.

To what extent are hospitals participating in your program? Are the students present because of positive action by hospitals or because of self-interest?

Either hospitals are sending potential administrators to you for development or they are recruiting for them upon successful completion of their program. Considering both of these propositions would it be possible to tell me how many hospital interviews were conducted in 1950? In 1960? How many hospitals sponsored students in 1950? In 1960?

This and/or any information furnished on the above mentioned subject will be deeply appreciated.

Cordially,

Joseph P. Pozza

JPP/GLA

DEPARTMENT OF
HOSPITAL ADMINISTRATION
507 SO. EUCLID
June 20, 1961

Mr. Joseph P. Pozza
State of Chic
Toledo State Pospital
Teledo, hic

Dear Mr. Pozza:

We have your letter relative to statistical data on hospital administration student recruitment. We will attempt to answer your questions in the order you asked them.

- 1. Hospitals participate very little in our program.
- 2. The students are present because of self-interest.
- 3. No hospitals sponsored students in 1970. In 1960, I Airforce Officer, 1 civilian and 1 government student were sponsored. In addition, we might add in 1959 1 Air Force Officer, 1958 1 Air Force Officer 2 civilians
- 4. We do not have our records from 1950 as to the number of hospital interviews but in 1960 there were eight (3).

If we can be of any additional help to you, please let us know.

Sincerely,

Harry E. Panhorst Associate Director

HEP:1-

May 18, 1961

Director of Placement Bureau Michigan State University East Lansing, Michigan

Dear Director:

I am a graduate student in the School of Hotel, Restaurant and Institutional Management at your University and am currently writing my thesis.

If possible, I would like to have you answer a few questions regarding recruitment. The reason I state "if possible" is because these questions will entail statistical data.

In 1950

How many industrial concerns conducted interviews at your University?

How many hospitals conducted interviews?

In 1960

How many industrial concerns conducted interviews at your University?

How many hospitals conducted interviews?

The question I am emphasizing is "Just how much recruitment have hospitals done in the past? How much are they doing now?"

Any information forwarded will be deeply appreciated as it will prove beneficial in formulating my thesis.

Sincerely,

Joseph P. Pozza

JPP/GLA

PLACEMENT BUREAU - STUDENT SERVICES BUILDING - OFFICE OF THE DIRECTOR

Dear Mr. Pozza:

Thank you for your recent letter requesting information which will be helpful to you in writing your thesis. In 1950 approximately 100 industrial concerns conducted interviews at Michigan State. There is no record of a single hospital interviewing here in 1950. There were 744 industrial concerns that conducted interviews in 1960 and one hospital interviewed.

Hospitals have done little or no recruiting in the past and this year the only hospitals represented for interviews on our campus were the Veterans Hospital of Bettle Creek, Michigan and the Veterans Hospital of Dearborn, Michigan.

I hope that this information will be of assistance to you and if I can be of further help in any way, please feel free to contact me.

Sincerely yours,

Jack Kinney

Director of Placement

JK: 48

May 23, 1961

Mr. Joseph P. Pozza Box 1438 Toledo 3, Ohio

Box 1438 Toledo 3, Ohio May 5, 1961

Director
Advanced Management Program
Graduate School of Business Administration
Harvard University
Cambridge, Massachusetts

Dear Sir:

In Joseph Dean Edwards' book, Executives: Making Them Click, your educational program for executives is mentioned.

I am currently a resident in hospital administration and am writing my thesis for Michigan State University on "Developing Managerial Skills for the Hospital Executive."

Would it be possible for you to answer a few of my questions pertaining to your special course for executives?

- 1. Have the hospitals participated in this program and to what extent?
- 2. How many students participate in this program yearly: If the program has been discontinued, to what extent, did industry participate before its discontinuance?

This information would prove valuable in formulating statements I plan to make in the body of my thesis, and any information furnished on this subject will be appreciated.

Sincerely.

Joseph P. Pozza

gla



HARVARD UNIVERSITY Graduate School of Business Administration

George F. Baker Foundation, Soldiers Field, Boston 63, Massachusetts

May 17, 1961

William P. Cormbley Assistant Dean and Director

PROCRAM

Mr. Joseph P. Pozza Box 1438 Toledo 3, Ohio

Dear Mr. Pozza:

Here are the answers to your two questions.

l. We have had no hospital administrators participate in the Advanced Management Program. This is not because of any positive action on our part. Hospital administrators who meet the basic requirements for participation would be welcome.

We have had executives from medical societies and hospital plans and foundations.

2. We admit approximately 140 men to each session which is held twice a year.

WPG: gw

June 22, 1961

Director American College of Hospital Administrators 840 North Lake Shore Drive Chicago 11, Illinois

Dear Director:

Your institute offered for hospital administrators was recently called to my attention. Information on the Institute will prove of value to me in writing my thesis on "Management Development in Hospitals".

I am a graduate student in the School of Hotel, Restaurant and Institutional Management from Michigan State University.

The reason for my inquiry is to establish whether hospitals and administrators are utilizing the educational benefits offered to them. How many administrators have pre-registered for this years's institute? To what extent have your Institutes been utilized in past years?

This or any other information on the subject will be deeply appreciated.

Sincerely,

Joseph P. Pozza

JPP/gla

AMERICAN COLLEGE OF HOSPITAL ADMINISTRATOR

DEAN . UNLEY, Executive Director

SHOULD SHOULD ACTION THE INCHES

June 27, 1961

WHITEHALL 4 - 544

Mr. Joseph P. Pozza Box 1438 Toledo 3. Ohio

Dear Mr. Pozza:

We are enclosing some statistical material relative to the institutes which we have offered during the past few years. You will note that almost 15,000 hospital administrators have attended our regular educational meetings. In addition, we have held four annual Congresses on Administration, attendance at which has averaged over 900. We feel that our institutes have been very well attended, and that interest has been maintained consistently through the years.

Attendance for the 1961 institutes which have been held to date have been exceptionally favorable. We have scheduled 18 educational meetings for 1962, and we anticipate that attendance for these meetings will be very good.

If we may help you in any other way, please let us know.

Sincerely you.s,

Elwood W. Camp Assistant Director

for Educational Activities

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