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## An Analysis of Revenue-Producing Departments Versus Non-Revenue Departments

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"AN ANALYSIS OF REVENUE-PRODUCING DEPARTMENTS  
VERSUS NON-REVENUE PRODUCING DEPARTMENTS"

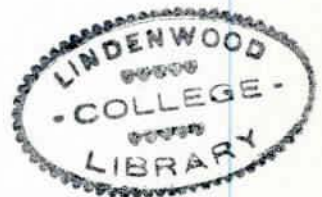
by

Bobby G. Johnson

Submitted in partial fulfillment of  
the requirements for the degree of  
Master of Arts, Lindenwood Colleges

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Description of the Document

The document herein presented is a research study done in a major tertiary hospital in the western part of the country.

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organization structure, personnel practices, and problems in hospital finance.

In Chapter III, "STUDY METHODOLOGY," we describe procedures used in the study: interview schedule, rationale for the data gathering procedure, data gathering approach, the subject universe, and the procedures used in scheduling interviews.



## CHAPTER I

### INTRODUCTION

#### Description of the Document

The document herein presented is a research study done in a major proprietary hospital in the western United States. The author is employed in the hospital as the purchasing storeroom manager. The study took place over a one-year period. Many people participated in the study, and each was aware of the intentions and purpose of the research.

This document is divided into five chapters. Chapter I contains a description of the study and its overall purpose.

In Chapter II we describe the problem, its background, and we review appropriate literature. In this chapter we also describe the hospital as an organization, organization structure, personnel practices, and problems in hospital finance.

In Chapter III, "STUDY METHODOLOGY," we describe procedures used in the study: interview schedule, rationale for the data gathering procedure, data gathering approach, the subject universe, and the procedures used in scheduling interviews.

In Chapter IV, "RESEARCH FINDINGS," methods used for data analysis are described, as are the findings of the research.

In the fifth and concluding chapter, we discuss the possible importance the study may have to others, and what the study meant to me personally.

Findings are depicted graphically in the document. Footnotes differentiate between direct quotes from respondents and statements from books, articles and periodicals. The bibliography, interview schedule, and supplemental organizational charts are contained in the appendixes at the end of the document.

The final interview schedule used in the document was approved by the hospital's administrator and the director of personnel prior to being circulated to the supervisors and department heads that were interviewed. The interview schedule was rephrased in some areas prior to being accepted by the authorities of the institution involved. There was extensive use of several libraries in the research project. Primary data was conducted at the hospital (herein after referred to as the XYZ Hospital).

#### Overall Intent of the Study

The overall intent of the study was to give the writer greater insight into the administrative aspects of the hospital and to prepare the writer for the role of an

administrator in a health care facility. Another intent was to find out whether there are inequities existing in the institution and if there were such problems, to become more aware of the inequities and try to correct them. Further, an intent was to make the administration aware of the differences between two categories of departments: revenue producing and non-revenue producing, by examining the apparent effect of different extrinsic factors such as differential pay scales on morale and other factors. A byproduct of the study was to make the supervisors and department heads more aware of their jobs and job responsibilities to themselves, the employees, and the institution. An attempt was made to involve decision makers as respondents and create an environment where they would feel free to take the writer into their confidence.

#### Rationale for the Study

It was felt that a comparative research study of the two categories of departments was feasible given the nature of the hospital. The type of project and title was selected from several ideas and with the assistance of the Lindenwood 4 staff and faculty and the administrative staff of the institution where the study was done.

The study was similar to one carried out in hospitals elsewhere, and it was our feeling that the study of the two categories of departments might yield invaluable insight into problems in the administration of

a large, complex health care facility.

The writer felt the need to communicate more with some of the other supervisors and department heads and get their opinions on the administrative aspects of their jobs and areas of responsibility.

The study could result in another study or a similar study being done for a comparison to this document, to assist students of hospital administration, and to help laymen who are unfamiliar with hospitals and the many problems that can be encountered.

The XYZ Hospital has an attending staff of over one hundred physicians. The hospital is staffed by over seven hundred employees: doctors, nurses, technicians, and unskilled workers. The hospital has over a hundred beds available in a physical plant composed of two buildings.

The XYZ Hospital has approximately eighty-five departments and supervises training programs for X-ray technicians, licensed vocational nurses, and practical nurses. The hospital is striving to remain abreast of the health care field by expanding according to the needs of the community.

The hospital is an organization facing a number of problems; some of them are listed below.



## CHAPTER II

### STATEMENT OF THE PROBLEM

#### Background

The XYZ Hospital is located in a major city and is one of the largest investor-owned hospitals in the United States. The hospital is fully accredited by the Joint Commission for accreditation of hospitals and has all of the major facilities to be among the leaders in the health care field.

The XYZ Hospital has an attending staff of over nine-hundred physicians. The hospital is staffed by over fifteen-hundred employees: professional, technical, skilled, and unskilled workers. The hospital has over six-hundred beds available in a physical plant composed of two buildings.

The XYZ Hospital has approximately eighty-five departments and supervises training programs for X-ray technology, licensed vocational nurses, and practical nurses. The hospital is striving to remain abreast of the health care field by expanding according to the needs of the community.

The hospital as an organization faces a number of problems; some of them seem insurmountable. Among these

is one which is fundamental at times to most organizations; namely, conflict between departments that have a line function in the organization and departments that have a staff function in the organization. This conflict is the focus of the study reported herein.

The hospital's departments can be classified according to their functions within the institution: whether they make a direct charge for services rendered, or whether the service rendered is a hidden or built-in charge not billed to a consumer.

Conflict apparently occurs between the two categories of departments. The conflict is manifested in different ways not the least of which is that non-revenue producing departments tend not to receive as much attention from the hospital's administration than do other departments. Further, non-revenue producing departments' supervisors and department heads appear not to be as well respected as are the supervisors and department heads of revenue-producing departments. It is felt by many non-revenue producing department heads and supervisors that their decisions and suggestions are taken lightly compared to those made by revenue-producing departments. It is also believed by many of the non-revenue producing departments' supervisors and department heads that their requirements are only taken care of after the revenue-producing departments are satisfied with all of their requirements. The feeling among many of the supervisors and department heads

of non-revenue producing departments is that the administration shows partiality to the revenue-producing departments because they are the money makers.

I personally do not see any noticeable difference in the two categories of departments. I am presently the supervisor of a non-revenue producing department, and I have also been supervisor of a revenue-producing department. I feel that each department stands alone regardless of category of department and that administration has to plan each department's requirements and then establish priority depending on the needs and requirements of the institution. The safety and needs of the patient must have first priority in every situation. If there is a choice between office furniture and new equipment for a patient treatment area, then it is my opinion that the equipment have priority. There will always be needs and requirements for every department, and it is the responsibility of administration to make the necessary decisions.

If a comparison of the two categories of department is made by administration, it is for the profitability of the smooth operation of the institution, the desires of the physicians, and the needs for the hospital.

Each person who enters the hospital represents a potential hazard or problem. The hospital operates on what could be considered three work days every day. Many departments within the hospital are functional twenty-four hours every day, and major problems are associated with



this work pattern.

Nursing service, a line function, is the largest department in the institution, and more personal contact is made in nursing services with the patient than in any of the other departments. If the patient does not receive proper care, then problems occur with the patient, his family, and his friends. The nursing department must act as the public relations department for the hospital on many occasions. Nursing services dispense medicine to the patient, and a nurse who is not conscientious could give the wrong medication or give the incorrect dosage and cause problems. The patient who is unable to care for himself must have close observation, and the nurse is responsible for the welfare and safety of the ill patient. The nursing department must follow the orders written or requested by the physician, and the orders must be followed by each nursing shift; this must be done to prevent problems with the medical staff.

The housekeeping department, a staff function, is the second-largest department in the hospital and has indirect patient contact. This is another department where many problems can occur. Maintenance of the floors in respect to safety and hazards must be adhered to, or a potential problem exists. There are certain procedures that must be followed by the housekeeping staff for sanitation purposes or a health hazard may exist for all persons in the hospital. The housekeeping staff has close contact with



all employees as well as the patient; therefore, a certain rapport must be maintained by employees of the housekeeping department. The staff in housekeeping should be respected just as much as the nursing staff, because both staffs are important to the institution.

The hospital, unlike many businesses which have single-service departments, should be considered a multiplicity of businesses. The hospital, depending on the size of the institution, could have from thirteen to one-hundred departments, and each department within the hospital is a business within itself. Each department has its own technical responsibilities as well as similar jobs being done in each department, and this represents a problem that the department head or supervisor has the responsibility of controlling.

The hospital has revenue-producing departments and non-revenue producing departments; together the departments must form a team that works together for survival of the institution and the well-being of the patients.

#### The Problem

The hospital has a number of functional departments.<sup>1</sup> Some are concerned with providing services directly to patients (e.g., nursing, X-ray, central supply, laboratory) and others act in a staff relationship and provide services

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<sup>1</sup>See Appendix A for organizational charts depicting relationships within the hospital.

to the service departments (e.g., housekeeping, warehouse, purchasing, personnel). The departments that provide services to patients produce revenue, while those that provide staff services do not. Because of this situation we assume that the hospital's administration tends to favor revenue-producing departments over non-revenue producing departments and that such preferential treatment affects morale among the personnel in both categories of departments. Further, we assume that preference given revenue-producing departments is also demonstrated by pay differentials and the type and availability of facilities for personnel in the two categories of departments.

#### Goals of the study

1. Determine whether hospital administrators are biased in favor of revenue-producing departments
2. Determine whether the morale of personnel in revenue-producing departments is different from the morale of personnel in non-revenue producing departments
3. Determine whether extrinsic factors such as pay and physical facilities differ from one category of department to another
4. Determine whether intrinsic factors such as self esteem and self growth differ in the different category of department.

Literature Review

## The Hospital as an Organization

In the most general sense, the hospital is a place where ailing people sleep and receive care. Because ailing people live there, the hospital will always have some attributes of the hotel or dormitory. Because ailing people receive some sort of care while they are living there, the hospital will have some attributes of the school or prison. Provision of hospital care thus implies a profound division of people into those who assume responsibility, those for whom responsibility is assumed, and those who keep house.<sup>1</sup>

Historically, hospitals have on one occasion or another resembled a skid row hostel, a religious retreat, a school, a prison, a hotel and a hospital. There are important differences among proprietary hospitals, rural community hospitals, religious-administered hospitals, public hospitals and university hospitals.

The primary aim of hospital work is the application of therapy rather than the production of goods. Many other significant elements vary. Some hospitals are run for profit, like a factory or hotel; others subsist on private or public donations alone.

The primary product of the hospital is medical,

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<sup>1</sup>E. Freidson, The Hospital in Modern Society, (Glencoe Free Press, 1963), p. Vii.



surgical, and nursing service to the patient, and its main central concern is the life and health of the patient. There are additional objectives, including its own maintenance and survival, organizational stability and growth, financial solvency, medical and nursing education and research, and various employee-related objectives.<sup>1</sup> All of these are secondary to the key objective of service to the patient, which constitutes the basic organizing principle that underlies all activities in the hospital.

Unlike many organizations, the hospital is able to make the role it performs in the community psychologically meaningful to its members. Many doctors and nurses look upon their profession as a sacred calling. Others find working in the hospital deeply satisfying of needs they can't easily express in words. They see the hospital as a non-profit institution dedicated to the works of mercy, and they sense their mission in life to give of themselves in order to help others.<sup>2</sup>

The hospital relies upon an extensive division of labor among its members, a complex organizational structure which encompasses many different departments, staffs, offices, and positions, and an elaborate system of coordination of tasks, functions, and social interaction.

The work in the hospital is greatly differentiated

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<sup>1</sup>J. S. Rakich, Hospital Organization and Management, (Catholic Hospital Association, 1972), p. 3.

<sup>2</sup>Ibid., p. 3.

and specialized, and of highly interactional character. It is carried out by a large number of cooperating people whose backgrounds, education, training, skills, and functions are as diverse as can be found in any of the most complex organizations.<sup>1</sup> Every person working in the hospital depends upon some other person or persons for the performance of his organizational role. Specialists and professionals can only function when the supportive personnel and auxiliary services are available for their needs. As medical knowledge increased, as skills were refined, as methods of diagnosis and treatment improved, hospitals changed from custodial-care institutions to centers of scientific treatment. Originally most hospitals were primarily humanitarian. Early development of hospitals occurred for aid to the poor and those patients with incurable diseases. The wealthy were treated in the home, and it was not until the late 19th century that hospital care became common. Scientific developments by such men as Louis Pasteur and Joseph Lister increased the value of hospitals as centers for patient care; and advancements in anesthesia and the improvement of deep-sleep-producing agents furthered the desirability of hospitals for surgical patients.<sup>2</sup> There were one hundred fifty hospitals in 1875. In the 1960 survey by The American Hospital Association

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<sup>1</sup>Ibid., p. 5.

<sup>2</sup>Richard W. Kirk, Your Future in Hospital Administration, (N.Y. Richard Rosen Press, 1963), p. 14.

there were 6,948 hospitals in the United States.

The hospital, like the field of medicine, is constantly changing; and the institution's capacity to keep abreast of current practices relies heavily upon cooperation between the medical staff and administration. There are certain demands that the community, the medical staff, and the employees place on the institution that must be dealt with. Sociologists argue that all social institutions must serve the needs of society if they are to survive or new organizations are formed to meet unmet needs of society. Established organizations either grow, adapt to changing needs, or become obsolete.<sup>1</sup> The hospital must remain a business with a heart and continue to serve the community's interest in the highest manner possible. By caring for the truly indigent patient, it gives evidence of fulfilling its responsibilities and may expect total community support.

As hospitals became complex organizations through greater patient usage and respect, there had to be a governing body with the responsibility of enforcing rules and regulations. The administration of the hospital has the responsibility of insuring that the institution's guidelines are adhered to. Hospital administration as a profession emerged during the 1930's with the formation

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<sup>1</sup>American Hospital Association, American Hospital Journal, Vol. 50, (May 16, 1976), p. 77.



of The American College of Hospital Administrators.<sup>1</sup> With the formation of the college it was necessary to establish standards for professional identification. The administrator is primarily an executive, but he is also a teacher-student of hospital administration, a diplomat-representative of the hospital, and a responsible member of his community. The administrator effects the policies directed by the hospital's governing body and downward to the hospital staff. The administrator might well be compared to a double fluted funnel: all facts pass up to the governing body. Hospital administrators must keep abreast of current developments in their field by studying the literature of their contemporaries. The administrator both contributes and learns from a highly dynamic field.<sup>2</sup>

The hospital as an organization does not have one center of decision-making, whereas bureaucracies do by definition. Bureaucracy is a synonym for the term "organization." "Bureaucracy" often carries a negative connotation for the layman, while "organization" is a neutral term.<sup>3</sup> Our society is an organizational society. We are born in organizations, and most of us spend much of our lives working for organizations. Most of us will die

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<sup>1</sup>Ibid., p. 8.

<sup>2</sup>Ibid., p. 42.

<sup>3</sup>Amitai Etzioni, Modern Organizations, (Columbia University, 1964), p. 3.

in an organization, and when the time comes for burial, the largest organization--the state--must grant official permission.<sup>1</sup> Organizations are not a modern invention. The pharaohs used organizations to build the pyramids. The emperors of China used organizations a thousand years ago to construct great irrigation systems. And the first popes created a universal church to serve a world religion. Modern society has so many organizations that a whole set of second-order organizations are needed to organize and supervise organizations (e.g., Securities and Exchange Commissions and The National Labor Relations Board).

Virtually every hospital is a hierarchical, bureaucratic organization. The XYZ Hospital is no exception. The senior person in authority is the executive administrator.<sup>2</sup> He is responsible for all major decisions and receives input from established bureaucratic procedures. There are several levels of administration in the XYZ Hospital, and each has the operational responsibility of certain departments. Each assistant administrator has to report to the executive administrator, who makes the final decision. The administrator has to authorize any additional personnel for each department. The department head or supervisor has the authority to fill vacancies when vacancies exist, but can only hire up to the maximum

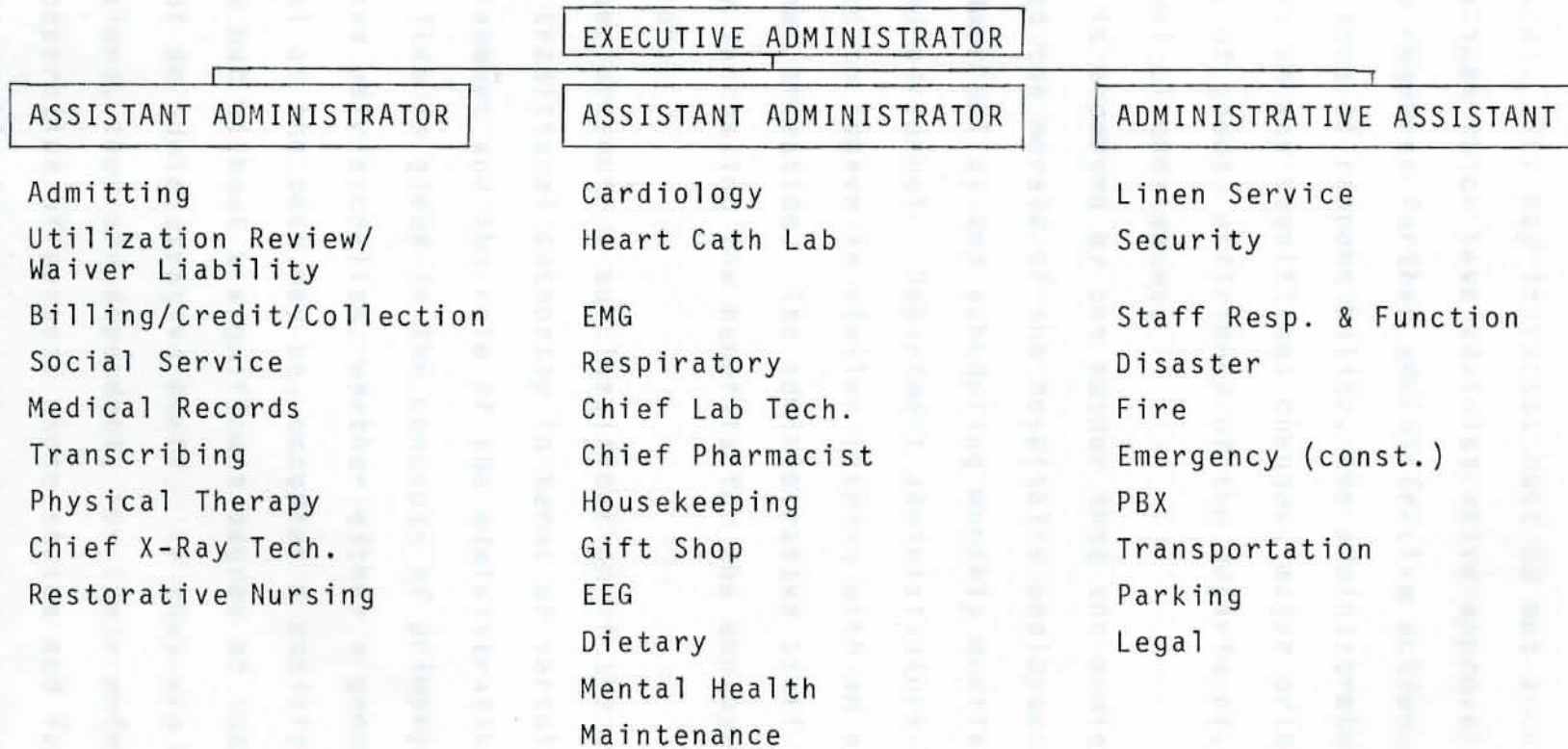
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<sup>1</sup>Ibid., p. 42.

<sup>2</sup>See Figure II-1.



FIGURE II-1  
ADMINISTRATIVE TITLES WITHIN THE HOSPITAL



personnel allocated according to the department's budget of personnel. The pay increases must be met according to the guidelines which have administrative approval, and any exception requires further administrative action. In the author's area of responsibility, the administrator is kept up-to-date on any significant changes, major price increases of goods, efficiency of the department, and any unusual circumstances.

It is observed by the author that the administrator has helped the morale of the hospital's employees by having an open door policy and scheduling monthly meetings for all interested personnel. Department administrators are encouraged to behave in similar fashion with an emphasis on personal attention. The administrative staff is continuously increasing the benefits for the employees of the institution.

Weber presents a subclassification of the different kinds of traditional authority in terms of variation in the development and the role of the administrative staff. His base line is given in the concepts of primary gerontocracy and patriarchalism, whether either a group or an individual as the case may be, occupies a position of authority but without a significant degree of independent control of an administrative staff. If they are called on for decisions, they are dependent, for their enforcement, on the cooperation of persons whose status and functions are traditionally fixed, and they do not to a significant

degree fall within the scope of the arbitrary grace of the incumbent authority. One might say that the holder of authority is more a "sage" or wise man than an executive. This case tends to be the one which is most stringently bound to the fulfillment of concrete traditional prescriptions and gives little scope for the large scale development of power systems.<sup>1</sup> The administrator relies on his administrative and department heads as his important channels of communication. The department heads must rely on the supervisors that report to him for communication, and the supervisors must rely on the workers for completion and production of work. Most of the trained members are often not found in the highest but in the middle rank, and not in the regular line or command positions, but around them.

At the XYZ Hospital this is evidenced and will probably apply to all hospitals. The administrator is not interested in how the job is done, nor is he interested in who does the job. The administrator is interested in results and must rely on his department heads for carrying out their delegated responsibilities.

The department heads attend meetings with the administrative staff, and all policies and procedures are affected. Each individual department prepares its own organizational charts, job descriptions, and department

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<sup>1</sup>Max Weber, The Theory of Social and Economic Organizations, (Oxford Press, 1947, N.Y.), p. 62.



policies and procedures and other pertinent matters that do not conflict with hospital policies.

The majority of trained personnel work for other persons with similar skills and education. In bureaucratic organizations there can only be one person with total authority in a department. The employees are persons who have demonstrated competence and whose role it is to carry out orders. Many experts and potential leaders work in jobs that are not supervisory, and they have little decision-making authority.

#### Organization Structure

Modern society depends largely on organization as the most rational and efficient form of social grouping known. By combining its personnel with its resources, weaving together leaders, experts, workers, machines and raw material, it creates a powerful social tool by coordinating a large number of human actions. Changes in the nature of society have made the social environment more congenial to organizations, and the art of planning, coordinating, and controlling has developed with the study of administration.<sup>1</sup> The problems of organizations are thus how to construct human groupings that are as rational as possible and at the same time produce a minimum of side effects and a maximum of satisfaction.

It is imperative that the supervisor and department

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<sup>1</sup>Amitai Etzioni, Modern Organizations, (Englewood, N.J., 1964), p. 2.

head have some management ability and also have the ability to accept responsibility. If the department does not have a "good" leader<sup>1</sup> it is probable that many problems will exist in the department.

The department must have trained personnel to do the job. It is the responsibility of the supervisor or department head to train personnel or to delegate the duty to one member within the department with the experience and ability to train personnel.

The department head and supervisor must screen all new personnel for their adaptability with persons working in the department to minimize some of the side effects.

Each person must be given an area of responsibility according to their ability and allowed to make mistakes without being ridiculed. It is essential that a certain rapport exist within the department between all personnel for maximum job satisfaction and self development.

I find it effective to inform all personnel that "they do not work for me but that we work together and we all work for the hospital."

The hospital has to develop an organization chart that is tailored to fit its needs. In every hospital the administrator is the chief executive and has top authority excluding the governing body. Each department reports to administration and each department has its own organiza-

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<sup>1</sup>By "good" I mean a good manager who is able to delegate duties and build up intra-departmental relationships.

tional charts. For the organization to be effective, it requires a special kind of legitimation, rationality, and narrowness of scope. But the ability to accept orders and rules as legitimate, particularly when they are repugnant to one's desires--frequently the case in bureaucracies--requires a level of self-denial that is difficult to maintain.<sup>1</sup> Organizations which Weber referred to as bureaucracies set norms and needed to enforce them; they have rules and regulations and issue orders, which must be obeyed if the organization is to function effectively. To a degree, an organization can rely on its power to make the participants obey. That is, it can use some of its resources to reward those who follow its rulings and penalize those who do not. Such discipline does not require that the recipient of the order agree with it, and certainly not the acceptance of it as morally justified.<sup>2</sup> It is best if the order is accepted as legitimate because the subordinate will more effectively comply and find the discipline of some orders less alienating. The ultimate justification of an administrative act is that it is in line with the organization's rules and regulations and that it has been approved--directly or by implication--by a superior rank.

The two categories of departments are organization-

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<sup>1</sup> Amitai Etzioni, Modern Organizations, (Englewood, N.J., 1964), p. 52.

<sup>2</sup> Ibid., p. 51.



ally indistinguishable, as the charts in Figures II-2 and II-3 indicate. The charts are tailored to the needs of XYZ Hospital and would not necessarily be applicable in any other institution. The administrator is the one person who all department heads or supervisors report to, either directly or indirectly. There are some department heads that have the responsibility of several different departments. The organizational charts are necessary for the coordination of the activities of all employees of the institution.

There would be complete chaos if there were not lines of command and authority in the institution. The first-line supervisor reports to the second-line supervisor, and this chain continues to the administrator. This process is then reversed from the administrator to the worker.

Hospitals have unique problems when it comes to personnel practices. Not the least is the relationship between professional and non-professional personnel. The two groups work closely together and often conflicts arise between the two groups. Many times professionals have conflicts among themselves because of disagreements, or one professional group feeling superior to the other. The professional groups compete and are often reminded of their boundaries in the medical organization. Purchasing must stick to buying, and nursing must remain within the realm of nursing. Both groups have their expertise and should be

Figure II - 2

PULMONARY CARE ORGANIZATIONAL CHART

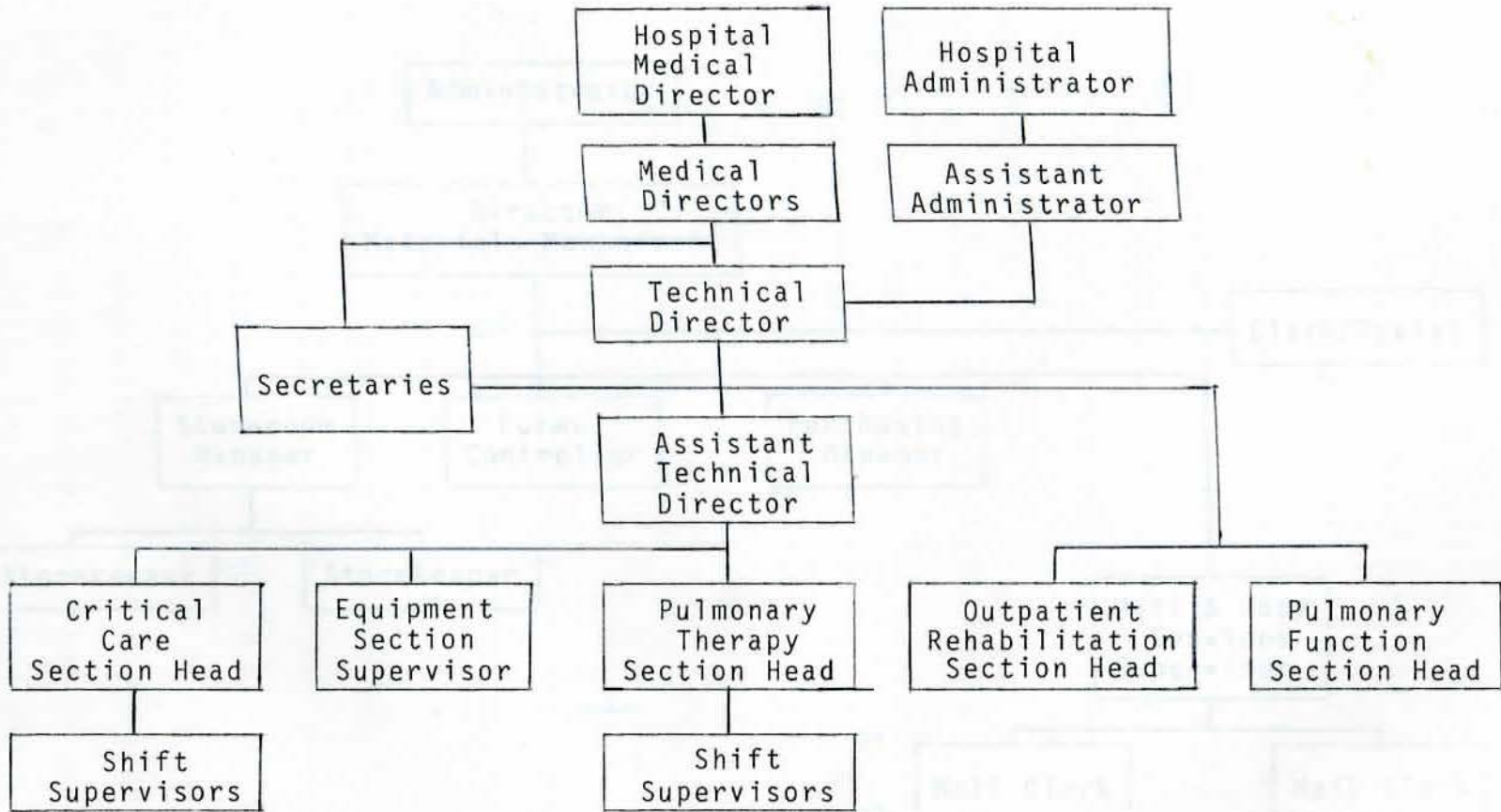
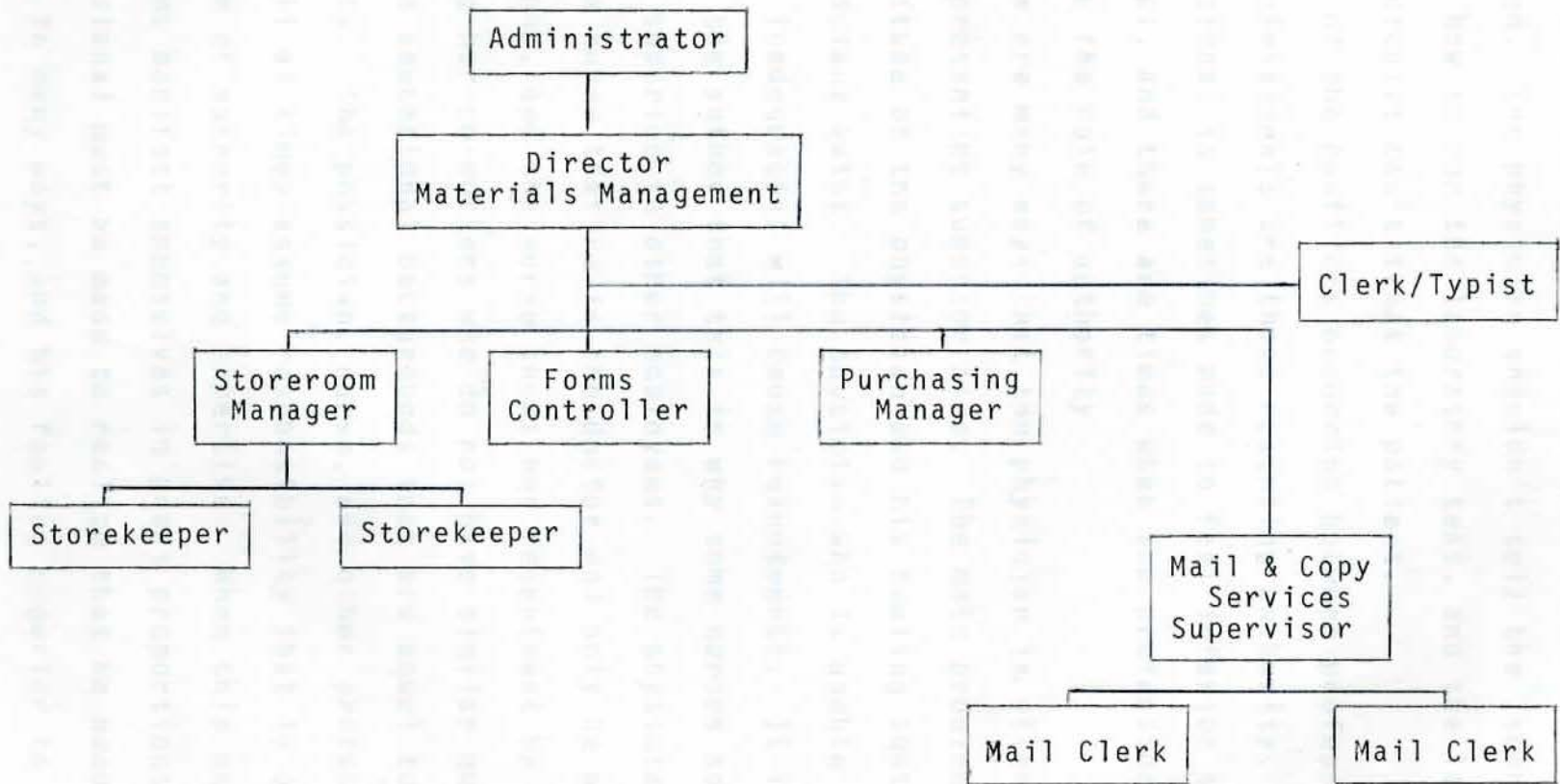




Figure II - 3

MATERIAL SERVICES ORGANIZATIONAL CHART



allowed to use their ability in the area in which they were trained. The physician shouldn't tell the laboratory technician how to run the laboratory test, and the laboratory technologist can't treat the patient.

Some of the conflicts occurring between professionals and non-professionals are those resenting authority. The non-professional is sometimes made to feel inferior to the professional, and there are times when the professional will assume the role of authority.

There are many ways that the physician is often guilty of presenting superior airs. The main problem is in the attitude of the physician and his feeling that only other physicians exist. The physician who is unable to accept his inadequacies will cause resentments. It is the opinion of the author that this is why some nurses sometimes feel superior to other employees. The physician reminds the nurse that he is the doctor and only he makes the decisions, and the nurse shows her resentment by ostracizing her co-workers who do not have similar qualifications and educational backgrounds that are equal to her achievements. The physician, nurse, and other professionals will at times assume responsibility that is outside their realm of authority and expertise. When this occurs the problems manifest themselves in great proportions. The professional must be made to realize that he needs assistance in many ways, and his feeling superior to others will only lead to other conflicts. It is thought by some

that the higher the rank of an official the better equipped he tends to be either in terms of formal education (e.g., academic degrees) or in terms of merit and experience. There is evidence that the persons who have only a high school education will be more frequently found in lower ranks, and college-educated persons in the higher ones. This is the policy followed in professional organizations, and the larger hospital would be considered a professional organization.

The objective of personnel management, personnel administration, or industrial relations in an organization is to attain maximum individual development, desirable working relationships between employers and employees, employees and employees, and effective molding of human resources as contrasted with physical resources.<sup>1</sup> Personnel management has the responsibility of maintaining the peace among all areas of the institution when possible. Administration becomes involved in areas that personnel is unable to handle. Misunderstandings are frequently caused by the distance between top management and the workers. Communications break down either through deliberate intent or because of the length of the chain. In large organizations, face-to-face interpersonal relations with most of the members seldom occur, if ever. All policies and

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<sup>1</sup>Walter D. Scott, Robert C. Clothier, William Spriegel, Personnel Management, (McGraw-Hill, 5th Edition, 1954), p. 23.



procedures are handed down by the governing body to the administrator, the administrator to the department head, the department head to the supervisor, and the supervisor to the worker. This constitutes many areas for misinterpretations, misunderstandings, or neglecting to inform all personnel. The real personnel policies as far as the individual worker is concerned are those relationships which are manifested by the daily contacts with the immediate supervisor.<sup>1</sup>

The immediate supervisor or first line supervisor is a very important link in the chain. The first line supervisor must remember the emotional side of his employees, and this is an area that must not be ignored. Some of the most bitter struggles seem to have more of an emotional than an economic basis. The first line supervisor sometimes will find himself having to handle undesirable problems mainly to overcome the non-acceptance of rules that the employee does not agree with. Just as citizens of the United States automatically have certain inherent rights and a voice in determining and exercising those rights, so are workers, as citizens of the industry in which they are employed, entitled to a right to have a voice in determining the rules and regulations under which they work.<sup>2</sup> Unfortunately, this seldom occurs in industry,

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<sup>1</sup>Ibid., p. 45.

<sup>2</sup>Ibid., p. 1.

because the rules and regulations are handed down to the worker by everyone above him in the organizational chain.

The personnel division is responsible on a staff basis for concentrating on those aspects of operations which are primarily concerned with the relationship of management to employees and the development of the individual and the group. Each new employee brings to his job certain acquired skills and the potential capacity for growth. His value to his employer lies not only in what he is but also in what he may become. The opportunity for advancement must be definite, real, concrete, and not merely a vague hope. A clear-cut promotional policy is recognized as an essential part of any effective personnel system. Many positions within a company can be filled with persons already in the organization. This is by far the best source of supply, usually from a less important position. The policy of promoting from within is a policy usually preached by management and somewhat less frequently practiced.<sup>1</sup> William Given says, "Help a man to get a better position even if it means losing him to another department or division."<sup>2</sup> The morale of the labor force, supervisors, and medical staff is rapidly sinking, according to The Journal of the American Hospital Association. The hospital's personnel practices must meet the

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<sup>1</sup>Ibid., p. 53.

<sup>2</sup>William B. Given, Jr., How to Manage People, (Prentice Hall, 1970), p. 83.

needs of the hospital staff through proper training of all personnel, wage and salary studies, maintenance of health insurance, job security, and published policies and procedures that can be utilized as guidelines. The basis of motivation to work stems from the quality of relationships between people rather than the inherent nature of the work itself. An orientation program for all new employees is necessary regardless of their education and experience. The first impression given a new employee can be one of the most beneficial in helping to maintain the new hospital employee as a staff member.

#### Finance of the Hospital

By the choice of his elected representative, every taxpayer is now a donor to such "public philanthropies" as Medicaid and numerous other programs of social benefit. At one time, most health-related aspects of these programs were dependent solely on private giving. However, a combination of social and economic forces has shifted the balance between these two sources of support for the health care industry needy. While in 1930 the amounts expended on health by private philanthropy and the federal government were similar, the ratio between federal spending and private giving was approximately seven-to-one in 1973.<sup>1</sup> Most hospitals in the United States probably derive twenty-

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<sup>1</sup>Journal of the American Hospital Association, Hospitals, Volume 49, No. 11 (June, 1975), p. 47.



five to fifty percent of their revenue from these sources.

There are various types of hospitals, and they are financed in many different ways; in this section we are dealing with the financing of the private hospital. The private hospital must be self supporting and must make a profit if the institution is to survive.

Patient services provide the majority of revenue for the hospital. Private donations, parking fees, and meals served to employees and visitors constitute a minute portion of the fees necessary for maintaining the hospital. Nursing services provide the major portion of revenue, and the other revenue-producing departments share the balance of profit making.

Another area receiving the attention of many hospitals is the sharing of services. What is more, this sharing is no longer limited to support services, such as laundry.<sup>1</sup> At the onset it should be noted that hospitals' commitment to careful scrutiny of all their expenses is not one recently undertaken. Hospitals have long endeavored to budget their financial resources carefully, to ensure that high-quality care is provided at reasonable cost. Hospitals are criticized because of the high cost of medical care, but in dealing with the criticism of hospitals the specific data has been overlooked in measures that hospitals have taken to cope with public demands for

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<sup>1</sup>Ibid., Volume 50, No. 10, (May 16, 1976), p. 65.

changes and improvements in the United States health delivery system.

The administrator, after receiving a thorough briefing from his business department, is in a position to recommend to the governing authority the fee schedule for services rendered. This requires constant review. With the cost of goods and services soaring, the accounting department must remain aware of the changes and update the costs of services when needed. The administrator participates in the development of contracts and the basis for reimbursement under the contract with hospital insurance carriers and social and welfare departments.

The high cost of hospital service and construction and the growing use of hospitals require them to involve the community more and more in matters of financial support, activities and management.<sup>1</sup> Fund raising and endowments are two more ways of financing hospitals, which help to relieve some of the burden on the hospital to obtain loans from lending institutions. No other organization suffers more from problems than the hospital. A majority of hospitals throughout the United States have been operating under critical financing difficulties. Hospital operations have increased six times between 1935 and 1960, while many of the sources of hospital support

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<sup>1</sup>Irving Belknap and John G. Steinle, The Community and Its Hospitals, (Syracuse University, 1963), P. 16.



such as private philanthropy, have been declining.<sup>1</sup>

The XYZ Hospital is a successful operation that has grown from a very small hospital to a major medical facility.

The hospital's source of revenue is derived from a variety of sources which include federal medicare, state-federal medical, Blue Cross plans and private sources. The hospital has some endowments and derives some revenue from meals served to employees and visitors and from parking fees.

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<sup>1</sup>Ibid., p. 16.

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<sup>1</sup>See Appendix B for a list of the agencies.

## CHAPTER III

### STUDY METHODOLOGY

#### Introduction

The method utilized in the study is a comparison of compiled data received from department heads and supervisors in a proprietary hospital. A comparison is made in the similarities and differences in departments between revenue-producing departments and non-revenue producing departments. The comparisons are used to determine whether the hospital's administration is biased in favor of one category of department over the other. The survey is designed to determine significant differences between the two categories of department. The survey examined differences in these factors: morale, pay, physical facilities and promotions.

Direct survey methods were used with the hospital itself serving as the study universe. A total of twelve respondents were selected for interview: six of each supervisors or department heads from each category department. The departments selected for study represent the spectrum of departments in the institution.<sup>1</sup> I have based my opinion on my experience in the health care field,

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<sup>1</sup>See Appendix B for a list of the departments.

which covers approximately fifteen years. The departments chosen have diversified staff range, and each department has some similarities in its job responsibilities.

### Interview Schedule

#### Description of the Instrument

Gathering the data required was done in several stages. I had to get authorization from administration to use the questionnaire in the institution.

The questionnaire was not approved for distribution in its original form by the administrator. There were several changes made on the questionnaire by the director of personnel at the request of the administrator. The director of personnel made the necessary changes and approved the questionnaire for distribution, after which the administrator approved the questionnaire. The administrator was interested in who would receive the questionnaire, and when he was satisfied he aided me by informing all department heads and supervisors of my goal and requesting their full cooperation in assisting me. There were no other restrictions placed on me by the administrative staff. The administrator and his staff have been available and helpful in every way possible throughout the project.

I sent a letter of introduction to the supervisors and department heads who were involved in the study. I made personal telephone calls to each person that was



interviewed to set up an appointment. Each person interviewed was interviewed from 15 to 30 minutes, during which time the questionnaire was answered. The questionnaire was evaluated and stratified according to the category of department. The results of the two categories of departments were then compared. There were several other comparisons done with the data that was gathered.

The questionnaire and the interview were based on the information needed to fulfill the goals of the study. The questions were of an impersonal nature, and the answers given in the study will remain anonymous, except for the category grouping. The respondents were verbally assured of the confidentiality of the data. The questions were not designed to arouse emotions, cause embarrassment, or to arouse suspicion. There was an attempt to make the questions as neutral as possible and to avoid any obviously leading questions. All interviews were conducted by the writer.

#### Rationale for the Data Gathering Procedure

The procedure followed is a comparative analysis method similar to the one used by Irving Belknap and John J. Steinle, The Community and Its Hospitals, "A Comparative Analysis." In this book hospitals with similar bed capacity, similar population in the cities, and similar economic conditions were compared to find out why there was a difference in the care provided for the patients,

difference in the morale of the staffs, and the difference in the amount of space allocated per bed. There were interviews that were of varying lengths with many of the staff employees of the two hospitals, and the research continued for several years.<sup>1</sup>

I feel that a comparison of revenue-producing and non-revenue producing departments in an institution will demonstrate to administration the inequities between the two categories of departments. If there are differences, most of the department heads and supervisors are powerless and unable to challenge the differences. I feel that the study has given the persons interviewed the opportunity to voice their opinions without any repercussions from administration. All information received from the interviews and questionnaires was gathered according to department category, and the results were not disclosed.

The method used for gathering the data is the Likert-Type Scale. The Likert-Type Scale makes fewer statistical assumptions than most scales and according to Nisbet and Entwistle is probably the most widely used method of attitude measurement. Essentially, the Likert-Type Scale consists of a list of statements, and the person answering is asked to make a judgment on every question or statement. The judgments can be simply 'agree or disagree.' Alternatively, the degree of agreement may be

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<sup>1</sup>Irving Belknap and John G. Steinle, The Community and Its Hospitals, (Syracuse University, 1963), p. 16.

indicated on a scale having up to ten values. Nisbet and Entwistle state that it is difficult for most people to make such fine distinctions, and scales with between three and six categories of response are normally preferable. Using even number responses makes it impossible to take refuge repeatedly in a completely neutral category. Sometimes, "don't know" or "undecided" may be a necessary alternative to some questions, and a scale of odd numbered responses may be preferred.<sup>1</sup> I chose odd numbers in the categories which hopefully permitted the interviewee to avoid feeling threatened or uncomfortable.

On the Likert-Type Scale, the over-all attitude is measured by a score which is the sum of the weights given to each of the responses. The assignment of those weights is based on a previous standardization of the scale using a representative sample. Alternatively, it may be sufficient to impose an arbitrary weighting system. I have chosen to impose my own weighting system, which is a five-point scale.

#### Data Gathering Approach

The supervisor or department head of the following departments was interviewed:

1. Nursing Services
2. Central Supply

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<sup>1</sup>J. D. Nisbet and N. J. Entwistle, Educational Research Methods, (American Elsevier Publishing Company, Inc. N.Y., 1970), p. 128-130.



3. Surgery
4. Pulmonary Services
5. Clinical Laboratory
6. X-Ray Department
7. Housekeeping Department
8. Dietary Department
9. Personnel Department
10. Warehouse
11. Purchasing Department
12. Insurance Department

Each person interviewed was contacted via a telephone call and an appointment for the interview was made. The interview was done in the department being interviewed and at the convenience of the person being interviewed. The interviews were casual in nature, and the questionnaire was answered during the interview. I was present during the answering of the questionnaire to handle any problems that occurred about the questions and statements.

As previously stated, I feel that the departments interviewed are some of the major departments of the institution; however, another interviewer might choose a completely different set of departments for a similar study. The supervisors and department heads are the logical choice for the interview, because employees of the departments would probably be biased in many areas of the questionnaire. It is hoped that a more realistic opinion will be the result of the direct interview method.

### The Subject Universe

The subject universe had a wide range of educational backgrounds and experience. There were six males and six females interviewed. The demographic mix was unplanned and coincidental. Of the six females interviewed, four were responsible for revenue-producing departments. There were four males interviewed that were responsible for non-revenue producing departments. The age of the interviewees ranged between 21 years and 60 years. The years of experience ranged from one year of service to over fifteen years of service.

Figure III-1

#### Interview Universe

	<u>Revenue Producing Dept.</u>	<u>Non-Revenue Producing Dept.</u>
Male	2	4
Female	4	2

The rationale for selecting a universe of six of each category was done because I felt that it was not practical to try and sample every department in the institution. It is hoped that the results obtained would be true for the other departments in each category. The results should within certain limits be the results which would have been obtained from the whole population. According to the authors of Educational Research Methods, "these 'certain limits' are determined by tests of

statistical significance."<sup>1</sup> The twelve departments represent approximately 14% of the total population of the institution's departments; however, the personnel in the departments interviewed probably constitute 35%-50% of the total personnel population of the institution.

#### Procedure

The way that I obtained appointments for the interviews was by making a telephone call to the person being interviewed.

"Hello, Mrs. Jones, this is Bob Johnson, storeroom manager, calling to find out if it is possible for me to borrow approximately thirty minutes of your time to get some data for a research project that I'm engaged in doing ..."

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<sup>1</sup>Ibid., p. 24.



## CHAPTER IV

### RESEARCH FINDINGS

#### Description of Data Analysis Methods

The methods used to analyze the findings were carried out in a number of stages. The first stage was to add the values to each of the questions on the interview schedule. The interview schedules were then examined according to department type: revenue-producing or non-revenue producing. The results of the findings were divided by the number of interviews to determine the mean score in each category. A comparison was made in the two categories of departments to see if there is any significant difference. There is a comparison in lengths of service, a comparison between female and male department heads and supervisors, a comparison between age groups, and a comparison of the two categories of departments on each question on the interview schedule.

#### Findings of the Research

##### General Findings

The mean scores on the interview schedule for both categories of departments is depicted in Figure IV-1.

Figure IV-1

## Mean Scores Both Categories

	<u>Non-Revenue</u>	<u>Revenue</u>
1. Staffed satisfactorily	4.0	3.5
2. Request for personnel	3.7	3.8
3. Department's value	5.0	4.8
4. Department's morale	4.7	4.3
5. Pay scale	4.3	4.3
6. Department's physical facilities	2.5	2.7
7. Employees' job responsibilities	4.3	3.7
8. Employees' departmental responsibilities	4.0	3.3
9. Employees' attitude poor	2.8	3.3
10. Morale in work situations		
a. your department	4.5	3.8
b. other departments	3.1	3.5
c. professionals	3.7	3.2

On the questions the highest possible score is a 5.0 and the lowest score possible is 1.0. All results in the study are based on the same values.

Figure IV-1 indicates responses to each of the ten questions. Question No. 1 indicates that the non-revenue producing departments are more satisfied overall than the revenue-producing departments in having the necessary staff to satisfactorily carry out their mission. Question No. 2 shows a slight difference, with the revenue-producing departments being satisfied with the request for additional personnel being approved. Question No. 3 indicates

a perfect score for the non-revenue producing departments and a near-perfect score for the revenue-producing departments in the feeling of the department's value to the institution. Question No. 4 points out that the non-revenue producing departments' employees morale is higher than the morale of employees in revenue-producing departments. Question No. 5 is the only area on the interview schedule where the results are equal, and this indicates that both categories of departments agree equally that the pay scale of the employees is on a fair scale. Question No. 6 indicates a close feeling, but the revenue-producing departments are not quite as disagreeable as are the non-revenue producing departments in their dissatisfaction with the department's physical facilities meeting the required expectations. Question No. 7 shows a difference in the feeling of the two categories of departments in that the non-revenue producing departments show that the employees are more satisfied with their job responsibilities. Question No. 8 shows a significant difference between the two categories of departments and that non-revenue producing department employees are more satisfied with the responsibilities delegated to them within the department. Question No. 9 shows that the revenue-producing departments feel that the employees could have better attitudes, whereas non-revenue producing department respondents do not feel that the employees need a change in their attitudes. Question No. 10 shows a

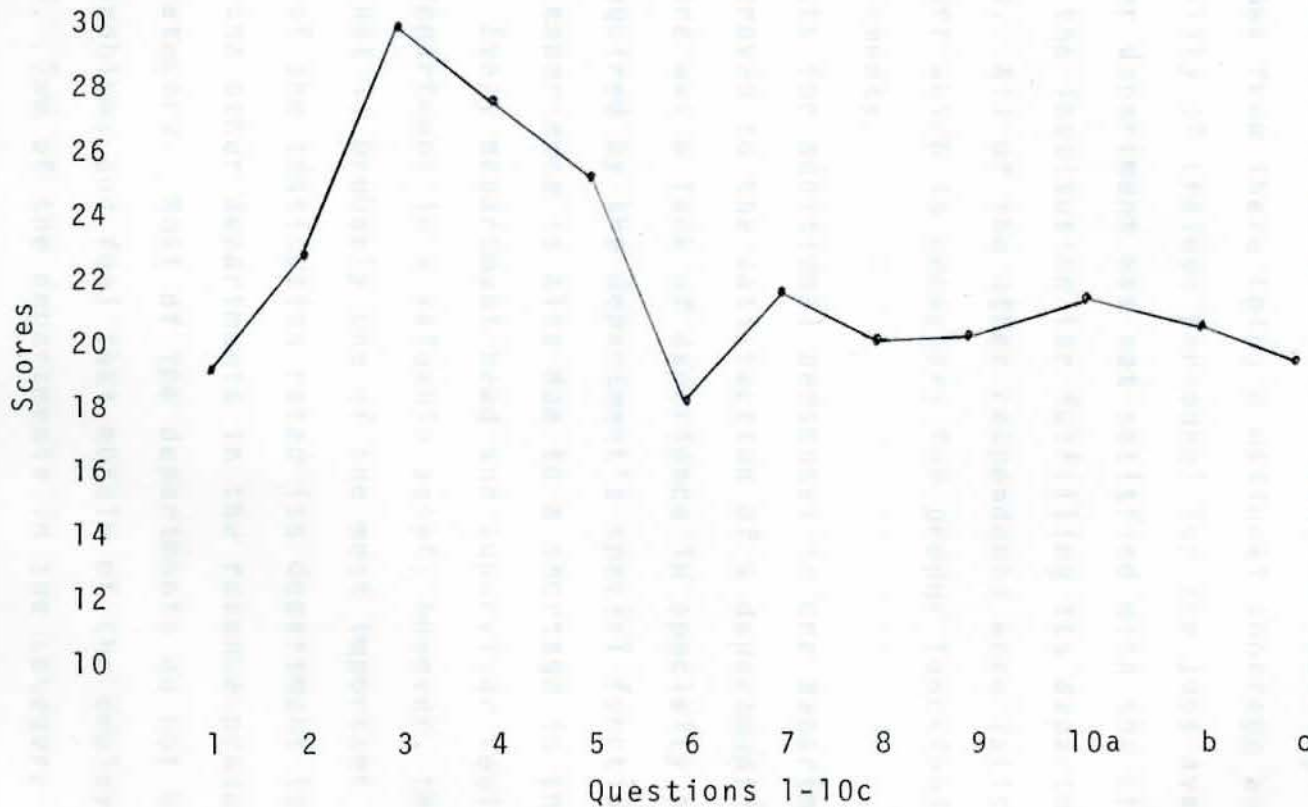


significant difference in the area of departmental morale. The non-revenue producing department respondents show the morale of the employees higher than in revenue-producing departments. In the second part of the question, the revenue-producing departments show the morale in other departments being near the morale in their departments, and the non-revenue producing department respondents show the morale in other departments being significantly lower than the morale in their department. The non-revenue producing department respondents show the morale of professionals being somewhat higher than did the revenue-producing department respondents.



Figure IV-2

Total revenue department scores for each of the twelve items on the interview schedule.



Total score is calculated as follows: Each item has a Likert Scale score of 1.0 - 5.0. The score of each respondent is added for the sum total.

## Specific Findings

### Revenue-producing departments

An important finding of the research on staffing was the revelation by one department that there is a shortage of trained personnel necessary for adequate staffing. The shortage comes from there being a national shortage and the availability of trained personnel for the jobs available. Another department was not satisfied with the staff provided by the institution for fulfilling its department requirements. All of the other respondents were satisfied with the staff which is necessary for proper functioning of the departments.

Requests for additional personnel in one department were not approved to the satisfaction of a department head who felt there was a lack of experience in specialty areas which are required by the department's special function. The lack of experience is also due to a shortage in the job market. Every department head and supervisor feels that their department is a valuable asset; however, the department that is probably one of the most important departments of the institution rated its department lower than all of the other departments in the revenue-producing department category. Most of the departments do not have any morale problems and feel that morale of the employees is very good. Two of the departments in the category showed some potential morale concern in that one department respondent said the morale is generally satisfactory and



and another respondent stated that sometimes an improvement in the morale of the department is necessary.

Every department respondent agreed that the pay scale of the employees is fair. One respondent stated that an improvement has previously occurred, and this has made his feelings change about the pay scale. The revenue-producing departments were also concerned with physical facilities. Over one-half of the department respondents stated that there is a requirement for better facilities. One respondent stated that not enough space is available for the department's needs; another stated that there is a definite need for improvement in the department; still another department respondent stated that his department physically needs a face lifting. The final department respondent strongly felt that his department is absolutely inadequate for the department to properly function. The other departments in this category are satisfied with their physical facilities. Most department respondents felt that their employees are satisfied with the job responsibilities. There are two areas in which there is some dissatisfaction: in one area the department supervisor stated that some employees are satisfied and some of the employees show some disenchantment in job responsibility. The supervisor in the other department stated that there is some disenchantment in the job responsibilities.

There were also interesting findings with respect to responsibilities delegated to employees within departments.

Most of the departments indicate that employees are not satisfied with responsibilities delegated to them. Some respondents observed that there is satisfaction and dissatisfaction. It was noted that sometimes professionals (physicians) interfere with delegated responsibilities, that there is too much responsibility delegated to employees within the department (voiced by one department), and another department respondent disagreed that employees were satisfied. All of the other departments in the category felt that the employees are satisfied with the responsibilities delegated within the department.

Most of the attitudes of the employees are very good, and one department head stated that his department's employees have the best attitude under the present situation. There were two areas that feel that the employees could have better attitudes; one stated that there are times when there are problems, and the other department respondent stated that sometimes problems occur with the attitudes of the employees. When ranking the morale of people in work situations, only one department showed a possible morale problem; all other departments ranked the morale of their departments pretty high, as the table indicates. When the morale of other departments was ranked, fifty percent of the revenue-producing departments felt that the morale in other departments is not very high, the other fifty percent ranked the morale of other departments as being equal to the morale of their departments.

Fifty percent of the departments feel that the morale of professionals is pretty high; the dissenting fifty percent ranked the morale of professionals from low to very low. One respondent who ranked the morale of professionals very low indicated that they did because physicians have a "poor attitude."<sup>1</sup>

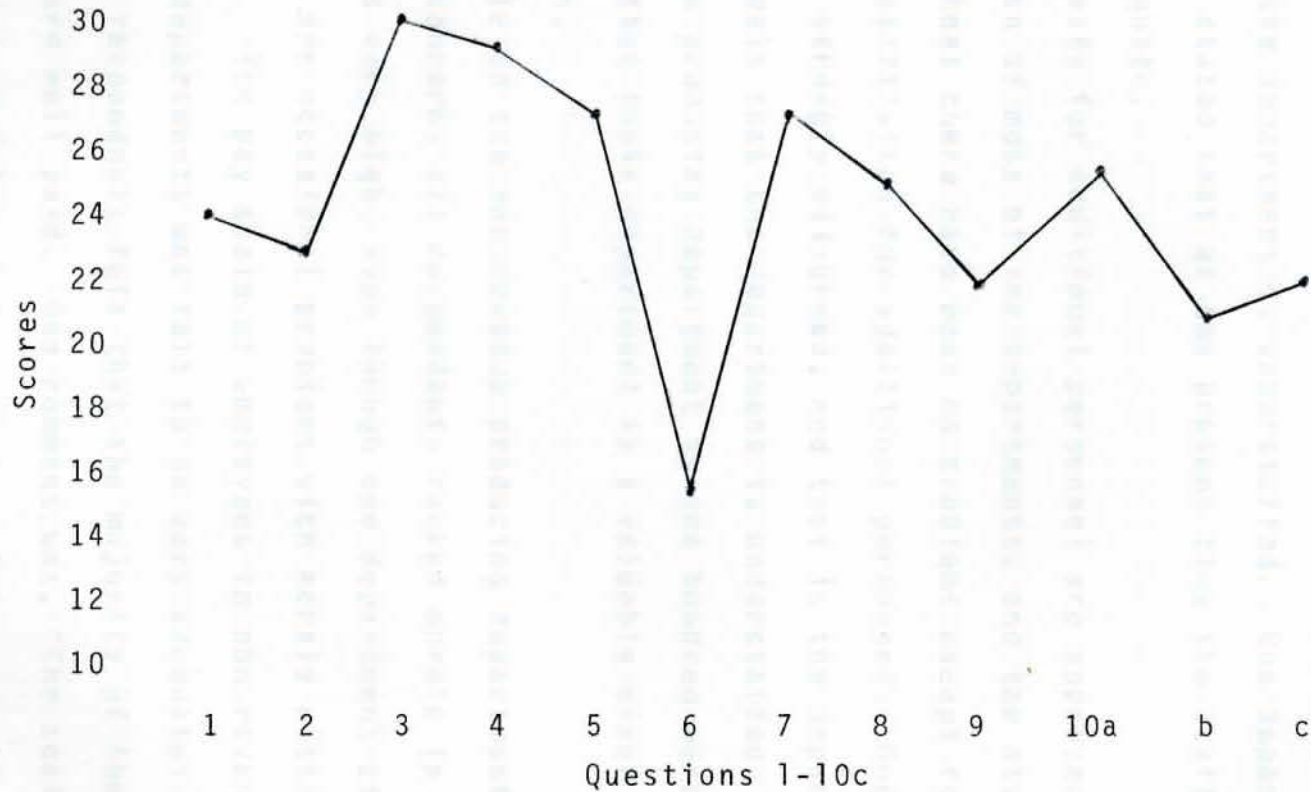
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<sup>1</sup>This is not surprising inasmuch as the literature states that the morale of physicians is very low.



Figure IV-3

Total non-revenue department scores for each of the twelve items on the interview schedule.



Total score is calculated as follows: Each item has a Likert Scale score of 1.0 - 5.0. The score of each respondent is added for the sum total.

Non-revenue producing departments

The non-revenue producing department respondents were nearly unanimous in agreeing that the departments have the necessary staff to satisfactorily carry out their mission. One department respondent strongly disagreed and felt that the department is understaffed. One department respondent stated that at the present time the staff is pretty adequate.

Requests for additional personnel are approved to the satisfaction of most of the departments, and the statements made were that there have been no problems except for showing justification for additional personnel. One department strongly disagreed, and that is the department who also feels that the department is understaffed. Every non-revenue producing department is one hundred percent in agreement that their department is a valuable asset to the institution.

Morale in the non-revenue producing departments is of little concern; all respondents ranked morale in the departments very high, even though one department stated that there are occasional problems with morale within the department. The pay scale of employees in non-revenue producing departments was felt to be very adequate; the department respondents felt that the majority of the employees are well paid. One comment was, "The scale has been upgraded, and I feel that it is a fair comparison to other institutions in the vicinity."

The facilities for the non-revenue producing departments had very poor "low" scores. Only one department interviewed felt that the physical facilities are adequate, all others disagreed. One comment was that there are some areas that could use some improvements; another was that the facilities are very poor; still another stated that our facilities are inadequate and were not properly planned for; other departments simply say that the physical facilities do not meet their expectations.

The employees in the non-revenue producing departments are quite satisfied with their job responsibilities. Every department respondent was in agreement that the employees are well satisfied.

Non-revenue producing departments were generally satisfied with the responsibilities delegated to them; however, one department respondent felt that while there are complaints, most people are satisfied.

Most of the departments felt that the employees in the departments have good attitudes. One commented that there are "no negative vibes." Some departments apparently experience negative attitudes among their personnel. One respondent felt that attitudes towards teamwork should be improved. Another felt that attitudes could be better.

The non-revenue producing departments all ranked the morale of people in work situations very high in their own departments. The morale in other departments was divided, with two-thirds of the non-revenue producing departments



feeling that the morale is not very high in other departments. One department felt the morale in other departments is very low. One-third of the non-revenue producing departments felt that the morale is pretty high in other departments. The professionals received a favorable morale score from two thirds of the non-revenue producing departments, and one-third felt that the morale of professionals is not too great.

#### Relationships of Independent To Dependent Variables

##### Grouping by Age

The independent variable of age may have influenced responses to items on the questionnaire. The mean scores of respondents in each category are depicted in Figure IV-4.

Item	18-24	25-34	35-44	45-54
a. your department	4.0	4.4	4.0	4.0
b. other departments	3.0	3.0	3.3	3.0
c. professionals	3.3	3.6	3.7	4.0

Age groups were analyzed to find out if there is any significant difference in the mean scores of respondents in each age group, regardless of the category of department.

As depicted in the chart, there is a difference in the mean scores of respondents in each age group for questions No. 1, 2, 3, 4, and 5. The difference is in the 18-24 age group, where the

Figure IV-4

Types of questions	Age by ten-year increments			
	N-2	N-5	N-5	N-2
	<u>21-30</u>	<u>31-40</u>	<u>41-50</u>	<u>51+</u>
1. Staffed satisfactorily	4.5	4.4	2.0	4.0
2. Request for personnel	4.0	4.4	2.3	4.0
3. Department's value	5.0	5.0	4.7	5.0
4. Department's morale	4.5	4.6	4.3	4.5
5. Pay scale	4.0	4.6	4.3	4.0
6. Department's physical facilities	3.0	2.4	2.0	3.5
7. Employees' job responsibilities	4.0	4.2	4.0	3.5
8. Employees' departmental responsibilities	4.0	3.8	3.3	3.5
9. Employees' attitude poor	3.0	2.8	3.3	4.0
10. Morale in work situation				
a. your department	4.0	4.4	4.0	4.0
b. other departments	3.0	3.6	3.3	3.0
c. professionals	3.0	3.6	2.7	4.0

Age groups were subdivided to find out if there is any significant difference noted, and the ages were done on the total population, regardless of the category of department.

As depicted in the chart, there is a difference on Questions No. 1, 6, 8, 9, and 10c. On Question No. 1, the difference is in the age group of 41-50 years, where the

is not satisfied because of a shortage of trained personnel. The other difference is that there was a strong disagreement about proper staffing. On Question No. 2, the difference is in the same age group, and the requests for additional personnel are not approved to their satisfaction because of a lack of experience in specialty areas and the other department simply feeling that their request was not approved to their satisfaction. For Question No. 6, there is significant difference noted in two age groups: ages 31-40 and ages 41-50. Dissatisfaction seems to increase among persons of middle age. In age group 31-40, there were several comments, such as the department needs a face lifting, the facilities are inadequate and not properly planned for, and the department physically needs a face lifting. In age group 41-50, the comments were that there is a definite need for improvement, the department's facilities are very poor, and there is not enough space available for our heads. On Question No. 8, the greatest difference is in age group 41-50. The difference was in the responsibility and the employees being satisfied with delegated responsibilities because there are times when professionals interfere, and there is too much responsibility delegated to the employees. On Question No. 9, the difference occurred in two areas: ages 31-40 and ages 41-50. The departments felt that, overall, the attitudes are quite positive and the best possible under present conditions; however, the negatives are that some-



times it is felt that the attitudes could be better, and there are problems that sometimes occur. On Question No. 10c, there was significant difference in the mean scores for the 41-50 age group. The morale of people in work situations was very low, and the department felt that this low morale is because of the attitude of the physicians.

This study tends to indicate that age group 41-50 is the group where most of the problems exist with staffing, additional personnel requests, department facilities, attitudes of employees, and morale of physicians. It can be concluded from this that this group is more "turned off" on job satisfaction than the two younger groups and the oldest age group.

#### Years of Service

The independent variable is years of service, while the dependent variable is response to the attitude items on the questionnaire, as depicted in Figure IV-5.

Figure IV-5

Types of questions	Four-year increments			
	N-7	N-2	N-2	N-1
	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>	<u>over 15</u>
1. Staffed satisfactorily	3.1	4.5	2.0	5.0
2. Request for personnel	3.6	4.5	3.0	5.0
3. Department's value	5.0	5.0	4.5	5.0
4. Department's morale	4.3	4.5	4.5	5.0
5. Pay scale	4.1	4.5	4.5	5.0
6. Department's physical facilities	2.3	2.0	3.5	4.0
7. Employees' job responsibilities	4.0	4.0	3.5	5.0
8. Employees' departmental responsibilities	3.9	3.5	3.0	4.0
9. Employees' attitude poor	2.7	3.0	4.0	4.0
10. Morale in work situation				
a. your department	4.3	3.5	4.0	5.0
b. other departments	3.3	3.5	3.5	3.0
c. professionals	3.0	2.0	4.0	4.0

Figure IV-5 indicates differences on all of the questions except Nos. 3 and 10b. The age groups were divided according to the length of service, and the mean scores were determined.

In the group with 1-5 years of service we find that there is a problem occurring in the area of staffing, the department's physical facilities do not meet the expecta-

tions of the group, and the poorest attitudes are in the group with 1-5 years of service.

In the group with 6-10 years of service the physical facilities do not meet all of the expectations of the group, and the morale of professionals in work situations appears to present a problem.

The group with over 15 years of service feels that the morale of other departments in work situations needs some improving.

On the question of staffing, those with 11-15 years of service have markedly lower mean scores for staffing than do the other groups. We find a similar problem on the request for personnel not being approved to satisfaction, the department not being as valuable as an asset, the morale in the department not being satisfactory, and the employees not being satisfied with their job responsibilities delegated to them within the department.

From the study, we find that the group with 11-15 years of service has the most dissatisfaction. The group with tenure<sup>1</sup> is the radical group and appears to stand out from the two other groups and the senior group.

#### Male vs. Female

The independent variable is sex, while the dependent variable is the response to the questions as depicted in Figure IV-6.

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<sup>1</sup>Tenure - the length of time in service.



Figure IV-6

Types of questions	M-6	F-6
	<u>Male</u>	<u>Female</u>
1. Staffed satisfactorily	4.5	3.0
2. Request for personnel	4.1	3.3
3. Department's value	5.0	4.8
4. Department's physical facilities	2.1	3.0
5. Department's morale	3.6	4.5
6. Pay scale	4.3	4.3
7. Employees' job responsibilities	4.0	4.0
8. Employees' departmental responsibilities	3.8	3.5
9. Employees' attitude poor	2.8	3.3
10. Morale in work situation		
a. your department	4.1	4.1
b. other departments	3.3	3.3
c. professionals	3.6	3.1

In a comparison of male versus female, the study shows that the females are not as satisfied with the staff carrying out its mission as are the males, nor are the females satisfied with the approval of their request for personnel. In the area of deciding whether the department is a valuable asset, there is not a significant difference in the two groups. Morale appears to be considerably higher in the female group, whereas both departments are in equal agreement that the pay scale is fair.

There appears to be a significant difference in attitude towards physical facilities. Females feel that the facilities are more to their requirements than the male group. Both groups equally feel that the employees are satisfied with their job responsibilities. Overall, the male group shows that the employees are somewhat more satisfied with the duties delegated within the department. The female group shows a significant difference in the area of attitudes, and more negative responses are in the female group. However, in work situations the female group shows similar morale to the male group. Both groups feel that the morale of other departments is above average whereas the females show a low degree of morale of professionals in work situations.

The findings indicate that females tend to be more opposed than men and that most of the time the women would be more demanding than the men or require more than the men do of the departments.

There are some other features of the group worth noting: 83% of the males had at least four years of college, and 63% of the females had four years of college. Of the total population interviewed, 75% of the interviewees have four years of college.

#### Relationship of Findings to Outcomes

It was expected that the findings of the study would demonstrate to the hospital administration that inequities

exist between the two categories of departments and that, further, the differences indicate administrative bias in favor of one category of department over the other. In addition, it was expected that the study would indicate that morale, self-esteem, and self-growth are different in the two categories of departments.

The findings indicate no significant difference between the two categories of departments. It was found that similar problems exist in both categories, and the findings are the opposite of what was assumed. For non-revenue producing departments, morale is higher than in the revenue-producing departments. I was unable to do a comparison of salaries, but the study indicates that both categories of departments are equally satisfied with the pay scale. The one area that showed some difference was that of adequacy of physical facilities. The study shows revenue-producing departments are more satisfied than are non-revenue producing departments with their physical facilities.

The study points to some of the problems that are encountered in an organization that are classes. The hospital, as an institution, can be classified as a



## CHAPTER V

### CONCLUSION

#### The Study

The study points to the hospital as an institution and business whose sole purpose is to provide services. The hospital has two categories of departments: revenue-producing and non-revenue producing. The revenue-producing departments are those which offer service directly to the patients and the patient is billed for the service. The non-revenue producing departments are those departments which provide indirect service to the patient and the patient is not billed.

In most institutions the revenue-producing and non-revenue producing departments are equally divided; however, the larger and more complex the institution, the greater the number of revenue-producing departments. Every department has its value to the organization, and the importance of working as a team cannot be overemphasized. There are two different categories of departments in the institution, but both departments have much in common.

The study points to some of the problems that are encountered in an organization that never closes. The hospital, as an institution, can be classified as a

bureaucracy. Routines are impersonal. Many occurrences are unknown to the majority of the employees, and the majority of the employees do not interface with most of their fellow employees on a daily basis.

The hospital is staffed by highly skilled personnel, and the majority of these persons are not a part of the formal decision-making body. Most of the decisions are made at the administrative level. The administrator is the chief executive, and all of the power of his job capacity is vested in him through the governing board.

Hospitals are able to survive by different methods, depending upon the type of institution. Regardless of the type of hospital, the hospital will not survive if the resources are not properly budgeted.

Etzioni developed a typology of organizations. His typology is used here to assess the findings of the study. Etzioni distinguished between three types of organizations: coercive, utilitarian, and normative organizations.

Coercive organizations are organizations in which coercion is the major instrument of control over the lower participants, and high alienation characterizes the orientation of lower participants to the organization, (e.g., concentration camps, prisoner of war camps, prisons, correctional institutions, and custodial mental hospitals).<sup>1</sup>

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<sup>1</sup>Amiti Etzioni, Complex Organizations, (The Free Press, N.Y., 1961), p. 27.

Utilitarian organizations are organizations in which remuneration is the major means of control over lower participants and calculative involvement characterizes the orientation of the large majority of lower participants (e.g., mild alienation to mild commitment).<sup>1</sup>

Normative organizations are organizations in which normative power is the main source of control over lower participants whose orientation to the organization is characterized by high commitment. Compliance in normative organizations rests principally on internalization of directives accepted as legitimate (e.g., leadership, rituals, manipulation of social and prestige symbols, and resocialization).<sup>2</sup>

Lower participants are members who are high on at least one dimension of participation: involvement, performance, obligations, and subordination.

In coercive organizations force is the major means of control applied in these organizations to assure fulfillment of the major organizational task. The fulfillment task would be to keep the inmates in confinement. Discipline is attained through force, if necessary, and differences occur among the various types of organizations.

In utilitarian organizations, remunerative power is the predominate source of control, and they differ in importance in some specific areas. The wages, salaries,

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<sup>1</sup>Ibid., p. 31.      <sup>2</sup>Ibid., p. 40.



commissions, fringe benefits, working conditions, and similar rewards are of more importance to certain groups than others. Remuneration is very important to the blue collar worker and makes these employees conform to regulations governing the required level and quality of production, tardiness, absenteeism, and respect for property.

In normative organizations normative controls seem to be of most importance to white collar workers and professionals. This type of organization has the majority of patterns and includes religious organizations, hospitals, fraternal organizations, and political organizations. The other types of organizations only have two patterns each.

The hospital as a normative organization has many dedicated employees who feel that they are giving of themselves. The departments in the study have both normative patterns and utilitarian patterns. Most of the employees are more interested in utilitarian factors: wages, fringe benefits, working conditions, and shift available than they are in social powers and commitment. There are many different tactics that must be used to make some of the employees conform to the hospital regulations. It has been my experience that controls and direct supervision are a must for some employees, while others can work with little supervision and minimal controls for completion of work required.

The findings regarding the typology indicate that the hospital has dual patterns and the lower participants are fueled and governed by remunerative powers. There must be a certain amount of job prestige, and it is often reflected in the attitudes of the employees. The difference in the importance of the control is the factor that will separate the patterns in the hospital. The clerk typist might not feel as prestigious as the secretary. The clerk typist would feel that she has eight hours to perform her duties, and very little more can be expected of her. The secretary might feel that she has a certain amount of responsibility and will give more of herself because of the position that she has attained. It would require an extraordinary housekeeper to give of himself as a technical person would, because of the prestige factor and the amount of respect given to the two classifications of job titles.

The hospital as an organization has to provide benefits to enhance reliable employees to come to work for the institution and also to maintain the loyalty of the employee after he has been employed. Hospitals have a very high turnover rate, even among its professional employees. There does not appear to be enough qualified people for the jobs available. The hospital must provide services that will attract professionals and skilled and unskilled workers. The hospital must offer services to physicians and to the community. There are many services



that the hospital provides that are not profitable, and this is done to provide full services. In the writer's opinion this is where the social powers and commitment are obtained from the physicians and the community. The employees receive social admiration for being a part of an organization that is respected by the community. Hospitals are competitive, and each tries to offer the best extrinsic factors to the employee in the form of salaries, retirement plans, vacations, sick pay, holidays and health insurance plans. The hospital thus has dual controls; normative and utilitarian.

The implication of this to me as an administrator is to accept what Etzioni says about the various types of organizations and their forms of control. I, however, feel that hospitals have dual patterns because of the vast number of different job classifications and job responsibilities. I also feel that the majority of employees, regardless of status, relies on remunerative power for control and that normative control is of secondary importance. Intrinsic factors become important after the needs and requirements have been met. I feel that more detailed observations should be made, especially in the health care field. There is a definite need for more validated theory and tests for applicability on organizational patterns. I feel that more middle-range theory should be applied before precise data can be gathered on organizational variables. By "middle-range" I mean a



reference to statements concerning subcategories of organizations which have been applied in this study.

#### What the Study May Mean to Others

To others concerned with similar issues, this study will point to problems facing departments, whether revenue-producing or non-revenue producing.

It is expected that our findings will be validated by a similar study, if the study is done in a proprietary general hospital with at least a three-hundred bed capacity. If the study is done in a smaller institution, there will not be as many different departments to choose from. If the study is done in a different type of hospital, there will be different types of departments to choose for research than are in a general hospital (e.g., Tuberculosis hospital, children's hospital, mental hospital).

There are similar problems that are universal to all hospitals: staffing, pay scales, attitudes of people, and complaints about the physical facilities. Each institution has its own set of special problems.

The administrative staff is the starting point for the study, and the assistance of the administrative staff is mandatory. The hospital staff must not be made uncomfortable or suspicious of the person doing the study. The questions asked in an interview schedule or a questionnaire must not be threatening, or a project will

be rejected. A person not working in the institution where the day-to-day activities are observed will find the task very complicated. To the research unfamiliar with hospitals, the study might help him to understand more about hospitals as a business and help him realize that the hospital is a very sophisticated business.

#### What the Study Meant to Me

The study gave me the opportunity to learn more about the history and development of hospitals. The early hospitals were mostly used by the poor and the dying. The people who were wealthy were treated in the home and did not believe in hospitals. Most people felt that one only went to the hospital when the disease was incurable. Early development of hospitals and the growth of hospitals in the United States continued to the present time, where the health care field is among the largest of employers.

The study gave me the opportunity to learn more about the administration in the health care field and many of the responsibilities and pressures of the administrator. The role of the administrator requires a person with a strong orientation to people in organizations. The administrator is like a double-fluted funnel; all decisions from the board come through the administrator and down to the supervisors and employees of the hospital. The problems of the hospital go through the administrator to the board for decisions. The career of an administrator

has many trials and oftentimes an administrator is bounced around and must prepare himself for many changes. The board determines the future of the administrator, and a board that is unfair will not give an administrator a fair chance to prove his worth to the institution.

The field of hospital administration as a profession emerged during the past fifty years, and many administrators did not have the educational background that administrators starting today are required to have. It is believed that most institutions will replace administrators without sufficient education or, as new administrators are needed, require the necessary education.

I was able to learn more about the revenue-producing and non-revenue producing organization of the hospital and realize more than ever the importance of teamwork. I had the pleasant experience of interviewing many of my co-workers who I am in daily contact with but with whom I never had the opportunity to discuss differing views. I had the opportunity to share my interview schedule with the administrator and the personnel director, and both of them were helpful in properly preparing the instrument. The administrator was very helpful in a management meeting by making all of the supervisors and department heads aware of my goals and asked the cooperation of everyone in giving me assistance. This made my task very easy and gave me much of the



courage that I did not have before concerning my interview schedule. All of the administrators made themselves available for me, and even though I got discouraged, they were there to assist me, along with many other members of the hospital staff.

The study gave me more experience in my daily task and helped me to better appreciate many of the interactions that transpire daily between the many professionals, non-professionals, and skilled employees.

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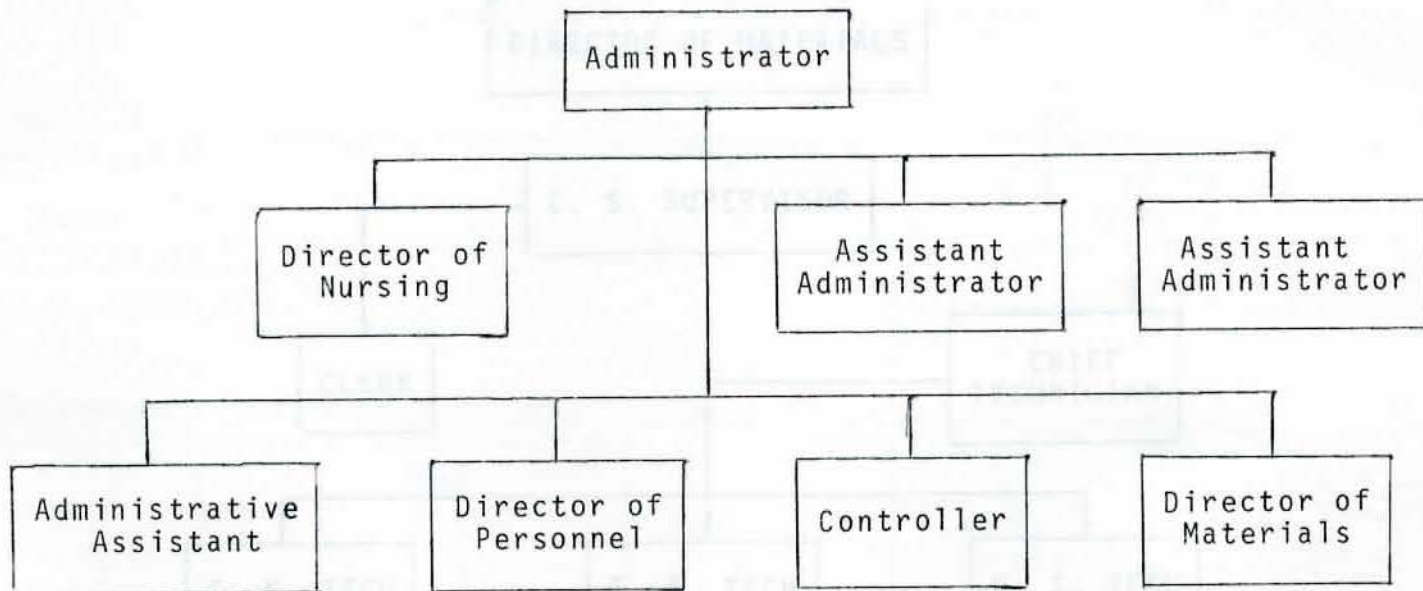


ADMINISTRATIVE STAFF

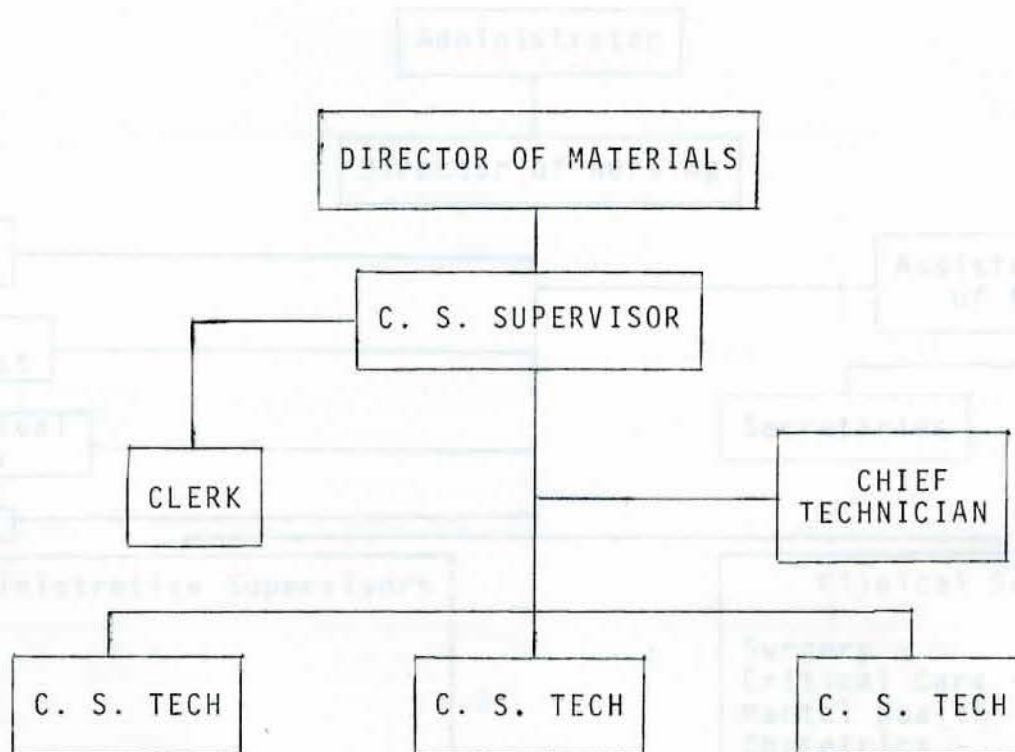
APPENDIX A



CENTRAL ADMINISTRATIVE STAFF CHART

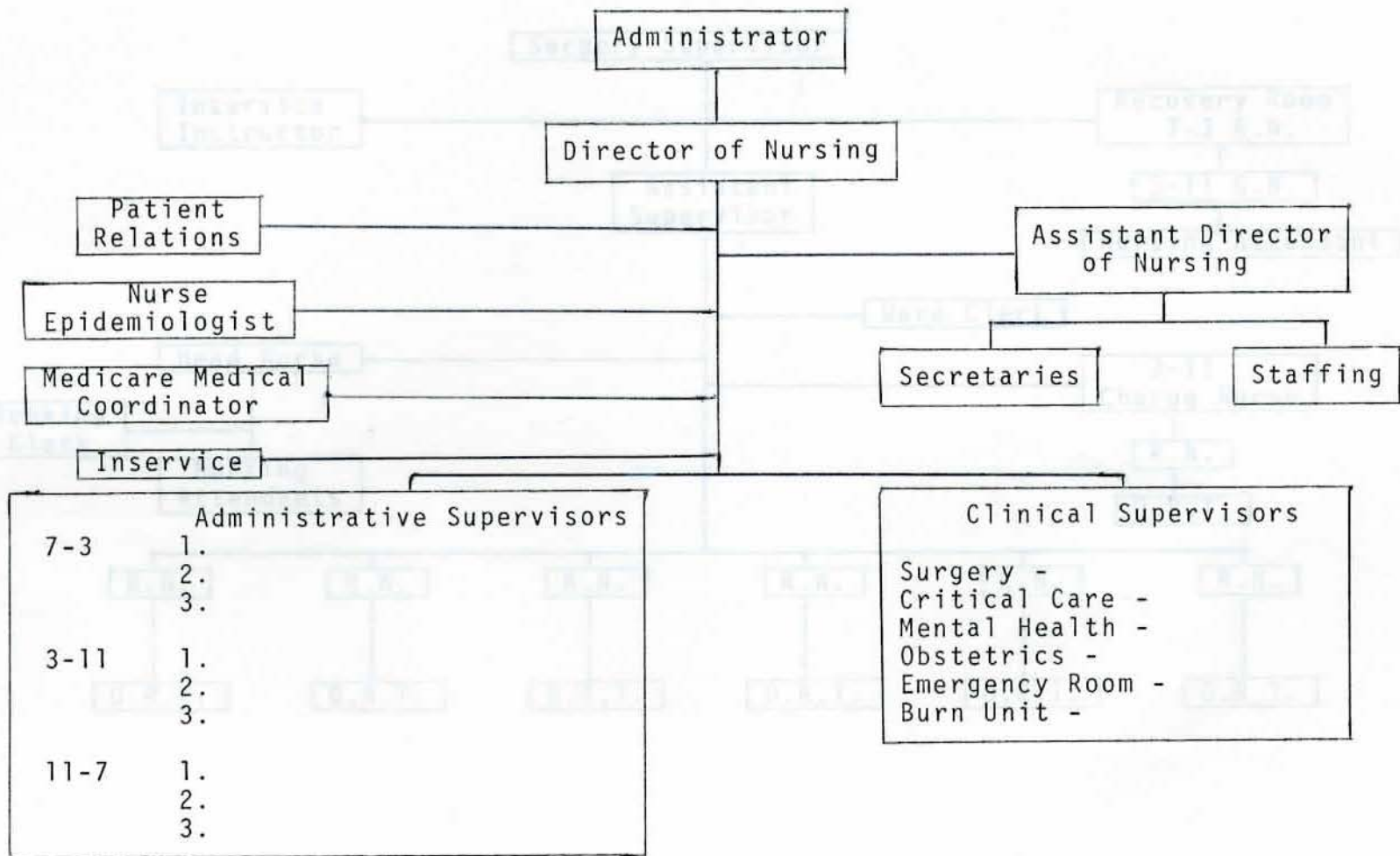


CENTRAL SERVICES ORGANIZATIONAL CHART

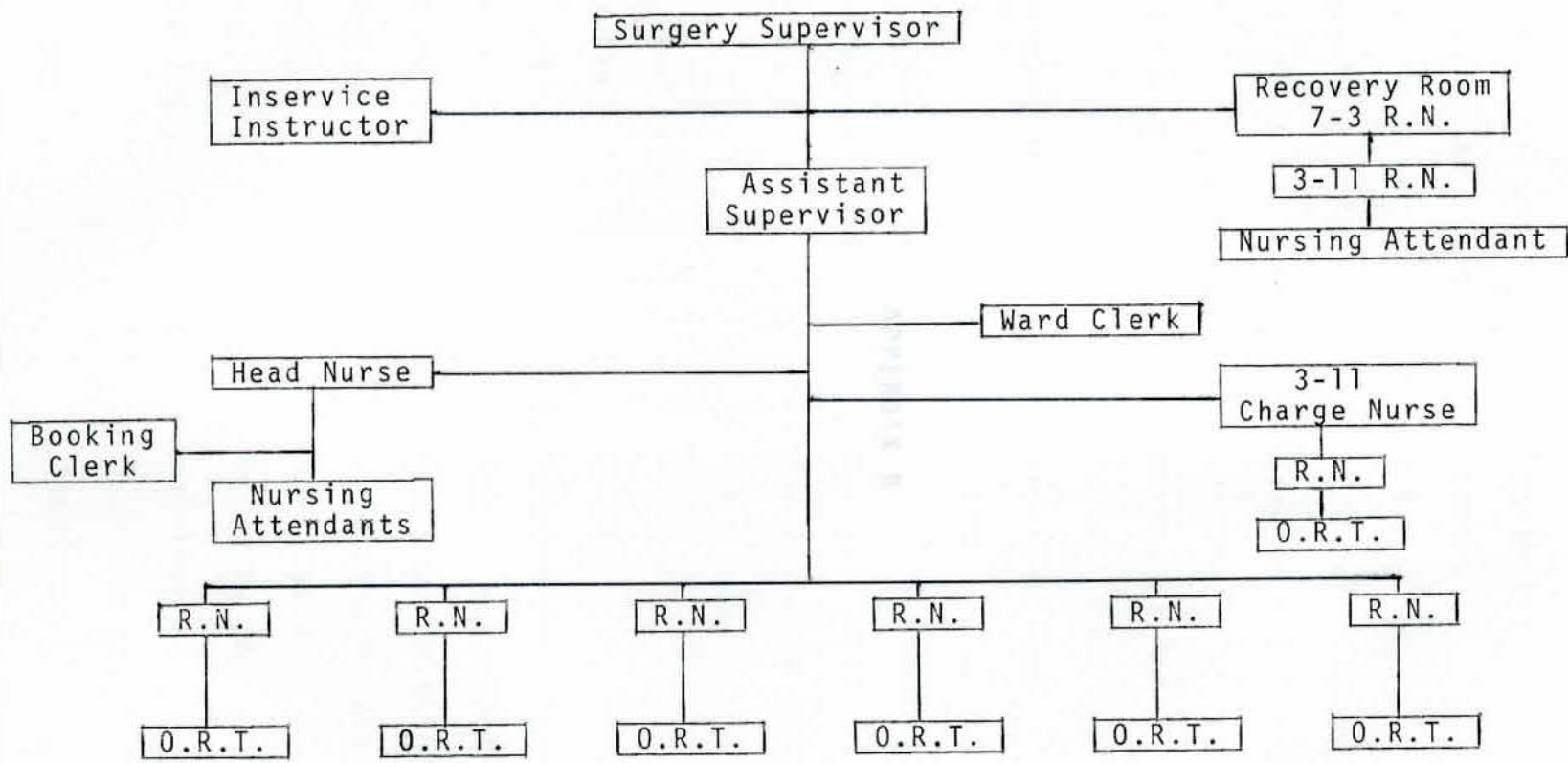




## NURSING SERVICES ORGANIZATIONAL CHART



SURGERY ORGANIZATIONAL CHART



## List of Departments

Storage Office	Maintenance
Emergency Outpatient	Surgery
Medical Records	R.I.S.
Transportation Pool	Surgical Intensive Care
Central Supply	Inkerman Building
E.C.R.	Inkerman
Inkerman Building	Mental Health
Payroll	Cardiac Cath Lab
Administration	Recovery Room
E.C.R.	X-Ray
View Room	Clinical Laboratory
Post Surgical Care	Medical Staff
Tracy 10	Cardiac Care Unit
E.M.T.	T-4 Unit
Data Processing	Barium Unit
Accounting	R.T.A.
Tracy 11	Occupational Therapy
Tracy 12	Public Relations
Tracy 13	Employee Relations
Ultrasound	Community Relations
Radiology	Pavilion 11
Cath Lab	Pavilion 12
Nuclear Medicine	Pavilion 13
E.C.R.	Pavilion 14
Mail Room	Admission

## APPENDIX B



## List of Departments

Discharge Office	Maintenance
Emergency Outpatient	Surgery
Medical Records	H.E.S.
Transportation Pool	Surgical Intensive Care
Central Supply	Insurance Billing
E.E.G.	Inservice
Transcribing	Mental Health
Payroll	Cardiac Cath Lab
Administration	Recovery Room
E.K.G.	X-Ray
Linen Room	Clinical Laboratory
Post Surgical Care	Medical Staff
Tower #6	Cardiac Care Unit
E.M.I.	I.V. Team
Data Processing	Burn Unit
Accounting	P.B.X.
Tower #3	Occupational Therapy
Tower #4	Public Relations
Tower #5	Employee Relations
Ultrasound	Community Relations
Maternity	Pavilion #5
Cobalt	Pavilion #4
Nuclear Medicine	Pavilion #3
G.H.S.	Pavilion #2
Mail Room	Admitting

Pharmacy	Physical Therapy
Pulmonary Care	Food Services
Volunteers	Gift Shop
Social Services	Medical Intensive Care
Credit and Collections	Purchasing
Utilization Review	Warehouse
Housekeeping	Print Shop
Carpenter Shop	Medical Coordinator
Emergency Room	Hemodialysis
Bacteriology	Pathology
Bio-Med	Nursing Administration
Insurance Verification	Nursery
Restorative Nursing	Cardiology
Credit Union	Employee Health Services
G.I. Lab	Blood Bank
Security	Radiation Therapy

## LETTER OF INTRODUCTION

TO:

FROM: Betty S. Johnson, Mortgage Manager

I am a private lender at Lincoln Savings, 1234 Main St. I am conducting research on a variety of personal adaptations and all such have prepared the attached questionnaire.

I would appreciate your support and confidence in answering the questionnaire. Your attention will be directed to the fact that the questionnaire will not be used for any other purpose.

## APPENDIX C

I thank you in advance for your time and consideration.

Betty S. Johnson



LETTER OF INTRODUCTION

TO:

FROM: Bobby G. Johnson, Storeroom Manager

I am a graduate student at Lindenwood College, Santa Monica. I am conducting research on aspects of personnel administration and as such have prepared the attached questionnaire.

I would appreciate your support and confidence in answering the questionnaire. Your attention will enable me to do my thesis research. The questionnaire will not be used for any other purpose.

I thank you in advance for your time and consideration.

Bobby G. Johnson

1. My department is a valuable asset  
 strongly agree    definitely agree    probably agree    definitely disagree    strongly disagree
2. Morale in my department is satisfactory  
 strongly agree    definitely agree    probably disagree    definitely disagree    strongly disagree
3. The pay scale of my employees is on a fair basis  
 strongly agree    definitely agree    probably disagree    definitely disagree    strongly disagree
4. The department's physical facilities meet all of my expectations  
 strongly agree    definitely agree    probably disagree    definitely disagree    strongly disagree

## The Interview Schedule

R NR

M Fe

Length of service

1-5 6-10 11-15 over 15

Age

21-30 31-40 41-50 over 50

Education achieved

H.S. 2 yrs. college 4 yrs. college M. Degree  
MD/Phd Prof. Certificate

INSTRUCTIONS: How satisfied are you with the administrative aspects of your job? Circle the appropriate feeling.

1. Your department has the staff necessary to satisfactorily carry out its mission!

strongly definitely probably definitely strongly  
agree agree disagree disagree disagree

2. Requests for additional personnel are approved to your satisfaction!

strongly definitely probably definitely strongly  
agree agree disagree disagree disagree

3. My department is a valuable asset!

strongly definitely probably definitely strongly  
agree agree disagree disagree disagree

4. Morale in my department is satisfactory!

strongly definitely probably definitely strongly  
agree agree disagree disagree disagree

5. The pay scale of my employees is on a fair scale!

strongly definitely probably definitely strongly  
agree agree disagree disagree disagree

6. The department's physical facilities meet all of my expectations!

strongly definitely probably definitely strongly  
agree agree disagree disagree disagree

7. My employees are satisfied with their job responsibilities!

strongly agree    definitely agree    probably disagree    definitely disagree    strongly disagree

8. My employees are satisfied with the responsibilities delegated to them within the department!

strongly agree    definitely agree    probably disagree    definitely disagree    strongly disagree

9. I feel that the employees in my department could have better attitudes!

strongly agree    definitely agree    probably disagree    definitely disagree    strongly disagree

10. Please rank the morale of people in work situations below in terms of low-high morale.

Your department					Other departments					Professionals				
1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
low					low					low				
high					high					high				

Please note: All answers are anonymous and are strictly for student use in writing a Masters Degree Thesis.