“Managerial socialization in short-term hospitals: a descriptive analysis”

AUTHORS	Neil R. Dworkin Ronald G. Drozdenko Joel Goldstein

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SECTION 4. Practitioner's corner

Neil R. Dworkin (USA), Ronald G. Drozdenko (USA), Joel Goldstein (USA)

Managerial socialization in short-term hospitals: a descriptive analysis

Abstract

The objective of this third phase of a three-part study was to examine a preliminary model of managerial socialization in short-term hospitals that could lead to more successful transition outcomes. Survey findings indicated that CEOs gave patient satisfaction and strategic planning highest priority. CEOs also reported engaging in multiple social acquisition activities, expressed the importance of improving quality and medical staff relations, and ranked cultural change and executive behavior change most important for achieving goals. While CEOs rated their overall job satisfaction as relatively high, they needed to make several personal changes in the new situation. An initial predictive model of job satisfaction is also discussed.

Keywords: managerial socialization, transition outcomes, short-term hospitals.
JEL Classification: M, I.

Introduction

In this article, we report on the results of the third phase of a three-part study of early managerial behavior in short-term, U.S. hospitals. In Phase I, we interviewed five CEOs with respect to their socialization experiences (Dworkin and Goldstein, 2004). Our primary goal in conducting the interviews was to obtain information that would be used in the formulation of survey questions for Phase II of the study, a pilot survey of 35 Regents in the American College of Healthcare Executives (ACHE). An analysis of Phase II results culminated in a preliminary model of managerial socialization in short-term hospitals (Dworkin, Goldstein, and Drozdenko, 2006). In Phase III, a national survey of hospital CEOs, we sought to describe empirically potential variables involved in managerial socialization with the eventual goal of testing and refining a model that might be predictive of job satisfaction and other outcome measures.

In aggregate, we were seeking to identify what CEOs actually do during the transition period from the onset of recruitment to the end of the first six months in their new organizations. In many instances, CEOs are expected to change the way their hospitals function, and correspondingly accelerate the transition.

CEOs may be most vulnerable in their first few months in a new position because they lack detailed knowledge of the challenges that they will face and what it will take to succeed in meeting them. Also they have not yet developed a network of relationships to sustain them (Watkins, 2003).

What is managerial socialization? A recapitulation

Managerial socialization differs from organizational socialization. The former tends to be less structured, and because time is of the essence on the CEO level, getting to know the organization quickly is typically a high priority (Dworkin and Goldstein, 2004). Informal, variable and more idiosyncratic methods place the acquisition of socialization content on the CEO rather than on the organization.

In contrast, organizational socialization is typically characterized by a systematic or planned set of activities, often sequential, designed by the organization to transmit the socialization content to the newcomer. Wanous (1992) defined it as the ways in which newcomers change and adapt to the organization. These types of changes include learning new roles, norms and values. It is a period of time that is much longer than a traditional orientation and may last several years. In essence then, organizational socialization refers to the processes by which an individual acquires the attitudes, behavior and knowledge needed to participate as an effective organizational member.

Although managerial socialization may be less structured than organizational socialization, new hospital CEOs appear to desire a more structured orientation process, the establishment of a network of peers and support personnel by the Board of Directors, more support from the board and community, and access to various documents including strategic plans (Khaliq, Walston, and Thompson, 2007).

Watkins (2003) advocates adopting structured learning methods for new leaders. The structure should mitigate the difficulty of knowing how much weight to place on individual stakeholder observations during the anticipatory socialization and organizational encounter stages of the socialization process (see Dworkin, Goldstein, and Drozdenko, 2006).

The interactionist perspective of organizational socialization focuses on the interaction of

organizational and newcomer factors such as organizational tactics (i.e., organizational employment practices) and newcomer proactivity (i.e., individual behavior) (Fang, 2008). Newcomers need to both gain access to social resources embedded in their relationships with organizational insiders, and furthermore, mobilize the resources to achieve effective socialization.

An *implicit* assumption underlying the interactionist perspective is that *both* organizational and newcomer factors enable newcomers to engage in social interactions and build relationships with organizational insiders (i.e., supervisors and peers). In turn, these behaviors are conducive to effective newcomer socialization in the socialization process. Exactly *how* those newcomers facilitate socialization, and their effect on discrete outcomes is an integral part of the three-phase hospital CEO study.

Since 2001, the CEO turnover rate has hovered at around 15% a year nationally, according to an American College of Healthcare Executives analysis of American Hospital Association data. The median tenure of hospital CEOs during that same time is 3.9 years (Thrall, 2008). As such, it is somewhat surprising that in the context of hospital CEO transition, it has been well documented that only a minority of hospital CEOs and board members engage in succession planning (Khaliq et al., 2007). Why hospitals do not name a successor as a matter of course is not the subject of this paper. Yet two of the reasons point to the inevitability of an external search and attendant socialization issues. In a survey of 543 CEOs, 28% said "It's not part of our organizational culture" and 23% said "There are no internal candidates whom we could prepare". Interestingly, 39% also said "I'm too new to the CEO position" (Thrall, 2008).

Leadership transitions can result from an expected departure or retirement or without warning when a leader resigns or is abruptly terminated. Although dealing with each scenario requires a somewhat different approach, and because of the aforementioned succession planning issues, boards need to be in control. As such, a good transition plan could guide the way to more effective adaptation (Dye and Fairley, 2008).

Our model for managerial socialization in short-term hospitals is presented in Figure 1.

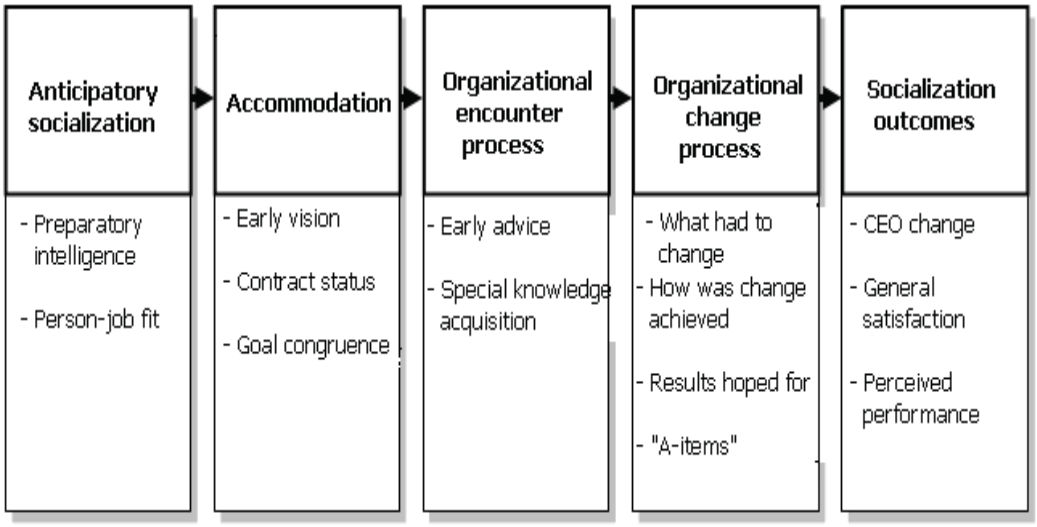

Fig. 1. A model of managerial socialization in short-term hospitals

2. Method

Participants: For the purposes of this national study, we contacted 680 short-term hospital CEOs. Their names were extracted from the American College of Healthcare Executives who cross-checked their data with the American Hospital Association to verify that:

- the CEOs began their positions at non-federal, short-term, general medical/surgical hospitals between 9/1/05 and 8/31/07,
- they were still in those positions, and
- that they were the CEOs of only one hospital.

Note: The American College of Healthcare Executives has not endorsed or otherwise participated in this study.

It was our intention to survey CEOs who have been on the job for one to three years. This reflected an attempt to capture executives with more recent recollections of their initial socialization experiences.

The surveys were mailed in mid-March, 2009. The CEOs were given the option of responding by either using an online survey link or returning a hard copy of the questionnaire by mail. A total of 98 (14.4%) CEOs responded to the survey and provided complete and usable responses.

3. Measures

In this national study, we used a 23-question survey that had been substantially modified from the Phase II survey insofar as some nominal responses, open-ended questions, and checklists were converted to six-point rating scales. The intent of the original questions was not altered in the process. We felt that the use of these more standardized measures would enhance their validity and reliability. Regarding the measurement of the instrument's reliability, the overall Cronbach's Alpha for the scaled items was 0.89. Cronbach's Alpha in this context is commonly interpreted as representing the mean of all possible split-half correlation coefficients.

At the end of each scaled question there was an "other" category wherein respondents were able to add and/or elaborate on their responses. We looked for commonalities within those responses to determine if they could enrich our findings. ***Commonalities were found in the titles of the CEOs which reflected a hospital system influence, and the specification of contract-specific goals. In the latter context, for example, several CEOs wrote that their goals were related to patient satisfaction, financial performance, quality and patient safety.***

Categorical questions related to the number of beds (hospital size), hospital auspices, healthcare system membership status, length of tenure, CEO reporting relationships, how the CEO found out about the position, and the career choice of the predecessor-CEO.

4. Results

The respondent CEOs were representative of hospitals ranging in size from 15 to 1000 beds, with an average of 183 beds. The majority (65.6%) of hospitals are private, not-for-profit. CEOs of public hospitals and for-profit investor-owned hospitals accounted for 19.8% and 14.6%, respectively. Sixty-one percent of the hospitals are members of a healthcare system.

The CEOs who responded to the survey were on average just under two years into their tenure. The vast majority (89.9%) holds master degrees. Relative to CEO reporting relationships, the system influence is evident. While 45.8% of the CEOs report to a more traditional board chairman or board committee, 25.5% report to a healthcare system CEO. These respondent characteristics are presented in Table 1.

Table 1. Respondent characteristics

N=98		
Title	Chief executive officer	62.2%
	President	6.1%
	CEO/President	19.4%
	Administrator	3.1%
	Other/Missing	9.2%
Months in current position	Mean	27.9
	Median	26.0
	Std. deviation	14.2
	Range	106.0
Report to:	Board chairman	37.5%
	Board Committee	8.3%
	Owner	9.4%
	Other	44.8%
Highest degree	Bachelor	4.0%
	Master	89.9%
	J.D.	2.0%
	M.D.	3.0%
	Ph.D.	1.0%
What happened to your predecessor?	Retired	12.2%
	Left for another organization	40.8%
	Terminated	27.6%
	Died while CEO	1.0%
	Promoted to system CEO	7.1%
	Other (please specify)	11.2%

Based on our pilot study (Dworkin, Goldstein and Drozdenko, 2006), we hypothesized that short-term hospital CEOs are more likely to engage in multiple types of preparatory work than in any single type *prior* to arrival on the job. Table 2 provides some support for this hypothesis.

Table 2. Did you engage in any of the following types of preparatory work/intelligence gathering prior to your arrival on the job?

Did you engage in any of the following types of preparatory work/intelligence gathering prior to your arrival on the job? **(Please, check all that apply)**	
Reviewed internal documents	68.40%
Questioned internal stakeholders	65.30%
Obtained information through interview process	65.30%
Reviewed basic profile data/website	62.20%
Obtained information from executive recruiter	39.80%
Questioned external stakeholders	38.80%
Worked on site prior to first official day of work	26.50%
Other types of preparatory work	24.50%
Pre-arrival survey	9.20%

During this *anticipatory socialization* stage, the CEOs engaged in different types of intelligence-gathering activities comprised both personal and non-personal behaviors. Prior to commencing work, a little over 65% of the CEOs deemed questioning internal stakeholders an important activity in getting to know

the hospital. In the context of non-personal intelligence-gathering activities, 65.3% reviewed key internal documents, and 62.2% reviewed basic profile data on their hospital's website.

During the early days in their tenure with their hospital, internal stakeholders continued to play an integral role in imparting advice to the new CEO. To a lesser extent, during this *organizational encounter* stage, advice was sought from external stakeholders and colleagues in the field of health services management. Table 3 provides support for this ***observation***.

Table 3. How much advice did you seek from each of the following during the early days of your tenure with the organization?

How much advice did you seek from each of the following during the early days of your tenure with the organization? 1 − None, 6 − Very much			
Rank	**Item**	**Mean**	**Std. deviation**
1	Internal stakeholders	5.55	0.71
2	External stakeholders	4.25	1.45
3	Colleagues	4.20	1.52
4	Friends	2.33	1.22
5	Ex-employees	1.74	1.31

We hypothesized that short-term hospital CEOs are more likely to engage in multiple activities to get to know the organization (social knowledge acquisition) than in any one activity. Table 4 provides support for this hypothesis. Circulating through their facilities was an extremely important behavior, followed closely by holding meetings with internal stakeholders and staff. The *organizational encounter* stage is, thus, pivotal to both learning and gaining momentum.

Table 4. After arriving on the job, how important were each of the following activities in helping you to get to know the organization?

After arriving on the job, how important were each of the following activities in helping you to get to know the organization? 1 − Not important, 6 − Extremely important			
Rank	**Item**	**Mean**	**Std. deviation**
1	Circulating through the facilities	5.60	0.80
2	Holding meetings with internal stakeholders	5.56	0.70
3	Holding meetings with staff	5.43	0.93
4	Holding meetings with external stakeholders	4.50	1.23
5	Reviewing documents	4.43	1.27
6	Preparing documents	3.50	1.43
7	Administering a staff satisfaction survey	2.84	1.65
8	Performing work in specific departments	2.56	1.49

Regarding performance indicators, approximately half of the CEOs had contracts and 46.9% had performance goals specified within those contracts. Expectations were established relative to financial performance, customer satisfaction (inclusive of patients, employees and medical staff), patient safety and quality, growth (i.e., market share) and innovation (programmatic and process).

The multiplicity of personal goals upon hiring is illustrative of the complexity of the incoming CEO's role. The mean scores of 5.08-5.31 (Table 5) indicate that enhancing the hospital's reputation, improving financial performance, patient satisfaction and relations with the medical staff were all very important personal goals. Quality improvement was considered the most important personal goal.

Table 5. After arriving on the job, how important were each of the following activities in helping you to get to know the organization?

Please rate the importance of each of the following personal goals when being hired. 1 − Not important, 6 − Extremely important			
Rank	**Item**	**Mean**	**Std. deviation**
1	Quality improvement	5.31	0.91
2	Improve relations with medical staff	5.28	0.93
3	Improve patient satisfaction	5.19	1.05
4	Improve financial performance	5.16	1.13
5	Enhance reputation	5.08	1.09

Table 5 (cont.). After arriving on the job, how important were each of the following activities in helping you to get to know the organization?

Rank	Item	Mean	Std. deviation
6	Increase market share	4.92	1.05
7	Improve patient safety	4.84	1.22
8	Culture change	4.67	1.31
9	Smooth transition	4.63	1.34
10	Expand community service	4.14	1.26
11	Improve governance	3.71	1.56

In order to achieve their goals, the CEOs had to make changes. They felt that cultural changes and changes in executive behavior were ***important***. Additional behavioral changes that were important included changes in customer service. Making management and staff changes were important to the CEOs in achieving their goals, as were changes in the financial performance of the hospital.

Implementation of change requires skill and commitment. Behaviors that facilitated the changes that the CEOs felt were important related to both process and structure. For example, they considered opening the lines of communication most important, followed by identifying desired goals and outcomes and strategic plan implementation. Relative to structure, changing leadership and the hospital's organizational structure itself were important to the CEOs.

The CEOs were asked to prioritize the results that were desired in response to goal-directed changes. They felt that the interpersonal results of improved communication with the medical staff and improved employee satisfaction were a high priority. Patient-related results were reflected in the priority given to quality process improvement and improved patient satisfaction. The CEOs felt that progress toward goal attainment should be accorded a high priority.

From the changes that had to be made, patient satisfaction was considered a high priority (Table 6). Strategic planning, the embodiment of planned change, was also a high priority of the hospital CEOs. Cultural transformation, finance issues and patient safety were a priority as well. Since the publication of "To Err is Human: Building a Safer Health System (1999)", patient safety has been the focus of government regulation, provider accreditation groups and voluntary organizations such as the National Quality Forum.

Table 6. From the changes that had to be made, what was the priority of each of the following items?

From the changes that had to be made, what was the priority of each of the following items? 1 − No priority, 6 − Extremely high priority			
Rank	**Item**	**Mean**	**Std. deviation**
1	Patient satisfaction	5.13	0.94
2	Strategic planning	4.93	1.00
3	Cultural transformation	4.85	1.20
4	Finance issues	4.80	1.37
5	Patient safety	4.79	1.26
6	Solidify staff	4.58	1.23

The vast majority of the Hospital CEOs (90.4%) perceived that they were successful or very successful in achieving their personal goals for the hospital. Relative to the specific performance indicators, patients treated increased 65%, revenues 78.2% and profitability 71.4% (Table 7). ***These outcomes, in addition to the financial variables of debt, liquidity, capital spending and capital structure, constitute the financial health of hospitals*** (Kaufman, 2007).

Table 7. Within your tenure, what has happened in terms of:

Within your tenure, what has happened in terms of:			
	Patients treated	Revenues	Profitability
Decrease − 1	2.41%	1.28%	3.30%
Decrease somewhat − 2	8.44%	5.13%	9.89%
Remained about the same − 3	24.10%	14.10%	15.38%
Increased somewhat − 4	22.89%	30.77%	15.38%
Increased − 5	42.17%	47.44%	56.04%
N/A	0.00%	1.28%	0.00%
Mean	3.94	4.14	4.11
Standard deviation	1.11	1.07	1.19

We asked the CEOs how much personal change or adjustment was necessary upon assuming the leadership position in their hospital. In reflecting a moderate amount of change, nonpersonality-related adjustment was dominated by facets of organizational culture such as understanding the medical staff, the process of delegation, and keeping the Board of Directors more informed (Table 8). Personality factors that were indicative of how CEOs changed included increased tolerance, patience and confidence. Behavioral characteristics included increased stress levels, working harder than in their previous job, and learning to take time off and disengage. A consequence of assuming the hospital CEO role also included spending less time with family and friends.

Table 8. For each of the following items, how much change/adjustment personally was necessary for your new situation?

For each of the following items, how much change/adjustment personally was necessary for your new situation? 1 − No change, 6 − Extreme change			
Rank	**Item**	**Mean**	**Std. deviation**
1	Implemented processes to keep board more informed	4.02	1.56
2	Gained a better understanding of medical staff	3.98	1.57
3	Delegated more	3.53	1.49
4	Became more stressed	3.47	1.83
5	Worked harder than in previous job	3.43	1.89
6	Spent less time with family and friends	3.35	1.73
7	Became more outgoing, confident	3.23	1.67
8	Became more patient, tolerant	3.11	1.64
9	Kept more abreast of industry trends	3.04	1.53
10	Became more detail-oriented	2.73	1.60
11	Learned to take time off and disengage	2.60	1.49

Discussion

Our primary focus of this initial report on the third phase of our three-phase study is descriptive analysis. However, for purposes of discussion and potential application, we conducted a preliminary predictive analysis of job satisfaction. A large majority of the CEOs (89.2%) were satisfied with their jobs by different degrees (Table 9).

Table 9. Please, rate your level of overall job satisfaction to date

Please, rate your level of overall job satisfaction to date.	
1 − Not satisfied	2.15%
2	2.15%
3	6.45%
4	18.28%
5	39.78%
6 − Extremely satisfied	31.18%
Mean	4.85
Standard deviation	1.13

Since our preliminary model of managerial socialization ultimately concerns itself with outcomes, we decided to focus on a job satisfaction analysis for the initial predictive analysis.

The results of the multiple regression analysis formulated to model job satisfaction produced six variables (survey items) that were significantly ($p<.05$) predictive of job satisfaction:

1) Within the context of their new leadership roles, the CEOs became more stressed, and that resulted in less job satisfaction.
2) When the CEOs learned to take time off and disengage, their job satisfaction increased.
3) Subsequent to be hired, a smooth transition was an important predictor variable of increased job satisfaction.
4) From the changes that had to be made, finance issues were a high priority. The more these issues were a priority, the less satisfied CEOs were with their jobs. By dint of their complexity in health care, it is conceivable that the stresses associated with managing hospital finances, ***such as budgetary and resource allocation issues, may be*** responsible for less job satisfaction.
5) The CEOs desired certain results in response to goal-directed changes. To the extent that increased profitability ***such as that reflected by ROI*** was a high priority, increased job satisfaction followed.
6) Spending less time with family and friends resulted in greater job satisfaction. It is conceivable that the demands made on new CEOs, and the consequent need for accelerated learning and achieving early results are compelling enough to forgo some work-life balance.

The adjusted R2 for the model is approximately 27%. Thus, 27% of the variance in job satisfaction can be explained by differences in the personal

changes/adjustments that the CEOs made, their personal goals, changes that had to be made, and the priority of the results desired from their implementation.

The emerging model may be depicted as follows:

New CEOs job satisfaction = a-b1 (stress) +b2 (time off) +b3 (smooth transition) -b4 (financial issues) +b5 (increased profitability) + b6 (time with family and friends)

Conclusions and recommendations for future research

We designed this study to begin testing a preliminary model of managerial socialization in short-term hospitals. In addition to the multiple regression analysis model formulated to predict job satisfaction, we plan to further analyze the data to determine which variables, if any, are predictive of self-perceived performance in achieving the CEOs' personal goals for the hospital.

We surveyed CEOs who have been on the job for one to three years, but did not distinguish between those who came from outside of the organization (horizontal move) from CEOs who were promoted from within. As such, we want to examine the concept of succession planning and its relationship to managerial socialization. CEOs promoted from within work equally hard to separate themselves from operations and learn the terrain of their outside constituencies (Porter, Lorsch and Nohria, 2004).

It may also be valuable to examine the relationship of contract-specific performance goals to the importance of the CEOs' personal goals upon hiring.

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