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Учебное пособие обобщает теоретическую, методологическую и практическую информацию, необходимую для всестороннего и системного представления об экономике здравоохранения и особенностях функционирования системы здравоохранения в современных социально-экономических условиях. В курсе дается базовая терминология, рассматриваются ключевые компоненты экономической системы здравоохранения, включая механизмы финансирования, ресурсного обеспечения и экономической оценки деятельности медицинских организаций; отдельное внимание уделяется вопросам эффективности использования ресурсов, оценки качества и доступности медицинской помощи, а также учету факторов неопределенности и риска при принятии управленческих решений в сфере здравоохранения. Особый акцент делается на современных тенденциях развития системы здравоохранения и экономических инструментах управления медицинскими организациями. В конце каждого раздела приводится методический комплекс, включающий вопросы для самоконтроля, тесты, темы для эссе и практические задания. Теоретические вопросы сопровождаются примерами и пояснениями. Пособие

соответствует требованиям федерального государственного образовательного стандарта высшего образования и предназначено для студентов, обучающихся по направлениям подготовки в области экономики, менеджмента и здравоохранения.

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CONTENT

Введение

Учебное пособие по дисциплине «Экономика здравоохранения» предназначено для формирования у студентов, обучающихся по направлению подготовки магистратуры 38.04.02 «Менеджмент» и обучающихся по направлению специалитета 31.05.01 «Лечебное дело», 31.05.03 «Стоматология», теоретических знаний и практических навыков в области экономических основ функционирования системы здравоохранения.

В учебном пособии раскрываются сущность и особенности экономики здравоохранения, рассматриваются основные экономические категории и показатели, механизмы финансирования и ресурсного обеспечения здравоохранения, вопросы эффективности деятельности медицинских организаций, а также экономические аспекты управления качеством и доступностью медицинской помощи. Особое внимание уделено практическим вопросам применения экономических методов и инструментов в сфере здравоохранения.

Цель изучения дисциплины — сформировать у обучающихся комплекс знаний, умений и навыков (компетенций), позволяющих применять основные теоретические положения экономики здравоохранения при принятии управленческих решений в системе здравоохранения с учетом социально-экономических, организационных и правовых аспектов деятельности медицинских организаций.

По каждой теоретической теме предлагаются вопросы и задания для самоконтроля, а также тесты для самостоятельного решения. Выполнение заданий практического характера способствует закреплению и развитию у обучающихся знаний, умений и навыков по экономике здравоохранения и их применению в профессиональной деятельности.

В результате освоения дисциплины студент должен:

Знать:

– основы экономики здравоохранения, принципы функционирования и финансирования системы здравоохранения;

– экономические механизмы деятельности медицинских организаций;

– методы оценки эффективности использования ресурсов в здравоохранении.

Уметь:

– анализировать экономические показатели деятельности медицинских организаций;

– применять экономические методы при планировании и оценке медицинской помощи;

– использовать результаты экономического анализа для обоснования управленческих решений.

Владеть:

– навыками экономического анализа деятельности организаций здравоохранения;

– методами оценки эффективности и качества медицинских услуг;

– навыками сбора и обработки информации для анализа рынка медицинских и социальных услуг.

I. ORGANIZATIONAL AND METHOLOGICAL SECTION

Topic 1. Introduction to Management

Questions to study

1. Tell who managers are and where they work
2. Define management.
3. Describe the nature of management
4. Levels of Management
5. Role Performed by Managers
6. Management skills
7. Healthcare management

Managers operate within organizations, but what exactly is an organization? An organization can be defined as a group of individuals who collaboratively work towards shared objectives. These objectives may vary, with some organizations pursuing profit-oriented goals—such as those found in franchise restaurant chains or clothing retail enterprises—while others serve altruistic purposes, such as nonprofit organizations and religious institutions. Regardless of their nature, whether commercial (profit-oriented) or non-commercial (nonprofit), every organization exists to achieve particular goals.

Organization - a deliberate arrangement of people brought together to accomplish a specific purpose.

Let us consider the common characteristics of an organization:

- Goals, which express the distinct purpose of a particular organization

- People, who make decisions and reach the organization's goals

- Structure, which systematically defines, limits, and guides its members' behavior.

So, a manager is a person responsible for the work performance of group members. Non-managerial employees are solely responsible for executing assigned tasks without supervisory duties.

A manager has the formal authority to commit organizational resources, even if the approval of others is required.

The term management refers to the process of using organizational resources to achieve organizational objectives through the functions of planning, organizing and staffing, leading, and controlling.

Management Functions

- Planning – setting goals and determining how to achieve them.
- Organizing – allocating resources and establishing structure.
- Leading – motivating and guiding employees.
- Controlling – monitoring performance and making necessary adjustments.

Another way of understanding the nature of a manager's job is to examine the three levels of management.

Top-level managers are empowered to make major decisions affecting the present and future of the firm. Top-level managers are the people who give the organization its general direction; they decide where it is going and how it will get there.

Middle-level managers conduct most of the coordination activities within the firm, and they disseminate information to upper and lower levels. The jobs of middle-level managers vary substantially in terms of responsibility and income.

Managers who supervise operatives are referred to as **first-level managers**, first-line managers, or supervisors. Supervisors help shape the attitudes of new employees toward the firm. Newcomers who like and respect their first-level manager tend to stay with the firm longer.

To further understand the manager's job, it is worthwhile to examine the various roles managers play. A role, in the business context, is an expected set of activities or behaviors stemming from a job. Henry Mintzberg conducted several landmark studies of managerial roles[1].

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[1] The Nature of Managerial Work (New York: Harper & Row, 1973).

Henry Mintzberg identified **10 managerial roles** grouped into three categories: Interpersonal (Figurehead, Leader, Liaison), Informational (Monitor, Disseminator, Spokesperson), and Decisional (Entrepreneur, Disturbance Handler, Resource Allocator, Negotiator), with examples like a CEO cutting ribbons (Figurehead), a manager motivating staff (Leader), or a leader launching a new product (Entrepreneur).

Interpersonal Roles (Relating to People)

Figurehead: Performs symbolic, ceremonial duties, representing the organization (e.g., attending a ribbon-cutting ceremony). In this role every manager has to perform some duties of a ceremonial nature.

In another way, it means that the manager in this role is a big boss, and everybody looks up to him or her. They provide example with their behavior, with clothes, with their attitude and so on. Figurehead is the manager who represents their company or institution in the public sphere. They can go to TV or give an interview for a newspaper and say "our university is number one in the Volga region". This role also may include taking an important stakeholder to a business lunch, acting as a representative of their company.

Leader: Motivates, coaches, and develops subordinates (e.g., conducting performance reviews, setting goals).

Liaison: Builds and maintains networks with outsiders (e.g., networking at industry events, coordinating with other departments).

In this role of liaison every manager creates and maintain internal and external relationships. For example, as a manager, you would communicate regularly with your employees but also interact with your clients. In your client conversations, you can gain insights on what their needs are, then relay that information to your employees. Now that they have an understanding of the client's expectations, you can ensure that they work to fulfill those needs and deliver a successful result. Middle management provides connection between top management and lower management (first line management)

Informational Roles (Handling Information)

Informational cluster includes also very critical roles. Based on these roles, the manager is supposed to communicate, monitor, manage, and distribute the information at all levels.

Monitor: Gathers and analyzes internal and external information (e.g., tracking competitor activity). As a monitor the manager has to perpetually scan, they environment for information, interrogate his liaison contact and subordinates and receive unsolicited information.

Monitor role will be basically for the department manager monitoring to see if everything is okay, if things get done or if they don't.

Disseminator: Transmits relevant information to others in the organization (e.g., sharing market trends with the team). In the role of disseminator, the managers pass some of their privileged information directly to his or her subordinates who would otherwise have no access to it.

Spokesperson: Communicates outward to external parties (e.g., presenting company performance to the board or media). In this role, the manager informs, formally reports and satisfies various groups and people who influence the organization. Thus, manager advises shareholders about financial performance, assures consumer groups that the organization is fulfilling its social responsibilities and satisfies government requirements.

As a spokesperson, the manager keeps five groups of people informed about the unit's activities, plans, and capabilities. These groups are (a) upper-level management, (b) clients and customers, (c) other important outsiders (such as labor unions), (d) professional colleagues, and (e) the general public. Usually, top-level managers take responsibility for keeping outside groups informed.

Decisional Roles (Making Decisions)

Entrepreneur: Initiates and oversees new projects or change (e.g., developing a new product line). In this role, the manager constantly looks out for new ideas and seeks to improve they unit by adapting it to changing conditions in the environment.

Disturbance Handler: Responds to crises and unexpected problems (e.g., resolving a major customer complaint). Managers have to work like a fire fighter. If

there is a problem this is a manager's job to fix it. Basically the main function of a manager is coordinate – if there are problems to fix problems.

Resource Allocator: Decides how to best use resources (e.g., approving budgets, scheduling staff).

Negotiator: Represents the organization in major negotiations (e.g., negotiating a union contract or supplier deal).

To be effective, managers need to possess technical, interpersonal, conceptual skills. Whatever the level of management, a manager needs a combination of all skills.

Technical skill involves an understanding of and proficiency in a specific activity that involves methods, processes, procedures, or techniques. Technical skills include the ability to prepare a budget, lay out a production schedule, program a computer, or demonstrate a piece of electronic equipment. A well-developed technical skill can facilitate the rise into management.

Interpersonal (or human relations) skill is a manager's ability to work effectively as a team member and to build cooperative effort in the unit. Interpersonal skills are more important than technical skills in getting to the top.

Communication skills are an important component of interpersonal skills. They form the basis for sending and receiving messages on the job.

An important subset of interpersonal skills for managers is multiculturalism, or the ability to work effectively and conduct business with people from different cultures. Closely related is the importance of bilingualism for managers as well as other workers. Being able to converse in a second language has become an important asset in today's global and multicultural work environment.

Conceptual skill is the ability to see the organization as a total entity. It includes recognizing how the various units of the organization depend on one another and how changes in any one part affect all the others. It also includes visualizing the relationship of the individual business to the industry; the community; and the political, social, and economic forces of the nation as a whole.

For top-level management, conceptual skill is a priority because executive managers have the most contact with the outside world.

So, technical skill seems to be more important at the lower or front-line managerial role and becomes least important to top level. In higher functional positions the conceptual component becomes more important and the technical skills less important. That is why, people at the top-level shift with great ease from one industry to another without an apparent fall in their efficiency. Their interpersonal and conceptual skills seem to make up for their luck of knowledge of the new job's technical aspects. And, it is very important, human relation skills remains consistently important for managers at all levels.

The practice of healthcare management is essential for the efficient operation of health services, encompassing leadership, management, and direction within healthcare organizations. 'Health management' extends beyond healthcare management by integrating principles of public health and health policy. Healthcare managers typically carry out seven key functions: planning, organising, staffing, controlling, directing, risk-assessment, and decision-making. These functions are critical in enhancing organisational efficiency, financial sustainability and the quality of patient care.

Healthcare managers are appointed to positions of authority, where they shape the organization by making important decisions. Such decisions relate, for example, to recruitment and development of staff, acquisition of technology, service additions and reductions, and allocation and spending of financial resources. Decisions made by healthcare managers not only focus on ensuring that the patient receives the most appropriate, timely, and effective services possible, but also address achievement of performance targets that are desired by the manager.

Healthcare management is a growing profession with increasing opportunities in both direct care and non-direct care settings. *Direct care settings* are "those organizations that provide care directly to a patient, resident or client who seeks services from the organization."

Non—direct care settings are not directly involved in providing care to persons needing health services, but rather support the care of individuals through products and services made available to direct care settings.

The most common organizational structure for healthcare organizations is a functional organizational structure whose key characteristic is a pyramid-shaped hierarchy, which defines the functions carried out and the key management positions assigned to those functions.

Characteristics associated with this functional structure include a strict chain of command and line of reporting, which ensure that communication and assignment and evaluation of tasks are carried out in a linear command and control environment.

Control questions

1. Who are considered managers in healthcare, and what are their typical workplaces?
2. How is management defined in the context of healthcare?
3. What are the key characteristics of management as a discipline?
4. What are the three main levels of management, and what roles do they play in healthcare organizations?
5. Describe the interpersonal roles performed by healthcare managers.
6. What informational roles are essential for effective healthcare management?
7. Explain the decisional roles of managers within a healthcare setting.
8. What technical skills are necessary for healthcare managers?
9. How do interpersonal skills contribute to successful management in healthcare?
10. Why are conceptual skills important for managers in healthcare, and how do they influence decision-making?

Assignments and case studies

Assignment 1
1. Which of the following tasks is NOT typically associated with top-level managers?
a) purchasing another company;
b) initiating a new product line;
c) hiring hundreds of employees;

d) supervising operatives

2. What is primary role of middle-level managers?
a) making major decisions affecting the firm;
b) conducting most of the coordination activities within the firm;
c) supervising operatives
d) managing specialized activities

3. What happens to an entrepreneur when their business grows beyond their ability to manage alone?
a) they hire more employees
b) they become a general manager
c) they sell the business
d) they close the business

4. What is an entrepreneur?
a) a person who managers a large cooperation
b) a person who founds and operates an innovate business
c) a person who managers a small business
d) a person who works in a nonprofit organization

5. What is the primary role of leading in management?
a) setting goals
b) influencing others to achieve organizational objectives
c) monitoring performance
d) allocating resources

6. What Is the main purpose of the controlling function in management?
a) setting goal
b) ensuring that performance conforms to plans
c) hiring employees
d) making strategic decisions

7. What is the primary activity of a liaison manager?
a) developing and maintaining a network of work-related contacts
b) making major decisions affecting the firm
c) supervising operatives
d) managing specialized activities

8. What is the primary activity of a disturbance handler?

a) Setting goals

b) Resolving conflicts among group members

c) Hiring employees

d) Making strategic decisions

9. Which managerial role fits the controlling function precisely and involves developing systems that measure or monitor the unit's overall performance?

a) Monitor

b) Disturbance Handler

c) Entrepreneur

d) Team Player

10. Which managerial role involves trying to make deals with others for needed resources?

a) Figurehead

b) Spokesperson

c) Negotiator

d) Coach

Assignment 2

Topics for essays (essay papers):

1. Classical Scientific Management theories

2. Monitoring and evaluating performance.

3. Manager's skills and how they can be developed

4.Types of Manager

Assignment 3

Case 1:

A regional clinic is facing challenges with inefficient internal communication among various medical departments, leading to delays in patient care and dissatisfaction among staff. As a newly appointed healthcare manager, outline the steps you would take to identify the root causes and develop a management plan. Consider the levels of management involved, roles you will perform, and the key management skills you will apply to improve coordination and communication.

Case 2:

A healthcare provider plans to implement a new electronic health record (EHR) system. There is resistance among some employees due to fear of change and lack of technical skills. Discuss how you would manage this transition as a healthcare manager. Define your management approach addressing the nature of management, delegation, communication strategies, and how to manage different stakeholder expectations at various levels in the organization.

<u>Assignment 4</u>

You have been hired as a healthcare management consultant by a mid-size hospital facing operational inefficiencies, unclear management roles, and low staff morale. Your task is to develop a comprehensive management improvement plan based on international best practices.

Address these points in your plan:

a.   Identify who the current managers are in the hospital, describe their workplaces and levels of management (strategic, middle, operational).
b.   Define management in the healthcare context and describe its nature as both a science and art.
c.   Analyze the specific roles (interpersonal, informational, decisional) performed by these managers using Mintzberg's managerial roles framework.
d.   Evaluate the current management skills (technical, interpersonal, conceptual) demonstrated and recommend improvement areas.
e.   Propose specific steps to restructure management levels for better coordination and efficiency.
f.   Suggest methods to enhance communication and collaboration between management and staff.
g.   Develop training programs emphasizing crucial management skills required for effective healthcare leadership.
h.   Set key performance indicators to measure success post-implementation.

Prepare a detailed report outlining your plan with justifications, timelines, stakeholder

Recommended literature:

1.   ГОСТ Р ИСО 22956-2024. Менеджмент в организации здравоохранения. Общие требования к управлению пациент-

ориентированным персоналом. М., Федеральное агентство по техническому регулированию и метрологии, 2024.

2. Handbook of Healthcare Management / Ed. E. R. Thomas. Cheltenham: Edward Elgar Publishing, 2015.

3. The Oxford Handbook of Health Care Management / Ed. E. Ferlie, K. Montgomery, et al. Oxford: Oxford University Press, 2016.

4. Management of Healthcare Organizations: An Introduction, Fourth Edition / G. R. Alexander. Chicago: American College of Healthcare Executives, 2024.

5. Fundamentals of Healthcare Administration / Ed. J. Smith. Minneapolis: University of Minnesota Press, 2023.

6. Егорова, О. В. Welcome to management: учебное пособие / О. В. Егорова, Т. А. Иванова, Н. Е. Лукичева. — Санкт-Петербург: СПБГУ ГА им. А.А. Новикова, 2023. — 137 с. — ISBN 978-5-907354-58-6. —URL: https://e.lanbook.com/book/343040 (дата обращения: 19.01.2026).

7. The Nature of Managerial Work (New York: Harper & Row, 1973).

Topic 2. Evolution of Management Thought

Questions to study

1. From Industry 1.0 to Industry 4.0
2. The classical school
3. The Behavioral school of management
4. Theory X and Theory Y
5. The Quantitative School
6. The Systems Approach
7. The Contingency school

Evolution of management science is the entire concept involving several theories behind it. Furthermore, whatever we presently have gets refined and improved as management thoughts and theories. There is a long history behind the evolution of management thought. It has developed along with it and in line social, cultural, economic and scientific institutions. So, it won't be a mistake to say that management is regarded as an evolutionary concept.

This lecture will be very important because management's approaches also will appear in our later lectures. For example, the study of leadership and motivation stems from both the classical and behavioral approaches. The historical approaches laid the foundation for understanding and practicing management. Therefore, the schools of management thought are the theoretical frameworks for the study of modern management.

Management thought has its origin in ancient times. Ever since human beings living together in groups, techniques of organization and management were evolved. Let's give some examples - the great pyramids, the leadership and war tactics of Alexander the Great, the Chinese Civil Service displayed marvellous results of good management practices. This example from the past demonstrates that organizations have been around for thousands of years and that management has been practiced since the ancient times. Management is developed along with other socio-economic development.

However, the origin of management as a discipline was developed in the late 19th century. Industrial Revolution is important aspect that influenced management in pre-twentieth century. In that case, it was necessary to develop approaches to managing work and people in order to manage all the new factories that were a central part of the Industrial Revolution.

The First Industrial Revolution began in the 18th century through the use of steam power and mechanization of production. The use of steam power for industrial purposes was the greatest breakthrough for increasing human productivity.

The Second Industrial Revolution began in the 19th century through the discovery of electricity and assembly line production. The second industrial revolution is linked to the increasing rationalization and division of labor in the manufacturing companies.

Later, *the third industrial* which is also known as the Digital Revolution, began in the '70s in the 20th century through partial automation using memory-programmable controls and computers.

Nowadays everybody relates *to The Fourth Industrial Revolution*, known as Industry 4.0 - a union between physical assets and advanced digital technologies - like Internet of Things (IoT), Artificial Intelligence (AI), robots, drones, autonomous vehicles, 3d printing, cloud computing and others, that are interconnected, having the possibility to communicate, analyze and act. Organizations adopting Industry 4.0 are more flexible, responsive and intelligent, therefore more prepared for data-driven decisions.

Industrial revolution brought about a complete change in the methods of production, tools and equipment, organization of labor and methods of raising capital. Entrepreneurs then had access to production factors like land, labor and capital and, in turn, they strive combine these factors in the efficient achievement of a particular goal. However, all these changes brought about changes in the field of management.

The formal study of management is largely a 20th century phenomenon, and to some degree the relatively large number of management schools of thought reflect a lack of consensus among management scholars about basic questions of the theory and practice.

Let's take a look at first approach to the study of management – **the classical school.** The classical school is the oldest formal school of management thought. Its roots predate the 20th century. The classical school came about as a reaction to the Industrial Revolution. The advent of the first industrial revolution had its huge impact on management. The three ingredients – power, machinery and transportation came together to spark the Industrial Revolution. There were a lot of managerial issues at the time that people needed to grapple with. I'd like to highlight that they were new:

- Large groups of people working together
- People working alongside machinery
- The pace of industry was speeding up very quickly
- And the last one – the companies were looking for more effective ways to handle their new challenges.

These issues promoted a lot of new questions by managers: How we are going to organize all of this? How are we going to maximize productivity? And of course – How we are going to manage all these people working together?

Look at three theories, that answered these questions.

- scientific management;
- administrative management;
- bureaucratic management.

Scientific management was introduced in an attempt to create a mental revolution in the workplace. It can be defined as the systematic study of work methods in order to improve efficiency. Scientific management, or Taylorism, is a management theory by Frederick Winslow Taylor that uses scientific methods, like time-and-motion studies, to break down jobs into simple tasks, find the "one best way" to do them, standardize processes, and motivate workers with pay to maximize economic efficiency and labor productivity, separating planning from execution.

Administrative management is the process of running an organization by creating structures, coordinating tasks, and overseeing daily operations to ensure efficiency and achieve goals, focusing on effective information flow, resource use, and employee roles, often guided by theories from figures like Henri Fayol who emphasized principles like division of labor, authority, and unity of command. It involves tasks such as planning, organizing, staffing, controlling, and coordinating support functions like budgeting, HR, and record-keeping.

Bureaucratic management, developed by Max Weber, is a management theory emphasizing strict hierarchy, detailed rules, division of labor, and impersonal, formalized processes for maximum efficiency, fairness, and predictability in large organizations, focusing on technical competence over personal favoritism, though it can lead to rigidity and "red tape". It creates clear chains of command and specialized roles, ensuring consistency but potentially stifling creativity.

The Behavioral Approach focused on trying to understand the factors that affect human behavior at work. Its primary emphasis is on improving management through understanding the psychological makeup of people. The behavioral school

has had a profound influence on management. Typical behavioral school topics include leadership, motivation, communication, group decision making, and conflict. Through its insistence that effective leadership depends on understanding the situation, the behavioral school initiated the contingency approach to management.

Much of the behavioral school is rooted in the work of psychologists who applied their insights and research findings to the workplace. Pioneering management thinkers such as Abraham Maslow, Douglas McGregor, and Frederick Herzberg are psychologists.

The primary strength of the behavioral school is that it encourages managers to take into account the human element. Many valuable methods of motivating employees are based on behavioral research. The primary weakness of the behavioral approach is that it sometimes leads to an oversimplified view of managing people. Managers sometimes adopt one simple behavioral theory and ignore other relevant information. For example, several psychological theories of motivation pay too little attention to the importance of money in peoples' thinking.

Douglas McGregor proposed that there are two types of managers – one he assumed a negative view of the employees also known as **Theory X** managers and the others who assumed a positive view of works or the **Theory Y** managers. Theory X managers tend to take a pessimistic view of their people and assume that they are naturally unmotivated and dislike work as a result they think that team members need to be prompted rewarded or punished constantly to make sure that they complete their task. Furthermore, they feel their employees are lazy lack ambition and prefer to be directed on what to rather than assume responsibility on their own. This type of manager believes that their role as manager is to coerce and control the employees to work towards organizational goals.

Theory Y type of managers assume the best in people they're optimistic and they use a decentralized participative management style. Their contract opposite to Theory X type of managers and feel that their employees are not all lazy and in fact when the proper motivation and rewards are in place employees are not willing to

purposely drive to seek out responsibilities and challenges on their own. These types of managers assume that their employees are full of potential and it is their role as a manager to help develop that potential. So that they can work towards a common organizational goal.

The Quantitative School of Management uses mathematical models, statistics, and logical processes (Operations Research) to find optimal solutions for complex business problems, emphasizing data-driven, objective decision-making, and efficiency, developing from World War II needs with key figures like Churchman and Ackoff, using tools like CPM/PERT and MIS for better planning, budgeting, and resource allocation.

Operations management is a narrow branch of the quantitative school. It focuses on managing the process of transforming materials, labor, and capital into useful goods and/or services. The product outputs can be either goods or services; effective operations management is a concern for both manufacturing and service organizations. The resource inputs, or factors of production, include the wide variety of raw materials, technologies, capital information, and people needed to create finished products. The transformation process, in turn, is the actual set of operations or activities through which various resources are utilized to produce finished goods or services of value to customers or clients.

The systems approach to management is more a perspective for viewing problems than a school of thought. It is based on the concept that an organization is a system, or an entity of interrelated parts. If you adjust one part of the system, other parts will be affected automatically. For example, suppose you offer low compensation to job candidates. According to the systems approach, your action will influence product quality. The "low-quality" employees who are willing to accept low wages will produce low-quality goods.

The basic idea **of Contingency school** or 'Situational Approach' is that there cannot be a particular management action which will be suitable for all situations. Rather, an appropriate action is one which is designed on the basis of external environment and internal states and needs. Contingency theorists suggest that

systems approach does not adequately spell out the precise relationship between organization and its environment. The Contingency School tries to fill this gap by suggesting what should be done in response to an event in the environment.

Beginning in the 1970's, the Contingency School became one of the most influential ways of thinking about management. This concept takes the situational approach. It considers the circumstances of each situation and then decides which response has the greatest chance of success. A method that leads to high productivity or morale in one situation may not achieve the same results in another. The contingency approach is derived from the leadership aspects of the behavioral school.

Specifically, psychologists developed detailed explanations of which style of leadership would work best in which situation. The strength of the contingency approach is that it encourages managers to examine individual and situational differences before deciding on a course of action. Its major problem is that it is often used as an excuse for not acquiring formal knowledge about management. If management depends on the situation, why study management theory? The answer is because a formal study of management helps a manager decide which factors are relevant in particular situations.

Control questions

1. How did technological changes from Industry 1.0 to Industry 4.0 influence the evolution of management theories?
2. What are the main principles of the Classical School, and why was it considered revolutionary at the time?
3. Compare the views of Frederick Taylor and Henri Fayol regarding management.

4. What was the contribution of the Hawthorne Studies to the emergence of the Behavioral School?
5. Explain the key assumptions underlying McGregor's Theory X and Theory Y.

6. How did the Quantitative School transform managerial decision-making processes?

7. In what ways does the Contemporary School of management differ from the Classical School?

8. How do quality-management approaches such as TQM contribute to organizational excellence?

9. Why is the systems perspective important for organizations operating in global and rapidly changing environments?

Assignment 1:

1. The main focus of the Classical School was:
   a) Human motivation and group dynamics
   b) Mathematical models for decision-making
   c) Organizational structure, efficiency, and productivity
   d) Digital transformation of business

2. Which technological innovation characterizes Industry 3.0?
   a) Steam power
   b) Electricity and assembly lines
   c) Automation through electronics and computers
   d) Cyber-physical systems

3. Who is considered the founder of Scientific Management?
   a) Elton Mayo
   b) Douglas McGregor
   c) Frederick W. Taylor
   d) Max Weber

4. The Hawthorne Studies emphasized the importance of:
   a) Strict rules and formal hierarchy
   b) Financial incentives as the only motivator
   c) Social relations and employee attitudes
   d) Quantitative forecasting methods

5. According to Theory X, employees are generally:

   a) Self-motivated and eager to take responsibility
   b) Creative and seeking autonomy
   c) Indifferent to work and must be controlled

d) Motivated by meaningful tasks

6. The Quantitative (Management Science) School relies primarily on:
   a) Human-relations experiments
   b) Intuition and experience
   c) Behavioral psychology
   d) Mathematical and statistical techniques

7. Contemporary management approaches emphasize:
   a) One universal best way to manage
   b) Strict adherence to classical hierarchy
   c) Flexibility, systems thinking, and adaptation
   d) Minimizing the role of employees

8. Total Quality Management (TQM) focuses primarily on:
   a) Reducing the number of employees
   b) Continuous improvement and customer satisfaction
   c) Increasing hierarchy levels
   d) Eliminating teamwork

9. A defining feature of Industry 4.0 is:
   a) Mass production using electric power
   b) Computer-based automation
   c) Integration of IoT, AI, and cyber-physical systems
   d) Use of steam engines

10. The central premise of the Contingency (or Situational) School of management is that:
   a) Mathematical models provide the optimal solution for all organizational problems.
   b) There is one universal set of management principles effective for all organizations.
   c) The most effective management action depends on the specific internal and external circumstances.
   d) Organizations should be viewed as closed systems unaffected by their environment.

   Assignment 2

A manufacturing company founded in the 1950s is still managed according to Classical School principles: strict hierarchy, centralized decision-making, rigid job descriptions, and close supervision. Recently the company adopted modern technologies such as automation, IoT sensors, and data analytics (Industry 4.0). Despite these innovations, productivity has not improved and employee turnover has increased.

Task:

Analyze this situation using concepts from:

a. the Classical School,
b. the Behavioral School, and
c. the Contemporary (Systems / Contingency) School.

Explain:

1. Why the company's traditional management approach no longer works effectively.

2. What changes in management style and organizational structure are needed to align with Industry 4.0.

3. How integrating behavioral and systems perspectives could improve performance and employee engagement.

Assignment 3

Create a table comparing how different management schools can be applied in healthcare organizations such as hospitals, clinics, emergency services, and laboratories.

Your table should include:

Management School	Application in Healthcare	Strengths in Medical Context	Limitations in Medical Context	Example in a Hospital	Management School

Include the following schools:
1. Classical School
2. Behavioral School
3. Quantitative School
4. Contemporary School

Instructions:

For each school, briefly describe:
- how it might be applied in a hospital or clinic,
- what advantages it offers for medical management (e.g., efficiency, teamwork, patient care quality),
- what disadvantages it may have in clinical environments,
- give a real-world example (e.g., triage protocols, TQM in OR, workflow optimization in labs, staff engagement initiatives, etc.).

Practical task 1

Application of Management Schools in a Healthcare Setting

Topic: *Enhancing Operational Efficiency in a Hospital Department through Classical, Behavioral, Quantitative, and Contemporary Management Approaches*

Background

A large regional hospital has recently introduced several digital technologies, including an Electronic Health Record (EHR) system, automated ECG interpretation software, and telemedicine modules. Despite these advancements, the Cardiology Department continues to experience operational inefficiencies, such as prolonged patient waiting times, frequent documentation errors, insufficient coordination among clinical and administrative staff, and signs of reduced staff motivation. This task requires students to apply key management theories to diagnose the problems and design an evidence-based improvement plan.

Objective

To develop the ability to apply management theories (Classical, Behavioral, Quantitative, and Contemporary Schools) to real-world clinical workflows in order to improve efficiency, communication, quality of care, and staff satisfaction.

Task Instructions

Part A — Theoretical and Analytical Component

Using the concepts studied in Topic 2 (*Evolution of Management Thought*), carry out the following analytical tasks:

1. Assessment of Classical School Practices: Identify and describe at least three operational or organizational problems observed in the department that are linked to outdated Classical School principles (e.g.,

excessive hierarchy, rigid role specialization, centralized decision-making, overemphasis on control).

2. Application of the Behavioral School: Explain how concepts related to motivation, leadership styles, interpersonal communication, and team dynamics can be applied to address staff dissatisfaction and improve collaborative practices within the department.

3. Use of Quantitative Methods: Select one process within the department (e.g., patient flow, appointment scheduling, diagnostic workload allocation) and describe how quantitative management tools—such as queuing theory, workflow analysis, forecasting, or statistical evaluation—may be used to optimize this process.

4. Integration of Contemporary Management Approaches: Discuss how systems thinking, quality management frameworks (e.g., TQM), or elements of the McKinsey 7S model can support the effective integration of digital technologies into daily clinical operations and improve departmental performance.

Part B — Practical Implementation Plan
Based on the analysis conducted in Part A, develop a structured improvement plan consisting of 8–10 clearly defined steps. For each step, provide:
- Description of the managerial action to be undertaken.
- Designation of responsible personnel (e.g., department head, senior nurse, informatics officer).
- Required resources (e.g., training, software configurations, staffing adjustments).
- Expected outcomes (e.g., reduced waiting time, improved accuracy of documentation, enhanced interprofessional coordination).
- Success indicators (KPIs), such as:
a) average waiting time for diagnostics,
b) frequency of documentation errors,
c) employee satisfaction scores,
d) patient satisfaction ratings,
e) rate of successful telemedicine consultations.

Part C — Deliverables
Students must submit the following materials:
1. Analytical Report (1–2 pages): A concise written synthesis of the analysis and the proposed improvement plan.

2. Comparative Table or Diagram: A visual representation demonstrating the contribution of each management school (Classical, Behavioral, Quantitative, Contemporary) to the final proposed solution for the department.

3. Reflective Statement (5–6 sentences): A brief evidence-based reflection discussing which management school is most applicable to modern healthcare organizations and explaining the rationale for this choice.

Assignment 4

Essay Assignment: Evolution of Management Thought in Healthcare
Purpose of the Assignment
This essay task aims to develop students' analytical skills and their ability to apply management theories to real-world healthcare settings. Students are expected to demonstrate an understanding of the evolution of management thought and critically assess its relevance to modern medical organizations.

Task Instructions
Students must choose one of the essay topics listed below and write a structured academic essay (1,200–1,500 words). The essay must:
- include a clear introduction, main body, and conclusion;
- reference theoretical concepts from Classical, Behavioral, Quantitative, and Contemporary management schools;
- provide practical examples from healthcare organizations.

Essay Topics (Choose ONE)
1. The Impact of Industry 4.0 on Clinical Management: Opportunities and Challenges for Modern Healthcare Institutions
Discuss how digital transformation, telemedicine, artificial intelligence, and automated systems influence management practices in hospitals and clinics.

2. The Relevance of the Classical Management School in Today's Hospitals: Structure, Discipline, and Their Limitations
Analyze where classical principles (hierarchy, formalization, division of labor) remain essential in medical environments and where they hinder innovation and patient-centered care.

3. The Behavioral School and Its Role in Enhancing Teamwork and Reducing Burnout Among Healthcare Professionals

Examine how leadership style, motivation, communication, and group dynamics influence staff well-being and the quality of patient care.

4. Quantitative Approaches in Healthcare: How Management Science Improves Patient Flow, Diagnostic Capacity, and Resource Allocation

Evaluate the use of analytics, forecasting, queuing theory, process mapping, and other quantitative tools in optimizing clinical and administrative operations.

Requirements for Submission

- Length: 1,200–1,500 words
- Format: Times New Roman, 12 pt; 1.5 spacing; standard margins
- Submission type: electronic file (PDF or DOCX)
- Deadline: as determined by the instructor

Recommended literature:

1. Wren D.A., Bedeian A.G. The Evolution of Management Thought. 8th ed. Hoboken: Wiley, 2020.

2. Taylor F.W. The Principles of Scientific Management. New York: Harper & Brothers, 1911.

3. McGregor D. The Human Side of Enterprise. New York: McGraw-Hill, 1960.

4. Mayo E. The Human Problems of an Industrial Civilization. New York: Macmillan, 1933.

5. Peters T.J., Waterman R.H. In Search of Excellence: Lessons from America's Best-Run Companies. New York: Harper & Row, 1982.

6. Колосницына, М. Г. Экономика здравоохранения / под ред. М. Г. Колосницыной, И. М. Шеймана, С. В. Шишкина - Москва: ГЭОТАР-Медиа, 2018. - 464 с. - ISBN 978-5-9704-4228-9. - Текст: электронный // ЭБС 'Консультант студента': [сайт]. - URL: https://www.studentlibrary.ru/book/ISBN9785970442289.html (дата обращения: 10.04.2025). - Режим доступа: по подписке.

7. Каюпова, Г. С. Экономика здравоохранения: учебное пособие / Г. С. Каюпова. - Караганда: КарГМУ, 2019. - 94 с. - ISBN 978-601-305-354-7. - Текст: электронный // Лань: электронно-библиотечная система. - URL: https://e.lanbook.com/book/252806 (дата обращения: 10.04.2025). - Режим доступа: для авториз. пользователей.

8. Решетников, А. В. Экономика здравоохранения: учебное пособие / Под ред. А. В. Решетникова. - 2-е изд. - Москва:

9. ГЭОТАР-Медиа, 2010. - 272 с. - ISBN 978-5-9704-1604-4. - Текст: электронный // ЭБС 'Консультант студента' : [сайт]. - URL : https://www.studentlibrary.ru/book/ISBN9785970416044.html (дата обращения: 10.04.2025). - Режим доступа: по подписке.

Topic 3. Managerial Environment and Planning

Questions to study

1. The External environment
2. The Internal environment
3. Planning
4. SMART goal setting.

All outside factors that may affect an organization make up **the external environment**. The external environment is divided into two parts:

Directly interactive: This environment has an immediate and firsthand impact upon the organization. A new competitor entering the market is an example.

Indirectly interactive: This environment has a secondary and more distant effect upon the organization. New legislation taking effect may have a great impact.

Directly interactive forces include owners, customers, suppliers, competitors, employees, and employee unions. Management has a responsibility to each of these groups. Here are some examples:

Owners expect managers to watch over their interests and provide a return on investments.

Customers demand satisfaction with the products and services they purchase and use.

Suppliers require attentive communication, payment, and a strong working relationship to provide needed resources.

Competitors present challenges as they vie for customers in a marketplace with similar products or services.

Employees and employee unions provide both the people to do the jobs and the representation of work force concerns to management.

The second type of external environment is the indirectly interactive forces. These forces include sociocultural, political and legal, technological, economic, and global influences. Indirectly interactive forces may impact one organization more

than another simply because of the nature of a particular business. For example, a company that relies heavily on technology will be more affected by software updates than a company that uses just one computer. Although somewhat removed, indirect forces are still important to the interactive nature of an organization.

The sociocultural dimension is especially important because it determines the goods, services, and standards that society values. The sociocultural force includes the demographics and values of a particular customer base.

Demographics are measures of the various characteristics of the people and social groups who make up a society. Age, gender, and income are examples of commonly used demographic characteristics.

Values refer to certain beliefs that people have about different forms of behavior or products. Changes in how a society values an item or a behavior can greatly affect a business.

The political and legal dimensions of the external environment include regulatory parameters within which an organization must operate. Political parties create or influence laws, and business owners must abide by these laws. Tax policies, trade regulations, and minimum wage legislation are just a few examples of political and legal issues that may affect the way an organization operates.

The technological dimension of the external environment impacts the scientific processes used in changing inputs (resources, labor, money) to outputs (goods and services). The success of many organizations depends on how well they identify and respond to external technological changes.

For example, one of the most significant technological dimensions of the last several decades has been the increasing availability and affordability of management information systems (also known as MIS). Through these systems, managers have access to information that can improve the way they operate and manage their businesses. The economic dimension reflects worldwide financial conditions. Certain economic conditions of special concern to organizations include interest rates, inflation, unemployment rates, gross national product.

A favorable economic climate generally represents opportunities for growth in many industries, such as sales of clothing, jewelry, and new cars. But some businesses traditionally benefit in poor economic conditions. The alcoholic beverage industry, for example, traditionally fares well during times of economic downturn.

The global dimension of the environment refers to factors in other countries that affect organizations. Although the basic management functions of planning, organizing, staffing, leading, and controlling are the same whether a company operates domestically or internationally, managers encounter difficulties and risks on an international scale. Whether it be unfamiliarity with language or customs or a problem within the country itself (think mad cow disease), managers encounter global risks that they probably wouldn't have encountered if they had stayed on their own shores.

An **organization's internal environment** is composed of the elements within the organization, including current employees, management, and especially corporate culture, which defines employee behavior. Although some elements affect the organization as a whole, others affect only the manager. A manager's philosophical or leadership style directly impacts employees. Traditional managers give explicit instructions to employees, while progressive managers empower employees to make many of their own decisions. Changes in philosophy and/or leadership style are under the control of the manager.

An organization's mission statement describes what the organization stands for and why it exists. It explains the overall purpose of the organization and includes the attributes that distinguish it from other organizations of its type.

A mission statement should be more than words on a piece of paper; it should reveal a company's philosophy, as well as its purpose. This declaration should be a living, breathing document that provides information and inspiration for the members of the organization. A mission statement should answer the questions, "What are our values?" and "What do we stand for?" This statement provides focus for an organization by rallying its members to work together to achieve its common goals.

But not all mission statements are effective in America's businesses. Effective mission statements lead to effective efforts. In today's quality-conscious and highly competitive environments, an effective mission statement's purpose is centered on serving the needs of customers. A good mission statement is precise in identifying the following intents of a company:

Customers — who will be served

Products/services — what will be produced

Location — where the products/services will be produced

Philosophy — what ideology will be followed

Company policies are guidelines that govern how certain organizational situations are addressed. Just as colleges maintain policies about admittance, grade appeals, prerequisites, and waivers, companies establish policies to provide guidance to managers who must make decisions about circumstances that occur frequently within their organization. Company policies are an indication of an organization's personality and should coincide with its mission statement.

The formal structure of an organization is the hierarchical arrangement of tasks and people. This structure determines how information flows within the organization, which departments are responsible for which activities, and where the decision-making power rests.

Some organizations use a chart to simplify the breakdown of its formal structure. **This organizational chart** is a pictorial display of the official lines of authority and communication within an organization.

The organizational culture is an organization's personality. Just as each person has a distinct personality, so does each organization. The culture of an organization distinguishes it from others and shapes the actions of its members.

Four main components make up an organization's culture:

1. *Values* are the basic beliefs that define employees' successes in an organization. For example, many universities place high values on professors being published. If a faculty member is published in a professional journal, for example, his or her chances of receiving tenure may be enhanced. The university wants to

ensure that a published professor stays with the university for the duration of his or her academic career — and this professor's ability to write for publications is a value.

2. *Heroes.* A hero is an exemplary person who reflects the image, attitudes, or values of the organization and serves as a role model to other employees. A hero is sometimes the founder of the organization (think Sam Walton of Wal-Mart). However, the hero of a company doesn't have to be the founder; it can be an everyday worker, such as hard-working paralegal Erin Brockovich, who had a tremendous impact on the organization.

3. *Rites and rituals* are routines or ceremonies that the company uses to recognize high-performing employees. Awards banquets, company gatherings, and quarterly meetings can acknowledge distinguished employees for outstanding service. The honorees are meant to exemplify and inspire all employees of the company during the rest of the year.

4. *The social network,* is the informal means of communication within an organization. This network, sometimes referred to as the company grapevine, carries the stories of both heroes and those who have failed. It is through this network that employees really learn about the organization's culture and values.

A byproduct of the company's culture is the *organizational climate.* The overall tone of the workplace and the morale of its workers are elements of daily climate. Worker attitudes dictate the positive or negative "atmosphere" of the workplace. The daily relationships and interactions of employees are indicative of an organization's climate.

Resources are the people, information, facilities, infrastructure, machinery, equipment, supplies, and finances at an organization's disposal. People are the paramount resource of all organizations. Information, facilities, machinery equipment, materials, supplies, and finances are supporting, nonhuman resources that complement workers in their quests to accomplish the organization's mission statement. The availability of resources and the way that managers value the human and nonhuman resources impact the organization's environment.

Philosophy of management is the manager's set of *personal beliefs and values* about people and work and as such, is something that the manager can control. McGregor emphasized that a manager's philosophy creates a self-fulfilling prophecy. Theory X managers treat employees almost as children who need constant direction, while Theory Y managers treat employees as competent adults capable of participating in work-related decisions. These managerial philosophies then have a subsequent effect on employee behavior, leading to the self-fulfilling prophecy. As a result, organizational philosophies and managerial philosophies need to be in harmony.

The number of coworkers involved within a problem-solving or decision-making process reflects the manager's *leadership style*. Empowerment means delegating to subordinates decision-making authority, freedom, knowledge, autonomy, and skills. Fortunately, most organizations and managers are making the move toward the active participation and teamwork that empowerment entails.

When guided properly, an empowered workforce may lead to heightened productivity and quality, reduced costs, more innovation, improved customer service, and greater commitment from the employees of the organization. In addition, response time may improve, because information and decisions need not be passed up and down the hierarchy. Empowering employees makes good sense because employees closest to the actual problem to be solved or the customer to be served can make the necessary decisions more easily than a supervisor or manager removed from the scene.

Before a manager can tackle any of the other functions, he or she must first devise a plan. **A plan** is a blueprint for goal achievement that specifies the necessary resource allocations, schedules, tasks, and other actions.

A goal is a desired future state that the organization attempts to realize. Goals are important because an organization exists for a purpose, and goals define and state that purpose. Goals specify future ends; plans specify today's means.

The word planning incorporates both ideas: It means determining the organization's goals and defining the means for achieving them. Planning allows

managers the opportunity to adjust to the environment instead of merely reacting to it. Planning increases the possibility of survival in business by actively anticipating and managing the risks that may occur in the future. In short, planning is preparing for tomorrow, today. It's the activity that allows managers to determine what they want and how they will achieve it.

Not only does planning provide direction and a unity of purpose for organizations, it also answers six basic questions in regard to any activity:

What needs to be accomplished?

When is the deadline?

Where will this be done?

Who will be responsible for it?

How will it get done?

How much time, energy, and resources are required to accomplish this goal?

Planning is a crucial activity, for it designs the map that lays the groundwork for the other functions. The plan itself specifies what should be done, by whom, where, when, and how. All businesses — from the smallest restaurant to the largest multinational corporation — need to develop plans for achieving success. But before an organization can plan a course of action, it must first determine what it wants to achieve. Objectives, the end results desired by the organization, are derived from the organization's mission statement. The mission statement explains what the organization stands for and why it exists. A strong mission statement symbolizes legitimacy to external audiences, such as investors, customers, and suppliers. Likewise, a strong mission statement allows employees to identify with the overall purpose of the organization and commit to preserving it.

The mission statement is the basis for all goals and plans outlined throughout the organization. Therefore, managers must use effective planning and goal-setting techniques to ensure that internal policies, roles, performances, structures, products, and expenditures are in line with the mission of the organization.

To make sure that goal setting benefits the organization, managers must adopt certain characteristics and guidelines (pic. 1)

Pic. 1 SMART goals

Specific: Being specific helps you zero in on what exactly you're aiming for. Rather than saying, "I want to become a better leader," a SMART goal would be, "I want to complete a leadership course and take on two new mentorship roles within the next 12 months."

Measurable: How do you know when you've achieved your goal? Measurable goals ensure you can track your progress. Instead of "improve at sales," a measurable goal would be "Increase sales revenue by 20% over the next quarter."

Achievable: It's important to challenge yourself, but goals should be grounded in reality. Make sure your target is ambitious yet realistic given your current resources, time, and skills.

Relevant: Your goals should align with your long-term career vision. If your ultimate aim is to move into management, make sure you're setting goals that build leadership skills and experience.

Time-bound: Deadlines create urgency and prevent procrastination. Rather than saying, "I want to learn coding," set a time-bound goal like, "I will complete an online coding course through Janets by the end of this year."

Goals should be linked to rewards. People who attain goals should be rewarded with something meaningful and related to the goal. Not only will employees feel that their efforts are valued, but they will also have something tangible to motivate them in the future.

All the different levels of management should have plans that work together to accomplish the organization's purpose. The plans of the all-levels managers of an organization should work together to achieve the main goal.

All managers plan basically the same way, but the kinds of plans they develop and the amount of time they spend on planning vary. Here are some examples:

Top-level managers are concerned with longer time periods and with plans for larger organizational units. Their planning includes developing the mission for the organizational units, the organizational objective, and major policy areas. These goals are called strategic goals or objectives.

Middle-level managers' planning responsibilities center on translating broad objectives of top-level management into more specific goals for work units. These goals are called tactical goals or objectives.

First-level managers are involved in day-to-day plans, such as scheduling work hours, deciding what work will be done and by whom, and developing structures to reach these goals. These goals are called operational goals or objectives.

If a first-level manager develops a set of plans that contradicts that of a middle-level manager, conflicts will result. Therefore, all managers must work together when planning their activities and the activities of others.

Control questions

1. What is meant by the term managerial environment, and why is it important for healthcare organizations?
2. What is the external environment of an organization, and how does it influence managerial decision-making?
3. What is the difference between directly interactive and indirectly interactive external environments?
4. Who are the main stakeholders in the directly interactive environment, and what responsibilities does management have toward them?
5. Why is planning important for managers in an organization?
6. What are the main steps in the planning process?
7. How do effective planning help organizations reduce risks and achieve their objectives?
8. What does the SMART model stand for in goal setting?
9. Why must goals be specific and measurable according to the SMART model?
10. Why is the "Time-bound" element essential for effective planning and control?

Assignment 1

Task 1. Analytical Essay
Length: 500–600 words
Prompt: analyze the managerial environment of a modern healthcare organization. Discuss how external environmental factors influence strategic planning and managerial decision-making in hospitals.
Requirements:
- Distinguish between directly and indirectly interactive external environments
- Use healthcare-specific examples
- Explain the role of planning in managing uncertainty and risk

Task 2. Critical Stakeholder Analysis
Format: written report
Task:
Identify and analyze five key stakeholders in a large hospital.

For each stakeholder:
- Describe their interests and expectations
- Explain management's responsibilities toward them
- Assess potential conflicts between stakeholders

Conclude with recommendations for balancing stakeholder interests in healthcare planning.

Task 3. Case-Based Strategic Planning
Case:
A regional hospital faces increasing patient load, limited funding, staff burnout, and new governmental regulations.
Assignment:
1. Identify three external environmental factors affecting the hospital.
2. Explain how each factor influences managerial decisions.
3. Propose a structured planning approach to address these challenges.
4. Justify why planning is essential in this case.

Task 4. SMART Goals in Healthcare Management
Task:
Develop three SMART goals for a healthcare organization in the areas of:
- patient safety
- human resource management
- quality of care

For each goal:
- Clearly demonstrate all SMART criteria
- Explain how the goal supports the organization's strategic objectives
- Identify measurable indicators for evaluation

Task 5. Comparative Analysis
Format: short essay
Prompt:
Compare planning in healthcare organizations with planning in non-medical organizations.
Focus on:
- risk level
- ethical responsibility
- impact on human life
- regulatory environment

Task 6. Management Decision-Making Under Uncertainty
Task:
Describe a situation in which healthcare managers must make decisions under conditions of uncertainty.
- Identify the sources of uncertainty

- Explain how environmental analysis and planning can reduce risks
- Discuss possible consequences of poor planning

Use real or hypothetical healthcare examples.

Task 7. Policy and Environment Evaluation
Task:
Analyze how legal and regulatory changes in the external environment affect planning in healthcare organizations.

- Identify at least two regulatory factors
- Explain their impact on strategic and operational planning
- Assess how managers should adapt their goals using the SMART model

Assignment 2

Practical Tasks: Managerial Environment in Healthcare

Task 1. Analysis of External Environment

Scenario:

A regional hospital plans to expand its telemedicine services to provide remote consultations for patients in rural areas. The administration must consider global trends and digitalization.

Task:

1. Identify external environmental factors (globalization, digitalization, legal regulations, technological trends) that may influence the success of this project.

2. Assess potential opportunities and threats arising from these factors.

3. Prepare a short report (1 page) with recommendations for management to mitigate risks and leverage opportunities.

Task 2. Communication Audit in a Hospital Department

Scenario:

Nurses in the Emergency Department report frequent miscommunication regarding patient handovers, leading to delays and occasional errors.

Task:

1. Map current communication channels (formal and informal) used in the department.

2. Identify gaps and weaknesses in information exchange.

3. Propose at least three practical improvements to enhance communication efficiency and patient safety.

Task 3. Mapping Formal and Informal Groups

Scenario:

A hospital's cardiology department has a formal team structure (doctors, nurses, technicians), but informal groups influence decision-making and workflow.

Task:

1. Identify formal and informal groups in the department.

2. Analyze how informal groups can positively or negatively influence staff motivation, teamwork, and patient care.

3. Suggest strategies for managers to engage informal networks to support department goals.

Task 4. Implementing Digital Tools in Internal Workflow

Scenario:

The hospital introduced a new EHR system, but some staff are resistant to using it, citing lack of training and concerns about increased workload.

Task:

1. Identify internal environmental factors (communication, staff attitudes, formal/informal groups) affecting adoption of digital tools.

2. Develop a practical plan for improving adoption, including training, communication strategies, and engagement of key staff influencers.

3. Suggest measurable indicators to evaluate the success of the plan (e.g., number of staff actively using EHR, reduction of documentation errors, patient satisfaction).

Case Study 1

Part	Task Description	Instructions	Expected Output
A. External Environment Analysis	Identify and analyze key external factors affecting the hospital (globalization, digitalization, regulations, competition).	- List at least three external factors.- Describe their impact on hospital operations.- Assess opportunities and threats for patient care and management.	Written summary (1 paragraph per factor) outlining influence, opportunities, and threats.
B. Internal Environment Analysis	Examine internal factors influencing hospital performance, including communication and group dynamics.	- Map formal communication channels (meetings, reports, memos).- Identify informal groups and explain their influence on staff behavior.- Analyze how internal	Table or diagram showing formal and informal communication and group influence; 1–2 page written analysis.

		communication affects patient safety, workflow, and motivation.	
C. Recommendations	Develop practical strategies to improve hospital management considering both internal and external environments.	- Propose at least 4 actionable strategies (e.g., communication improvement, staff engagement, digital tool adoption).- Suggest ways to leverage informal groups and digital technologies.- Define success indicators (KPIs) such as reduced waiting time, adoption rates, patient satisfaction.	Written recommendations (1–2 pages) including KPIs; optional visual representation of strategy implementation.
D. Reflection	Reflect on the importance of understanding managerial environments in healthcare.	- Discuss in 5–6 sentences why internal and external environments are critical for effective hospital management.	Short reflective paragraph.

Assignment 3

1. Which of the following best defines the external environment of a hospital?
   a. Communication between doctors and nurses
   b. Factors outside the hospital that affect its operations
   c. Informal social networks among staff
   d. Internal workflow processes

2. Globalization in healthcare includes:
   a. Adoption of international quality standards
   b. Daily shift scheduling within a hospital
   c. Internal staff meetings
   d. Informal peer-to-peer advice

3. Digitalization in hospitals primarily refers to:
   a. Hiring new staff
   b. Integration of electronic health records, telemedicine, and AI tools
   c. Staff motivation programs
   d. Hospital building renovation

4. Which of the following is an example of a formal group in a hospital?
   a. Friendship circle among nurses

b. Surgical team assigned to operate on patients

c. Coffee break discussion group

d. Informal mentoring group

5. Informal groups in healthcare organizations can:

a. Only slow down workflow

b. Influence staff motivation and knowledge sharing

c. Replace formal communication channels

d. Have no impact on hospital operations

6. Which of the following is considered a formal communication channel in a hospital?

a. Casual conversation during breaks

b. Official email from hospital administration

c. Social media chat among colleagues

d. Informal advice from senior nurses

7. A hospital introducing telemedicine services must primarily consider:

a. Only internal staff preferences

b. External factors such as digitalization and patient access

c. Informal social networks

d. Internal coffee break schedules

8. Resistance to a new electronic health record (EHR) system is most likely influenced by:

a. External competition

b. Internal environment factors such as staff attitudes and informal groups

c. Globalization trends

d. Government healthcare regulations

9. Which of the following best describes the impact of poor internal communication in a hospital?

a. Increased patient satisfaction

b. Delays in treatment and higher risk of errors

c. Better teamwork

d. Faster adoption of digital tools

10. KPIs (Key Performance Indicators) for evaluating hospital environment improvements could include:

a. Staff adoption rate of digital tools
b. Patient waiting times
c. Patient satisfaction scores
d. All of the above

Case Study 2

Communication and Group Dynamics in a Hospital Department

Background

The "Green Valley" Hospital is a medium-sized regional healthcare facility with multiple departments, including Internal Medicine, Surgery, and Pediatrics. Recently, hospital management introduced a new digital patient tracking system designed to improve coordination between departments and enhance patient safety.

Despite the potential benefits, several operational issues have emerged:

1. Communication Challenges: Nurses report that updates about patient status are not consistently shared between shifts, leading to occasional delays in treatment.
2. Informal Group Influence: Senior staff members form informal groups that often influence decisions more than official management directives. This sometimes leads to inconsistencies in protocol adherence.
3. Resistance to Change: Some staff members, particularly from older generations, are reluctant to adopt the new digital system due to lack of confidence and fear of making mistakes.
4. Impact on Patient Care: Miscommunication and delayed adoption of digital tools have occasionally resulted in repeated tests, delayed diagnoses, and patient dissatisfaction.

This case highlights the critical role of internal environmental factors, particularly communication and group dynamics, in ensuring effective hospital management and patient safety.

Part	Task Description	Instructions	Expected Output
A. Communication Analysis	Examine internal communication processes in the hospital.	- Identify formal and informal communication channels used by staff.- Evaluate how communication breakdowns affect	Written report (1–2 pages) with analysis and recommendations.

		workflow and patient care.- Suggest methods to improve information sharing across departments.	
B. Group Dynamics Assessment	Analyze the role of formal and informal groups in the hospital.	- Map formal groups (e.g., nursing teams, surgical units) and their responsibilities.- Identify informal groups and assess their influence on staff attitudes and decision-making.- Determine whether informal networks support or hinder hospital goals.	Table or diagram showing formal and informal groups; 1-page written analysis.
C. Recommendations for Digital Adoption	Develop strategies to increase staff adoption of the new digital patient tracking system.	- Propose at least three practical interventions (e.g., training programs, mentoring, incentivization).- Identify key staff influencers to facilitate adoption.- Suggest ways to monitor adoption and measure success.	Action plan (1–2 pages) including KPIs such as percentage of staff using the system, reduction in delays, and improved patient satisfaction.
D. Reflection	Reflect on the importance of communication and group dynamics for hospital management.	- Discuss in 5–6 sentences how understanding internal environment factors can enhance patient safety and operational efficiency.	Short reflective paragraph.

Guiding Questions for Students

1. What are the main formal and informal communication channels in the hospital, and how do they affect workflow?
2. How do informal groups influence staff motivation, decision-making, and adherence to protocols?
3. What strategies can hospital managers use to align informal group influence with organizational goals?
4. How can digital tools be effectively implemented considering existing communication and group dynamics?
5. What indicators can be used to measure improvements in internal communication, digital adoption, and patient care outcomes?

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Topic 4. Motivation.

Questions to study

1. Motivation through needs satisfaction.
2. Motivation through goal setting.
3. Motivation through financial incentives.
4. Expectancy theory of motivation.

Generally, people differ by nature, not only in their ability to perform a specific task but also in their will to do so. People with less ability but lots of strength are able to perform better than people with superior ability and lack of will. Hard

work is crucial to success and achievement. Albert Einstein underscored this belief when he said, "genius is 10% inspiration and 90% perspiration.

This "wills" to do is known as motivation. The force of motivation is a dynamic force setting a person into motion-or action. The concept of motivation can be traced back to nearly twenty-three centuries ago in the Greek and Indian writings. The idea that we are motivated to do what brings us the best results for our benefit is found in the early Indian philosophy through such writings as "Charvak".

The word motivation is derived from motive, which is defined as an active form of a desire, craving or need, which must be satisfied. All motives are directed towards goals and the needs and desires affect or change your behavior, which becomes goal oriented. For example, if you ordinarily do not want to work overtime, it is quite likely that at a particular time, you may need more money (desire) so you may change your behavior, work overtime (goal oriented behavior) and satisfy your needs.

The simplest explanation of motivation is one of the most powerful: people are willing to expend effort toward achieving a goal because it satisfies one of their important needs.   A need is a deficit within an individual, such as a craving for water or affection.

The pic. 1 show that our primary drives may change (become stronger or weaker) when affected by social norms, or our self-concept and past experience. This may result in stronger or weaker needs.
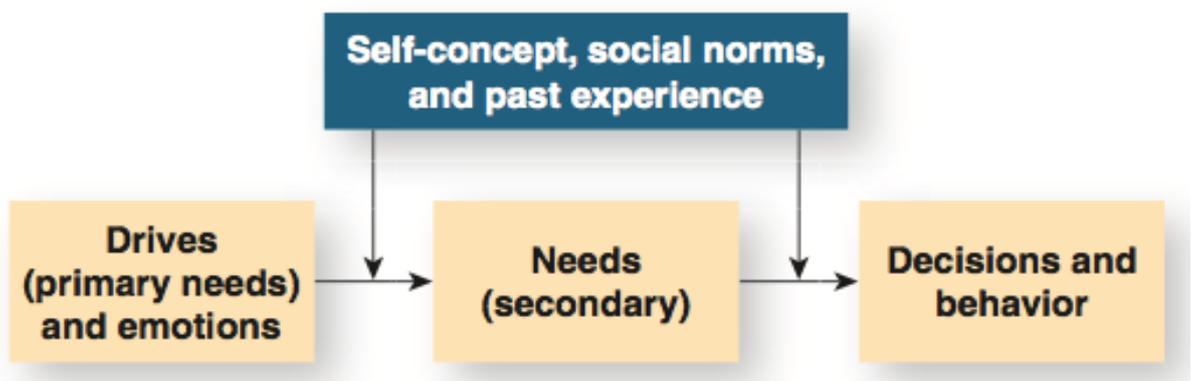
Pic. 1. Individual Differences in Needs

Example when self-concept affects needs: People who define themselves as very sociable typically experience a strong need for social interaction if alone for a while, whereas people who view themselves as less sociable would experience a less intense need to socialize over that time.

These individual differences also explain, why needs can be "learned" to some extent. Socialization and reinforcement may cause people to alter their self-concept somewhat, resulting in a stronger or weaker need for social interaction, achievement, and so on.

People are motivated to fulfill needs that are not currently satisfied. An important implication of the need-satisfaction approach is that there are two key steps in motivating workers. First, you must know what people want—what needs they are trying to satisfy. To learn what the needs are, you can ask directly or observe the person. You can obtain knowledge indirectly by getting to know employees better. To gain insight into employee needs, find out something about the employee's personal life, education, work history, outside interests, and career goals.

Second, you must give each person a chance to satisfy needs on the job. To illustrate, one way to motivate a person with a strong need for autonomy is to allow that person to work independently.

Maslow's need hierarchy arranges human needs into a pyramid-shaped model with basic physiological needs at the bottom and self-actualization needs at the top (pic. 2).

Lower-order needs, call deficiency needs, must be satisfied to ensure a person's existence, security, and requirements for human contact. Higher-order needs, or growth needs, are concerned with personal development and reaching one's potential. Before higher-level needs are activated, the lower-order needs must be satisfied. The five levels of needs are described next.

- Physiological. The need for food, air, water, shelter, and the like. Most office jobs allow us to satisfy physiological needs.

- Safety. The need for a secure and stable environment and the absence of pain, threat, or illness. Many operatives who work at dangerous jobs would be motivated by the prospects of obtaining safety. For example, computer operators who are suffering from cumulative trauma disorder would prefer a job that requires less intense pressure on their wrists. Any highly stressful job can frustrate the need for emotional safety.

- Belongingness/love. The need for love, affection, and interaction with other people. Managers can contribute to the satisfaction of these needs by promoting team-work and allowing people to discuss work problems with each other. Many employees see their jobs as a major source for satisfying social needs.

- Esteem. The need for self-esteem through personal achievement as well as social esteem through recognition and respect from others. Occupations with high status are a primary source for the satisfaction of esteem needs. Managers can help employees satisfy their esteem needs by praising the quality of their work.
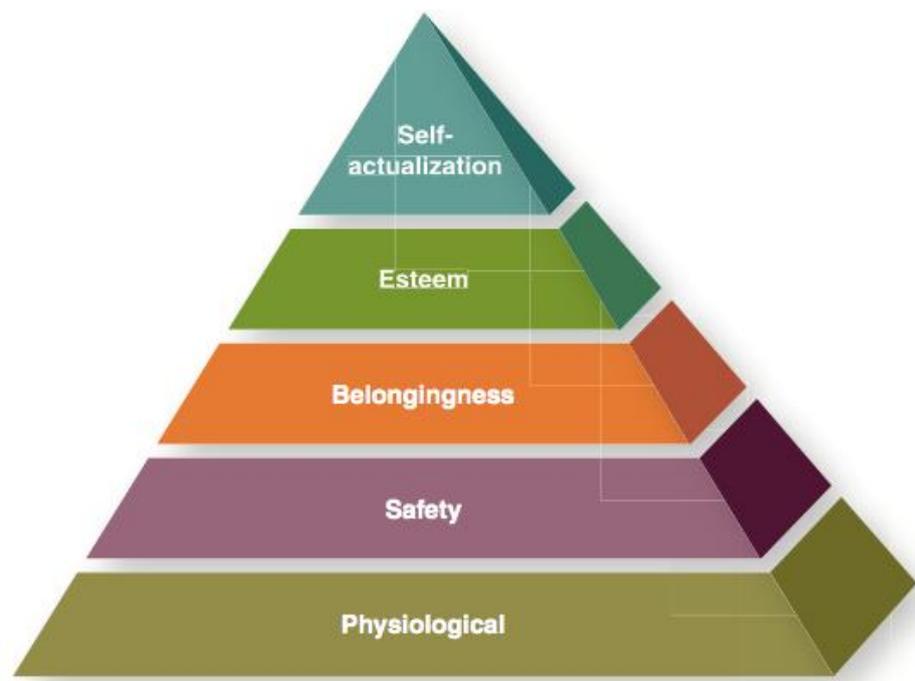
Pic. 2 Maslow's Needs Hierarchy Theory

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- Self-actualization. The need for self-fulfillment, realization of one's potential. True self-actualization is an ideal to strive for, rather than something that automatically stems from occupying a challenging position. Self-actualized people are those who are becoming all they are capable of becoming. Managers can help group members move toward self-actualization by giving them challenging assignments and the chance for advancement and new learning.

According to **David McClelland** and his associates, much job behavior can be explained by the strength of people's needs for achievement, power, and affiliation. The achievement and power needs (or motives) have already been described in relation to leadership.

The affiliation need is a desire to have close relationships with others and to be a loyal employee or friend. Affiliation is a social need, while achievement and power are self-actualizing needs.

A person with a strong need for affiliation finds compatible working relationships more important than high-level accomplishment and the exercise of power. Successful executives, therefore, usually have stronger needs for achievement and power than for affiliation. Workers with strong affiliation needs, however, typically enjoy contributing to a team effort. Befriending others and working cooperatively with them satisfies the need for affiliation.

The study of the need hierarchy led to the two-factor theory of work motivation. The key point to the theory is that there are two different sets of job factors. One set of factors can satisfy and motivate people. The other can only prevent dissatisfaction.

Psychologist **Frederick Herzberg** and his associates interviewed hundreds of professionals about their work[2]. They discovered that some factors of a job give people a chance to satisfy higher-level needs. Such elements are satisfiers or motivators. A satisfier is a job factor that, if present, leads to job satisfaction. Similarly, a motivator is a job factor that, if present, leads to motivation. When a

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[2] Frederick Herzberg, Work and the Nature of Man (Cleveland: World, 1966).

motivator is not present, the effect on motivation is neutral rather than negative. Herzberg's theory originally dealt with job satisfaction, but now it is also considered a theory of job motivation.

Individuals vary somewhat in the particular job factors they find satisfying or motivating. However, *satisfiers and motivators* generally refer to the content (the heart or guts) of a job. These factors are achievement, recognition, challenging work, responsibility, and the opportunity for advancement. All the factors are self-rewarding. The important implication for managers is that, as managers, they can motivate most people by giving them the opportunity to do interesting work or to be promoted.

Herzberg also discovered that some job elements are more relevant to lower-level needs than upper-level needs. Referred to as dissatisfiers, or hygiene factors, these elements are noticed primarily by their absence. *A dissatisfier* is a job element that, when present, prevents dissatisfaction; it does not, however, create satisfaction. People will not be satisfied with their jobs just because hygiene factors are present. For example, not having a handy place to park your car would create dissatisfaction. But having a place to park would not make you happier about your job.

Dissatisfiers relate mostly to the context of a job (the job setting or external elements). These include relationships with coworkers, company policy and administration, job security, and money. All these factors deal with external rewards. Money, however, does work as a satisfier for many people. Some people want or need money so much that high pay contributes to their job satisfaction.

Goal setting is an important part of most formal motivational programs and managerial methods of motivating employees. The premise underlying goal theory is that behavior is regulated by values and goals. A value is a strongly held personal standard or conviction. It is a belief about something very important to the individual, such as dignity of work or honesty. Our values create within us a desire to behave consistently with them. If an executive values honesty, the executive will establish a goal of trying to hire only honest employees. He or she would therefore make extensive use of reference checks and honesty testing.

With respect to planning, a goal has been defined as an overall condition one is trying to achieve. Its psychological meaning is about the same. A goal is what the person is trying to accomplish, or a conscious intention to act.

The most systematic method of motivating people is behavior modification.

It is a way of changing behavior by rewarding the right responses and punishing or ignoring the wrong responses. A reward is something of value received as a consequence of having attained a goal.

The law of effect is the foundation principle of behavior modification. According to this principle, behavior that leads to positive consequences tends to be repeated. Similarly, behavior that leads to negative consequences tends not to be repeated. Perceptive managers rely on the law of effect virtually every day. Assume that a supervisor of a paint shop wants her employees to put on a face mask every time they use a spray gun. When she sees an employee using a mask properly, she might comment, "Good to see that you're wearing the safety mask today."

If the supervisor noticed that an employee was not wearing a mask, she might say, "Please put down the spray gun, and go get your mask. If this happens again, I will be forced to suspend you for one day."

Behavior modification is generally associated with extrinsic rewards such as financial bonuses and prizes. However, intrinsic rewards are also used. A worker might receive a more challenging assignment as a reward for performing well on the previous assignment.

There are four behavior modification strategies used either individually or in combination:

1. *Positive reinforcement* increases the probability that behavior will be repeated by rewarding people for making the right response. The phrase "increases the probability" is noteworthy. No behavior modification strategy guarantees that people will always make the right response in the future. However, it increases the chance that they will repeat the desired behavior. The term reinforcement means that the behavior (or response) is strengthened or entrenched. For example, your response

of placing your left pinky on the a of your keyboard is probably reinforced through thousands of successful attempts.

Positive reinforcement is the most effective behavior modification strategy. Most people respond better to being rewarded for the right response than to being punished for the wrong response.

2. *Negative reinforcement* (or avoidance motivation) is rewarding people by taking away an uncomfortable consequence. It is a method of strengthening a desired response by making the removal of discomfort contingent on the right response. Assume that an employee is placed on probation because of excessive absenteeism. After 20 consecutive days of coming to work, the employer rewards the employee by removing the probation. Because the opportunity for removing punishments is limited, negative reinforcement is not a widely used behavior modification strategy.

Negative reinforcement or avoidance motivation is often confused with punishment. In reality, negative reinforcement is the opposite of punishment. It is rewarding someone by enabling him or her to avoid punishment.

3. *Extinction* is the weakening or decreasing of the frequency of undesirable behavior by removing the reward for such behavior. It is the absence of reinforcement. Extinction often takes the form of ignoring undesirable behavior.

It works this way: Suppose an employee engages in undesirable behavior, such as creating a disturbance just to get a reaction from coworkers. If the coworkers ignore the disturbance, the perpetrator no longer receives the reward of getting attention and stops the disturbing behavior. The behavior is said to be extinguished.

Extinction must be used with great care because there are many times when it does not work. An employee may habitually come to work late. If the boss does not reprimand the employee, the employee's tardiness may strengthen. The employee may interpret the boss's attempt at extinction as condoning the behavior.

4. *Punishment* is the presentation of an undesirable consequence for a specific behavior. Yelling at an employee for making a mistake is a direct form of punishment. Another form of punishment is taking away a privilege, such as working on an interesting project, because of some undesirable behavior. In order to be

effective, punishment not only tells people what not to do, it teaches them the right behavior. When used appropriately, punishment can be a motivator for those punished and those observing the punishment. This means delivering it in a manner that is clearly impersonal, corrective, focused on a specific act, and relatively intense and quick.

Seventy-seven managers, each from a different organization, were interviewed to obtain their views on a variety of issues related to punishment. A consistent finding was that punishment is an effective learning tool. The punished workers learned what they did wrong and coworkers learned what type of performance and behavior would not be tolerated. Managers themselves learned more about following organizational policies and procedures[3]

A serious disadvantage of punishment is that it may cause adverse consequences for managers and the organization. Employees who are punished often become defensive, angry, and eager to seek revenge. Many incidents of workplace violence, such as killing a former supervisor, occur after a mentally unstable employee has been fired—even when the dismissal is justified.

A natural way to motivate workers at any level is to offer them **financial incentives** for good performance. Linking pay to performance improves the motivation value of money. Using financial incentives to motivate people fits behavior modification principles. Financial incentives, however, predate behavior modification.

Financial incentives are more effective when they are linked to good performance. Linking pay to performance motivates people to work harder. Production workers and sales workers have long received contingent financial incentives. Many production workers receive, after meeting a quota, bonuses per unit of production. Most sales representatives receive salary plus commissions.

Managers and others continue to fine-tune methods of linking pay to individual performance. A method now in use by many companies calculates base

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[3] Kenneth D. Butterfield, Linda Klebe Trevino, and Gail A. Ball, "Punishment from the Manager's Perspective: A Grounded Investigation and Inductive Model," Academy of Management Journal , December 1996, p. 1506.

pay according to a variety of factors. Among them are ability to communicate, customer focus, dealing with change, interpersonal skills, and job knowledge. Managers are rated on employee development, team productivity, and leadership.

Although financial incentives are widely used as motivators, they can create problems. A major problem is that workers may not agree with managers about the value of their contributions. Financial incentives can also pit individuals and groups against each other. The result may be unhealthy competition rather than cooperation and teamwork.

The most researched argument against financial rewards is that it focuses the attention of workers too much on the reward such as money process, the workers lose out on intrinsic rewards such as joy in accomplishment.

Instead of being passionate about the work they are doing, people become overly concerned with the size of their reward. One argument is that external rewards do not create a lasting commitment. Instead, they create temporary compliance, such as working hard in the short run to earn a bonus. A frequent problem with merit pay systems is that a person who does not receive a merit increase one pay period then feels that he or she has been punished.

In reality, workers at all levels want a combination of internal rewards and financial rewards along with other external rewards such as praise. The ideal combination is to offer exciting (internally rewarding) work to people, and simultaneously pay them enough money so they are not preoccupied with matters such as salary and bonuses. Money is the strongest motivator when people have financial problems. Furthermore, people who find extreme joy in their work will leave one organization for another to perform the same work at much higher pay.

Another practical problem is that even if a firm offers exciting work, great benefits, and wonderful coworkers, they usually need to offer financial incentives to attract quality workers.

According to the **expectancy theory of motivation**, people will put forth the greatest effort if they expect the effort to lead to performance and the performance to lead to a reward. Expectancy theory has an advantage over need theories: It takes

into account individual differences and perceptions. Expectancy theory is often preferred to behavior modification because it emphasizes the rational, or thinking, side of people.

Expectancy theory integrates important ideas found in the other generally accepted motivation theories. According to expectancy theory, four conditions must exist for motivated behavior to occur:

Condition A refers to expectancy, which means that people will expend effort because they believe it will lead to performance. This is called the $E \longrightarrow P$ expectancy, in which subjective probabilities range between 0.0 and 1.0. Rational people ask themselves, "If I work hard, will I really get the job done?" If they evaluate the probability as being high, they probably will invest the effort to achieve the goal. People have higher $E \rightarrow P$ expectancies when they have the appropriate skills, training, and self-confidence.

Condition B is based on the fact that people are more willing to expend effort if they think that good performance will lead to a reward. This is referred to as $P \rightarrow O$ instrumentality, and it too ranges between 0.0 and 1.0.

The rational person says, "I'm much more willing to perform well if I'm assured that I'll receive the reward I deserve." A cautious employee might even ask other employees if they received their promised rewards for exceptional performance.

To strengthen a subordinate's $P \rightarrow O$ instrumentality, the manager should give reassurance that the reward will be forthcoming.

Condition C refers to valence; the value a person attaches to certain outcomes.

The greater the valence, the greater the effort. Valences can be either positive or negative. If a student believes that receiving an A is very important, he or she will work very hard. Also, if a student believes that avoiding a C or a lower grade is very important, he or she will work hard. Valences range from -1 to +1 in most versions of expectancy theory. A positive valence indicates a preference for a particular reward. A clearer picture of individual differences in human motivation spreads valences out over a range of -1,000 to +1,000.

Condition D indicates that the need satisfaction stemming from each outcome must be intense enough to make the effort worthwhile. Would you walk two miles on a very hot day for one glass of ice water? The water would undoubtedly satisfy your thirst need, but the magnitude of the satisfaction would probably not be worth the effort. Similarly, an operative employee turned down a promotion to the position of inspector because the raise offered was only 50 cents per hour. The worker told his supervisor, "I need more money. But I'm not willing to take on that much added responsibility for twenty dollars a week."

Control questions

1. What is motivation and why is it important in healthcare organizations?

2. How does motivation through needs satisfaction influence the performance of healthcare staff?

3. What basic needs of healthcare workers should hospital managers consider?

4. Why is recognition an important motivational factor for medical professionals?

5. What is goal setting and how can clear goals motivate healthcare employees?

6. What characteristics make goals effective in a healthcare setting?

7. How can goal setting improve the quality of patient care?

8. What are financial incentives and how are they used in healthcare organizations?

9. What are the advantages and disadvantages of financial incentives in healthcare?

10. Why should financial incentives be combined with non-financial motivation methods?

Task 1. **Warm-up: Understanding Motivation**

Instruction:

Read the statements and decide whether they describe needs, goals, or financial incentives. Write *N*, *G*, or *F*.

1. A nurse wants a stable work schedule to balance work and personal life.
2. A hospital sets a target to reduce patient waiting time by 20%.
3. Doctors receive a bonus for high patient satisfaction scores.
4. A medical intern wants recognition from senior staff.
5. A clinic increases salaries to reduce staff turnover.

Purpose: activates prior knowledge and introduces three motivation approaches.

Task 2. **Motivation through Needs Satisfaction**

Instruction:
Match the healthcare worker with the main need that motivates them.

Healthcare worker	Need
1. Junior nurse	a. Job security
2. Experienced surgeon	b. Professional growth
3. Medical student	c. Basic financial stability
4. Department head	d. Recognition and respect

Follow-up question:
Which of these needs are most important in a hospital environment? Why? (2–3 sentences)

Focus: Maslow-based logic without naming the theory explicitly.

Task 3. **Case-Based Task: Needs Satisfaction**

Case:
A hospital has a high turnover of young nurses. Many nurses say they feel stressed and unsupported.

Instruction:
Choose two actions that can improve motivation through needs satisfaction.

☐ Improve teamwork and communication

☐ Increase working hours

☐ Provide mentoring and support programs

☐ Reduce rest breaks

☐ Offer clear career development paths

Explain your choice in 2–3 sentences.

Task 4. **Motivation through Goal Setting**

Instruction:
Read the goals below. Decide whether they are effective (E) or ineffective (I).

1. "Do your best to improve patient care."
2. "Reduce medication errors by 10% in six months."
3. "Work harder in the emergency department."
4. "Complete patient documentation within 24 hours."

Question:
What makes a goal motivating for healthcare staff?

Focus: clarity, measurability, time frame (SMART logic without naming).

Task 5. **Creating Goals (Goal Setting)**

Instruction:
Create one clear goal for:

- a nurse
- a doctor
- a hospital administrator

Use this structure:
Verb + result + time

Example:
Improve patient discharge documentation accuracy within three months.

Test 1

Motivation in Healthcare Management

1. What is motivation in a healthcare organization?

A. The control of medical equipment
B. The process that encourages staff to work effectively
C. The structure of hospital departments
D. The legal regulation of healthcare work

2. Motivation through needs satisfaction is mainly based on:

A. Punishment for poor performance
B. Meeting the basic and professional needs of staff
C. Strict supervision
D. Competition between employees

3. Which need is most important for junior healthcare staff?

A. Public recognition
B. Job security and stable income
C. Leadership power
D. Administrative control

4. Recognition of healthcare workers mainly satisfies the need for:

A. Financial stability
B. Safety
C. Respect and professional value
D. Physical comfort

5. Which goal is the most effective for motivating healthcare staff?

A. Improve patient care.
B. Work harder in the department.
C. Reduce patient waiting time by 15% in six months.
D. Do your best every day.

6. Why does goal setting motivate employees?

A. It increases competition only
B. It gives clear direction and expected results
C. It reduces responsibility
D. It replaces financial incentives

7. What is an example of a financial incentive in healthcare?

A. Positive feedback from patients
B. Flexible work schedule
C. Bonus for high performance
D. Professional development training

8. What is a possible disadvantage of financial incentives in healthcare?

A. They always reduce work quality
B. They may encourage focus on quantity instead of quality
C. They eliminate teamwork
D. They have no effect on motivation

9. Why should financial incentives be combined with other motivation methods?

A. Financial incentives are illegal
B. Money alone does not motivate all healthcare workers
C. Other methods are cheaper
D. Financial incentives reduce job satisfaction

10. Which motivation method supports long-term staff commitment?

A. One-time bonuses only
B. Strict control and monitoring
C. Needs satisfaction and professional development
D. Financial penalties

Assignment 1

Case Study Analysis: Motivation in a State Hospital

Background

A large state hospital in the Russian Federation provides inpatient and outpatient medical care. The hospital faces several human resource management problems: high workload, emotional burnout among nurses, low engagement of young doctors, and moderate patient satisfaction scores.

Internal reports show that:

- salaries are stable but perceived as insufficient by junior staff;

- career development opportunities are not clearly communicated;
- performance goals are often described in general terms;
- financial bonuses are mainly linked to the number of patients treated.

Instruction:
Analyze the case and complete the following tasks.

Part A. Motivation through Needs Satisfaction

1. Identify three key needs of healthcare workers in this hospital (e.g. security, professional growth, recognition).
2. Explain how unmet needs can affect staff performance and quality of medical care.

(Write 5–6 academic sentences.)

Part B. Motivation through Goal Setting

3. Evaluate the current approach to goal setting in the hospital.
4. Formulate two effective and measurable goals:
   - one for nursing staff;
   - one for physicians.

(Each goal should include a clear result and a time frame.)

Part C. Motivation through Financial Incentives

5. Analyze the hospital's current use of financial incentives.
6. Explain two risks of linking bonuses only to quantitative indicators in healthcare.

(Write 4–5 academic sentences.)

Part D. Integrated Motivation Strategy

7. Propose three management measures that combine:
   - needs satisfaction,
   - goal setting,
   - financial incentives.

Justify your proposals with reference to the Russian healthcare system.

(Write 6–8 academic sentences.)

<u>Assignment 2</u>

Management Project: Designing a Motivation Program

You are part of the management team of a municipal polyclinic in Russia. The administration plans to introduce a new motivation program to improve staff performance, reduce turnover, and maintain high standards of patient care.

Task

Instruction:
Develop a motivation program for the polyclinic. Your program should include all three motivation approaches.

Part A. Needs-Based Motivation

1. Describe two priority needs of polyclinic staff (nurses, physicians, administrative personnel).
2. Propose practical measures to satisfy these needs within a public healthcare organization.

(Write 5–6 academic sentences.)

Part B. Goal Setting System

3. Develop three goals for the polyclinic:
   o one clinical goal,
   o one organizational goal,
   o one patient-oriented goal.

Explain why these goals are motivating for healthcare workers.

(Write 6–7 academic sentences.)

Part C. Financial Incentives

4. Describe the types of financial incentives that can be used in a municipal polyclinic.
5. Explain how financial incentives should be linked to both quality and performance indicators.

(Write 4–5 academic sentences.)

Part D. Evaluation and Sustainability

6. Explain how the effectiveness of the motivation program can be evaluated.
7. Justify why a combined motivation approach is more sustainable in the Russian healthcare system than the use of financial incentives alone.

(Write 6–8 academic sentences.)

<u>Assignment 3</u>

Essay Topics on Personnel Management and Human Resource Management

Instructions:

Choose one topic from the list below and write a 2–3-page essay. Your essay should:

• Demonstrate understanding of motivation theories and their application in healthcare.

• Include real-life examples from medical organizations or clinical settings.

• Be written in clear, academic English with proper structure (introduction, main body, conclusion).

• Cite relevant literature or credible sources where appropriate.

Topics:

1. The Role of Personnel Motivation in Healthcare Management

2. Motivating Medical Personnel through Satisfaction of Professional and Personal Needs

3. Applying Maslow's Hierarchy of Needs in Healthcare Human Resource Management

4. Goal Setting as a Tool for Motivating Doctors and Nursing Personnel

5. The Impact of Clear Goals on the Performance of Healthcare Employees

6. Financial Incentives as a Motivation Factor in Healthcare: Benefits and Limitations

7.   Comparing Material and Non-Material Motivation for Healthcare Workers

8.   Employee Motivation as Part of Human Resource Policy in Medical Organizations

9.   Challenges of Motivating Healthcare Personnel under High Workload Conditions

10.   Modern Approaches to Personnel Motivation in Healthcare Human Resource Management

Recommended literature:

1.   Артюнина, Г. П. Основы социальной медицины: учебное пособие / Артюнина Г.П., Иванова Н.В. - Москва: Форум, НИЦ ИНФРА-М, 2023. - 360 с. (Высшее образование: Бакалавриат) ISBN 978-5-00091-132-7. - Текст: электронный. - URL: https://znanium.com/catalog/product/1941747 (дата обращения: 10.04.2025). - Режим доступа: по подписке.

2.   LENCIONI, P. The Five Dysfunctions of a Team / Patrick Lencioni. — San Francisco: Jossey-Bass, 2002.

3.   Колосницына, М. Г. Экономика здравоохранения / под ред. М. Г. Колосницыной, И. М. Шеймана, С. В. Шишкина - Москва: ГЭОТАР-Медиа, 2018. - 464 с. - ISBN 978-5-9704-4228-9. - Текст: электронный // ЭБС 'Консультант студента': [сайт]. - URL: https://www.studentlibrary.ru/book/ISBN9785970442289.html (дата обращения: 10.04.2025). - Режим доступа: по подписке. Каюпова, Г. С. Экономика здравоохранения: учебное пособие / Г. С. Каюпова. - Караганда: КарГМУ, 2019. - 94 с. -6ISBN 978-601-305-354-7. - Текст: электронный // Лань: электронно-библиотечная система. - URL: https://e.lanbook.com/book/252806 (дата обращения: 10.04.2025). - Режим доступа: для авториз. пользователей.

4.   Решетников, А. В. Экономика здравоохранения: учебное пособие / Под ред. А. В. Решетникова. - 2-е изд. - Москва:

5. ГЭОТАР-Медиа, 2010. - 272 с. - ISBN 978-5-9704-1604-4. - Текст: электронный // ЭБС 'Консультант студента': [сайт]. - URL: https://www.studentlibrary.ru/book/ISBN9785970416044.html (дата обращения: 10.04.2025). - Режим доступа: по подписке.

Topic 5. Leadership

Questions to study

1. Basics of role-based leadership theory.
2. The concept of effectiveness in leadership.
3. Administration in leadership.
4. Entrepreneurship in leadership.
5. Integration in leadership.

1. Definition of leadership, power and authority.

2. Types of power.

3. Difference between Leadership and Management.

4. The link between Leadership and Motivation.

5. Autocratic leadership style.

6. Participative leadership style.

7. Laisses faire leadership style.

8. The situational leadership model

Leadership can be exercised in many settings such as business, government, education, and sports. This topic focuses on leadership in organizations. Leadership is often thought of as applying to people at the highest levels in organizations, but leadership is important at every level.

Let's start with a simple definition of leadership. **Leadership is the process of influencing an organized group towards a common goal.** This definition sounds easy, but the application can provide a real challenge. Your goal as a leader in the organization is to do the best job you can at influencing your people towards

a common goal. Since you are dealing with a very diverse group of people, it is important to understand the different approaches to motivate them to meet their goals.

Leaders influence people to do things through the use of power and authority. It means usually when we say boss, we mean authority. And power is different thing.

Authority is the formal right to get people do things or the formal right to control resources. Authority is a right – this manager actually the Boss and he tell to his subordinates or employees what to do. And his authority based on his position in the organization. And power is something different. **Power is the ability or potential to influence decisions and control resources.** (For ex., a powerful executive might influence an executive from another company to do business with his or her company).

To understand how leaders use power and authority, we examine the various types of power, influence tactics, and how leaders share power with team members ("types of power").

1. *Legitimate power* is the authentic right of leader to make certain types of requests. (It is the easiest type of influence for most subordinates to accept. Power based on one's position in the formal hierarchy. So the higher you are the more legitimate power you have.

2. *Reward power* is a leader's control over rewards to the group members. Exercising this power includes giving salary increases and recommending employees for promotion. This power based on the ability to distribute something that others value.

That the followers know that the leader has the power to grant promotions, monetary inducements or other rewards if his orders are complied with.

3. *Coercive power* is a leader's control over punishment. It means managers make them fear   Power based on fear. That the followers know that if the leader's orders are not complied with, he has the power to hire, fire, perspire and discharge the followers. We can compare these two types of power – reward is like carrot and coercive power is like a stick.

4. *Expert power* derives from a leader's job-related knowledge perceived by group members. Based on someone's specialized skills, knowledge, or talent. Expert power can be exercised even when a person does not occupy a formal leadership position. Ex.: marketing manager who knows how to create demand for a product

That the followers know that the leader possesses specialist's knowledge in the field they lack it. In simple way – you know something that another people don't know. Sometimes somebody lates for a job for 10 minutes but he doesn't worry, because company need his or she skills.

5. *Referent power* refers to the ability to control based on loyalty to the leader and the group member's desire to please that person. Power based on identification with a person who has desirable resources or trains.

That the followers feel attracted towards him because of his amiable manners, pleasing personality or they feel that he is well connected with high-ups.

6. *Subordinate power* is any type of power that employees can exert upward in an organization, based on justice and legal considerations. For example, certain categories of workers cannot be asked to work overtime without compensation. Group members can always exercise expert power, but subordinate power restricts the extent to which power can be used to control them.

In addition to various types of power, leaders use many other influence tactics to get things done. Seven frequently used influence tactics are as follows.

1. *Leading by example* means that the leader influences group members by serving as a positive model of desirable behavior. A manager who leads by example shows consistency between actions and words. For example, suppose a firm has a strict policy on punctuality. The manager explains the policy and is always punctual. The manager's words and actions provide a consistent model.

2. *Assertiveness* refers to being forthright in your demands. It involves a manager expressing what he or she wants done and how the manager feels about it.

A leader might say, for example, "Your report is late, and that makes me angry. I want you to get it done by noon tomorrow." Assertiveness, as this example shows, also refers to making orders clear.

3. *Rationality* means appealing to reason and logic, and it is an important part of persuasion. Strong leaders frequently use this tactic. Rational persuasion has increased in importance because many managers work in situations in which they do not have extensive formal authority, but must rely on persuasion and teamwork. Rationality is also important when a manager must manage across different functions. Pointing out the facts of a situation to group members to get them to do something is an example of rationality. For example, a middle-level manager might tell a supervisor, "If our department goes over budget this year, we are likely to be cut further next year." Knowing this, the supervisor will probably become more cost conscious.

4. *Ingratiation* refers to getting somebody else to like you, often through the use of political skill. A typical ingratiating tactic would be to act in a friendly manner just before making a demand. Effective managers treat people well consistently to get cooperation when it is needed.

5. *Exchange* is a method of influencing others by offering to reciprocate if they meet your demands. Leaders with limited expert, referent, and legitimate power are likely to use exchange and make bargains with subordinates. A manager might say to a group member, "If you can help me out this time, I'll go out of my way to return the favor." Using exchange is like using reward power. The emphasis in exchange, however, is that the manager goes out of his or her way to strike a bargain that pleases the team members.

6. *Coalition* formation is a way of gaining both power and influence. A coalition is a specific arrangement of parties working together to combine their power, thus exerting influence on another individual or group. Coalitions in business are a numbers game—the more people you can get on your side, the better. For example, a manager might band with several other managers to gain support for a major initiative such as merging with another company.

7. *Joking and kidding.* Good-natured ribbing is especially effective when a straightforward statement might be interpreted as harsh criticism. In an effort to get an employee to order office supplies over the Internet, one manager said, "We don't

want you to suffer from technostress. Yet you're the only supervisor here who still orders office supplies by telephone, paper memos, and carrier pigeon." The supervisor smiled and proceeded to ask for help in learning how to execute orders for office supplies over the Internet.

What is the major difference between leadership and management? While many of people may think that manager is also a leader so, these two terms mean the same, but actually not. But these two terms have different meaning they shouldn't be used interchangeably. Both imply a unique set of skills, characteristics and functions. Example, some people lead without a managerial role, while some managers do not practice leadership.

Leadership is a process of influencing others towards achieving a goal or a specific target. It is the art of motivating a group of people.

And another hands, management is the art of work done through people.

1. *Leader set the goal and Managers Follow it.*

When it comes to setting and executing a company's vision and aims, leaders and managers have different roles. Most leaders have a clear vision of the position of their organizations in the future. However, they are not the only ones who are responsible for fulfilling the vision.

Here, managers play a significant role. Leaders transfer the company's mission, goal and vision to the entire organization and managers are responsible for keeping employees aligned with the core company goals and values.

Leaders are the ones who can build trust in the workplace by speaking openly about the company's challenges, goals and opportunities. They can create a productive work environment where employees feel free to share their own ideas, concerns and needs. However, 71% of employees believe that their leaders do not spend enough time discussing plans and goals. In this situation, managers do this job

2. *Leaders Think Ideas, Managers Think of Execution.* Leaders are looking for improvement in the organization, while managers emphasize rationality and control. A leader always comes up with new ideas and delivers that to a person with a forward-thinking mindset. Basically, leaders look for answers to "why and what"

while managers look for answers to "when and how". therefore, the managers' primary responsibility to complete their tasks and reach their goals based on the leader's vision. Managers' job to make their employees feel free so that they can share their voice.

Leaders are concerned with ideas, relate in more high level while managers relate to people according to the role they play in a decision-making process. Leader's attention to "what should be done" to achieve the best results and a manager's attention to "how thing get done".

Leaders can play a role in driving change in organizations. A leader always inspires incremental and positive change by empowering employees to work toward common aims. When people are not inspired by a leader, there is little a manager can do to help their employees succeed. By improving a personal leadership style, leaders can empower their workforce, get their followers' attention and inspire them to act on important organizational initiatives.

3. *Leaders Form the Culture, Managers Support It*

Culture is a system of behaviors, beliefs and values that configure and determine how a system operates and how the works getting done. When it comes to the organizational culture, the difference between management and leadership is that managers lead their employees to live up to the culture which was shaped by the leaders. Inspiring leaders have the power to influence employees' behaviors and communicate the organizational culture company-wide. So, driving employees to live by the company's core value and culture is impossible without the collaboration between management and leadership.

4. *Leaders Inspire People, Managers Push Them to Their success*

Leaders have the great power to inspire people, and managers are responsible for their success and positive experience. When leaders are unable to inspire their employees, managers take the responsibility to help their people succeed.

If an employee works effectively within his workplace, it is the result of honesty, open and transparent communication between the leader, manager and employees.
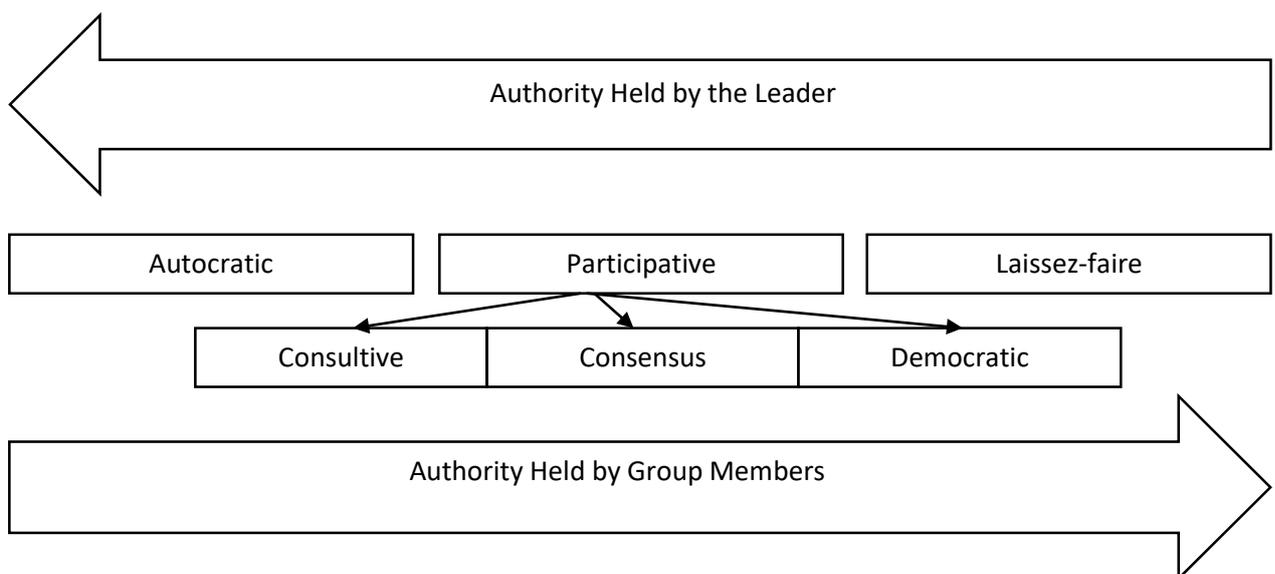
5. *Leaders Peek into the future, Managers Take Action in the Present*

Leaders are basically more future-focused while managers are more focused on the present moment. Therefore, the manager's most important target is to come through organizational goals by utilizing procedures and processes around budgeting, staffing and organizational structuring while leaders tend to think ahead and capitalize on future prospects.

In a business, it is important to have both great managers and leader.

The organization needs a good leader to achieve its mission and good manager to ensure the things are getting done to reach the company's vision.

The leadership continuum, or classical approach, classifies leaders according to how much authority they retain for themselves versus how much they turn over to a group. Three key points on the continuum represent autocratic, participative, and laissez fair (pic. 2).

Authority Held by the Leader

| Autocratic | Participative | Laissez-faire |

| Consultive | Consensus | Democratic |

Authority Held by Group Members

Pic. 2. The Leadership Continuum

Autocratic leader – is a task-oriented leader who retains most of the authority for himself or herself and is not generally concerned with group members' attitudes toward decisions.

Autocratic leaders retain most of the authority for themselves. They make decisions in a confident manner and assume that group members will comply. An autocratic leader is not usually concerned with the group members' attitudes toward

the decision. Autocratic leaders are considered task-oriented because they place heavy emphasis on getting tasks accomplished.

Typical autocratic leaders tell people what to do, assert themselves and serve as models for group members. Autocratic leaders typically make choices based on their ideas and judgments and rarely accept advice from employees in the organization. Autocratic leaders make choices or decisions based on their own beliefs and do not involve others for their suggestion or advice.

There are some characteristics of Autocratic Leadership:

1. Centralized Decision-Making: Autocratic leaders make all major decisions themselves, without involving others.

2. Limited Team Involvement: Subordinates have little to no say in decision-making, and their role is primarily to execute the leader's directives.

3. Clear Hierarchy: There is a clearly defined hierarchical structure with the leader at the top, and communication often flows one way, from the leader to the team.

4. Quick Decision-Making: Autocratic leaders are known for making decisions swiftly, as they do not require consensus or lengthy deliberation.

5. High Accountability: Leaders take full responsibility for the outcomes of their decisions, which can result in increased pressure on them.

This type of leadership style is seen mostly in businesses which are relatively small with fewer employees. This type of leadership style is only effective in organizations where the nature of work requires quick decision-making. The sole responsibility of the decision and the outcome is with the leader. It is considered to be a flexible leadership style but some would argue that it is outdated now.

Advantages:

- It leads to quick decision-making, control over the processes and the operations of a company, etc. It means that decisions can be made quickly due to managers. making all the decisions as well as these employees have clear instructions on what needs to be done and the requirements needed which can improve efficiency within the business.

- Autocratic leadership will be helpful in situations where a business faces constant change or a crisis. It will be able to react to the situation promptly compared to other leadership styles, because of streamlined organizational structure and quick decision-making ability.

Some of the Disadvantages include

- Some experts argue that this type of leadership style can be damaging rather than rewarding in the long run as it resembles that of a dictator.

- It leads to low employee morale, which in turn may lead to attrition in many cases.

- Employees creativity and ideas being ignored. As well as these employees may start to feel demotivated because they are not getting to share their ideas or take any responsibility.

After examining this point, let's turn to the next classical leadership style - participative leadership style. It is a leadership style in which, as the name suggests, all team members are encouraged to provide input and thoughts about group goals and decisions. A participative leader is one who shares decision making with group members.

In this decision-making process, group members are welcome to share their ideas and opinions when a decision must be made about something related to the group. Other notable qualities of participative leadership include the leader being honest with the members about the group's circumstances and providing them with training, and development opportunities.

Without proper communication, decisions in a participative - led group may be made slowly and without gathering input from all group members. These actions show members that the leader is invested in them and the company.

Characteristics Of A Participative Leadership:

1. Values Team Members' Skills

A participative leader values the thoughts and talents of their team members

The involvement of many team members is bound to bring a greater number and a larger variety of skills than any one leader may have, which is a clear advantage

of the participative leadership style. This benefit is clearly recognized by the leader and used to better the group in many ways.

2. Open-Minded

A participative leader is also open-minded, which is an important trait when considering various opinions from the group.

When group members are sharing their thoughts, it is crucial for the leader to have an open mind so that they can consider new ideas that may not have ever occurred to them. If the group leader is not open-minded, it is almost a waste of time for group members to express their opinions.

However, if the leader is open-minded, the leader can best deliberate the best ideas. Utilizing many different ideas can lead to developments and improvements for a group that may never have been reached without this participative leadership style.

3. A Good Facilitator (coordinate)

Good communication skills are another important quality of a good participative leader. Part of good communication involves providing a space for sharing and "creating a friendly atmosphere". In order to receive every group member's input and thoughts on a decision in a participative leadership style, the leader of the group must make sure to facilitate open, inviting conversations.

People are more likely to be honest and open about their opinions in a comfortable space, and for the participative leadership style to be effective, it is important to have members" true thoughts regarding group decisions.

4. A Good Listener

With the inclusive nature of a participative leadership style, there are likely to be many different ideas floating around the group at times. Therefore, a participative leader must be present and attentive as much as possible. If a leader is not a good listener, it is very difficult to be a participative leader.

Being a good listener does not just mean simply hearing what is being said but to be actively listening to the group's needs. A participative leader should pay

attention to what the group is expressing and not respond until the group members have finished their point.

5. Encourages Accountability

A further quality of a participative leader is that they encourage accountability. Since all group members are part of the decision-making process in this leadership style, this comes with more personal responsibility. This contrasts with members of a group under other leadership styles.

Due to additional responsibility for group members, a participative leader must encourage members to take their roles within the group seriously.

Additionally, since a participative leadership style can have a lengthier decision-making process, it is important for group members to know their roles and responsibilities. In this way, they will be able to work efficiently and make the decision-making process as fast as it can be.

There are three closely related subtypes of participative leaders:

consultative,

consensus,

and democratic.

Consultative leaders confer with subordinates before making a decision. However, leaders retain the final authority to make decisions. Additionally, they clarify the responsibilities of each individual in the group.

Consensus leaders encourage group discussion about an issue and then make a decision that reflects the general opinion (consensus) of group members. All workers who will be involved in the consequences of a decision have an opportunity to provide input. A decision is not considered final until all parties involved agree with the decision.

In consensus decision-making, the decision-making process is completely up to the group members, without involvement from the group's leader.

This decision-making style involves a majority/minority situation, where the majority of the group has to approve the decision. When the majority accepts a

decision, the minority of those who don't initially agree have to agree to go along with the decision.

Democratic leaders confer final authority on the group. They function as collectors of opinion and take a vote before making a decision. This is a leadership style in which members of the group are involved in the decision – making process, moreover, group members are a part of the decision-making process, but the leader of the group makes the final decision and then runs it by the group members.

Now try to understand advantages and disadvantages of participative leadership.

Advantages

1.   Overall, the participative leadership style is advantageous because it Improves morale

Group members who feel they are part of a team can have higher morale than if they think they have limited influence. Participative leadership provides a deeper feeling of community to lower-level group members. This may create a more positive work environment where employees have higher morale and more motivation. It can also help increase employee retention for highly skilled employees. This, in turn, helps organizations reduce the costs of hiring new employees frequently.

2.   Increases engagement.

It gives all members of the group a voice and makes them feel like they are being heard. This inclusivity tends to make the group members more invested in the goals of the group and, therefore may improve the overall group performance. Employees may also feel more confident in a company's decisions or changes if they can provide their input.

3.   Along those lines, participative leadership leads to more productiveness because group members are more dedicated to the problem at hand.

4.   Another advantage of participative leadership is that it leads to greater creativity, as more people being a part of the decision-making process leads to a greater variety of ideas. Teams may solve problems in ways leadership never

anticipated with input from all levels of the organization. As each person's thoughts are unique, each employee can also learn from others within an organization through this collaboration.

5.   Participative leadership also leads to better performance when the leader is not around than there may be in other leadership styles.

6. Another study that looked at this leadership style found "that participative leadership was positively related to employees" work engagement and job satisfaction" and that "this positive relationship between participative leadership and job satisfaction was stronger when employees had more fun at work" (Chan, 2019).

This study highlights additional advantages of the participative leadership style and emphasizes the importance of fun in the work environment. Participative leadership takes many forms, including the employee involvement typical of teams in an organization practicing quality management.

Disadvantages of Participative Leadership

1. Slower decision-making

One disadvantage of this leadership style is that the process may be lengthy with so many people involved in the decision-making process.

Much time may be needed to hear a variety of opinions and potentially have room for debate before deciding on the group. To help with this, consider establishing clear schedules and allotted times for votes or discussions for new decisions.

2. Potential pressures.

Another disadvantage of the participative leadership style is that social pressure may contribute to decision-making. With multiple people being a part of the decision-making process, it is impossible to assume that every member's opinion is their own true thoughts.

Members may be influenced to lean towards a particular direction to make another member happy. Likewise, there may be an unaccounted-for hierarchy among members, where people lower in the hierarchy may feel pressured to act in ways of those higher in the hierarchy.

Lower-level group members may feel social pressure to conform to the group's majority or superiors' desires. This may make it hard to reach a truly democratic decision.

For instance, a lower-level employee might think that management expects them to agree with their decisions for job security. To help with this, you might have anonymous surveys or conversations with employees to ensure they can voice their opinions confidently and with honesty. This also helps them feel valued and that their input matters.

3. Lack of knowledge-based decisions

Not everyone in the organization may have the background or knowledge necessary to participate productively in a decision-making conversation. For instance, people in the marketing department may be providing their input in the sales department's decisions, where they may not have sufficient knowledge to participate meaningfully. Consider different styles, such as the democratic participative style, to ensure that a knowledgeable leader can decide if the decision is most effective for the organization.

4. Increased costs

Due to the amount of time the participative leadership style can take, it can have a high cost. Group members can lose time with their daily responsibilities during these decision-making processes. Consider evaluating your assignment allocation and shifts to ensure enough coverage to meet business goals while having collaborative conversations.

Participative leadership is most effective when "the followers have greater education and work experience" and "when the leader needs direction, and fresh ideas from followers are needed".

Participative leadership is ineffective when group members are not invested in the group or do not have the group's best interests in mind.

Laissez-faire is a French term that refers to the idea of letting people self-govern and make choices about their behavior. The direct translation is "leave alone."

This term originated as a way to describe unregulated markets. This is based on the theory that when individuals can do business in any way they choose, commerce functions best and benefits society as a whole. The laissez-faire ideology has since expanded beyond the economy and impacted social habits and leadership structures in many workplaces.

Laissez-faire leadership can be a highly effective management style, but it does have certain drawbacks that make it more appropriate for some situations than others. Just as authoritative leadership can be helpful for people who need guidance and harmful for highly capable and independent employees, laissez-faire leadership can be beneficial in some situations and ineffective in others.

Advantages:

The main benefits of laissez-faire leadership are:

1. Encouraging staff to take risks and be creative when implementing their own ideas

2. Driving growth by using leader's time more efficiently and delegating employees to take over day-to-day duties

3. Creating employee buy-in by encouraging them to contribute to the company's operations and share leadership within smaller teams

4. Improving flexibility and developing an agile business that can rapidly respond to changes in the market and refine its business practices

5. Increasing employee retention by creating a welcoming and affirming environment that trusts workers to make smart choices and rely on their colleagues to do their jobs correctly

Disadvantages of laissez-faire leadership:

Using a hands-off leadership style comes with potential challenges, such as

1. Lack of support when employees have a problem or lack the resources to complete a task successfully

2. Decreased accountability among individuals because they don't have a direct leader giving them guidance and setting goals on their behalf

3. Employees who are not highly passionate about their field may have trouble motivating themselves to seek out improvement or put in extra effort at work

4. Confusion among employees about who has final authority on different projects and how to resolve problems or disagreements within a team

Laissez-faire leadership often proves most effective in fast-moving, creative industries that attract highly passionate and motivated employees. If you have a team you can trust to manage their own work, you can focus on generating a more productive framework for growing your business.

A major perspective on leadership is that effective leaders adapt their style to the requirements of the situation. The characteristics of the group members comprise one key requirement. The situational leadership model of Paul Hersey and Kenneth H. Blanchard explains how to match leadership style to the readiness of group members (pic. 3).
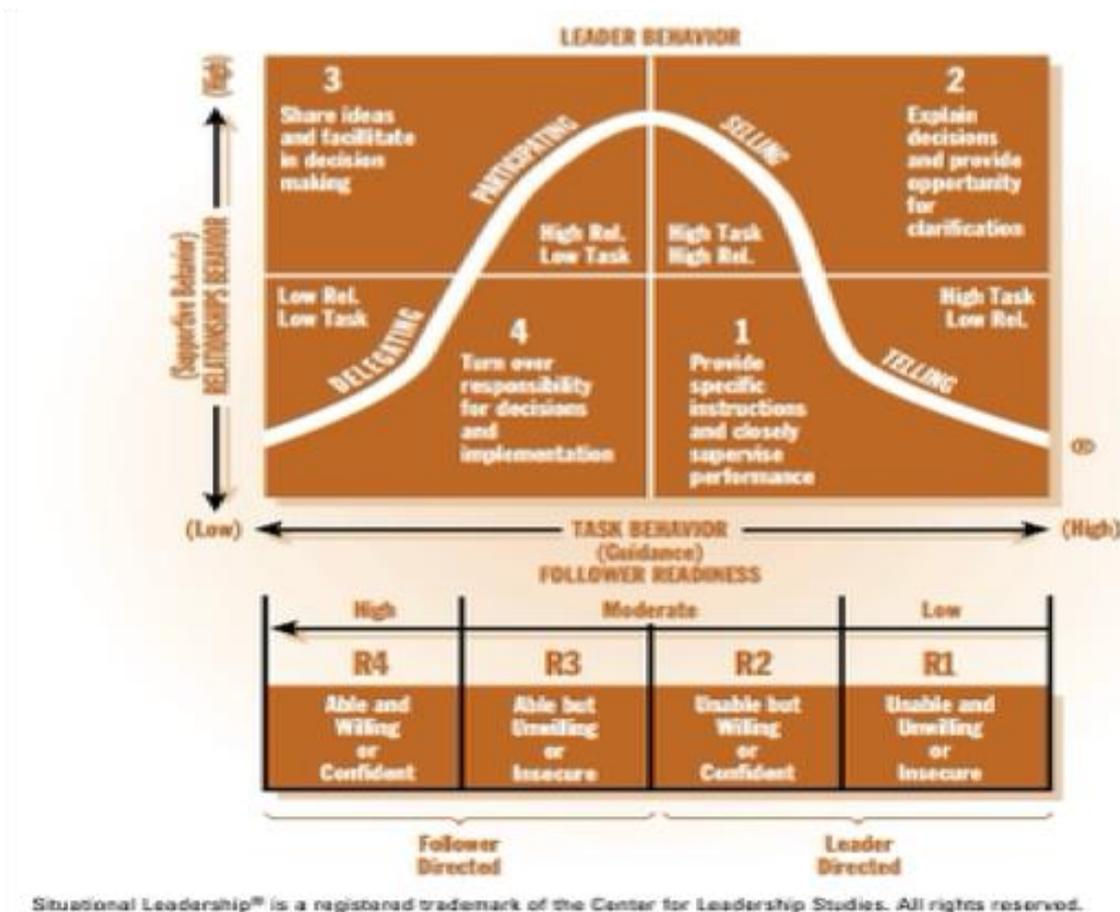
Pic. 3. Situational Leadership style

The situational leadership training program is widely used in business because it offers leaders practical suggestions for dealing with everyday leadership problems. Leadership in the situational model is classified according to the relative amount of task and relationship behavior the leader engages in.

Task behavior is the extent to which the leader engages in spelling out the duties and responsibilities to an individual or group. This behavior includes telling people what to do, how to do it, when to do it, and where to do it. In task behavior, the leader engages in one-way communication.

Relationship behavior, on the other hand, is the extent to which the leader engages in two-way or multiway communications. This behavior includes listening to, facilitating, and supporting employees. And maturity is the willingness and ability of a person to take responsibility for directing his own behavior. Employees tend to have varying degrees of maturity, depending on the specific tasks, functions, or objectives that they attempt to accomplish.

To determine the appropriate leadership style to use in a given situation, a leader must first determine the maturity levels of his or her followers in relationship to the specific task. As employee maturity levels increase, a leader should begin to reduce task behavior and increase relationship behavior until his or her followers reach moderate maturity levels. As the employees move into above-average maturity levels, the leader should decrease not only task behavior but also relationship behavior.

Readiness in situational leadership is defined as the extent to which a group member has the ability and willingness or confidence to accomplish a specific task. The concept of readiness is therefore not a characteristic, trait, or motive—it relates to a specific task.

Accordingly, to definition, Readiness has two components:

1. Ability is the knowledge, experience, and skill an individual or group brings to a particular task or activity.

2. Willingness is the extent to which an individual or group has the confidence, commitment, and motivation to accomplish a specific task.

Once maturity levels are identified, a manager can determine the appropriate leadership style: telling, selling, participating, or delegating.

Telling. This style reflects high task/low relationship behavior (S1). The leader provides clear instructions and specific direction. Telling style is best matched with a low follower readiness level.

Selling. This style reflects high task/high relationship behavior (S2). The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision making. Selling style is best matched with a moderate follower readiness level.

Participating. This style reflects high relationship/low task behavior (S3). With this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level.

Delegating. This style reflects low relationship/low task behavior (S4). Delegating style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. This style is best matched with a high follower readiness level.

Situational leadership defines four development levels, paired with four behaviors, as a way of understanding a person's growth and what is required from a leader to help them move forward. None of these behaviors is the "best," because all of this is about taking a situational approach. Let's take a look at each one.

1. The enthusiastic beginner. Followers have low competence, but high commitment.

This is where almost everyone starts when they're learning a new role or skill. Their commitment is high because there hasn't been any experience that would challenge it, and their competence is low because they have little-to-no experience.

People don't know what they don't know. When an employee or teammate is learning something new, the best leadership for them will be highly directive. They don't need to be encouraged that they can do it, as much as they need to be told what to do. This isn't demeaning, it's just the reality of starting to learn something new.

2. The disillusioned learner. Followers have low competence and low commitment.

When employees are at the disillusioned learner level, they've probably run up against their shortcomings in the competency they're trying to gain. This experience of failure or inadequacy, coupled with only marginally increased competence, can be incredibly deflating.

As a person is confronted with the shortcomings in their proficiency, the natural reaction is to become discouraged. If you perceive that shift in your direct report, it's essential that you add highly supportive behavior while maintaining a highly directive posture. The critical mistake leaders make in this stage is to think that because the person has been working at a skill that they no longer need direction. However, this is actually the stage where highly directive behavior is most important.

3. The capable-but-cautious performer. Followers have high competence, but low commitment and confidence.

At this level, the employee starts to turn a corner. As their competence increases, often people will start to move out of that low-commitment funk.

This is a critical transition, according to situational leadership theory. As someone's competence makes meaningful progress and their commitment level increases again, it's important to scale back the level of direction you provide while maintaining a highly supportive environment.

4. The self-reliant achiever. Followers have high competence and high commitment and confidence.

At this point, the developing employee has reached a point of mastery in the skill they were learning. They can perform at a high level and feel confident about the quality of their contributions.

If a self-reliant achiever is a pro at what they're doing, inundating them with tons of direction or smothering them with check-ins will most likely backfire. It's a waste of your time, and takes their focus away from the thing they've become really great at. Managers of self-reliant achievers should focus on delegating tasks more than supporting their work.

Control questions

1. Differentiate between leadership and management.
2. Describe how leaders are able to influence and empower team members.
3. Are the Leadership and the Management Same?
4. The Link Between Leadership And Motivation
5. Describe the autocratic leadership style
6. Advantages and disadvantages of the participative leadership style.

7. Describe situational style of leadership.
8. How does leadership style influence organizational effectiveness?
9. How does leadership style influence organizational efficiency?
10. Can an organization be effective but not productive, or productive but not effective? Explain why "yes" or "no" in each case.
11. What is the result of performing the E-function?

Assignment 1
Exploring Functional Leadership Theories

Objective: Understand the concept of «Functional Leadership» and how role-based approaches can be applied in different organizational settings.

Instructions:
- Research the concept of «Functional Leadership», specifically the role-based model of leadership, which focuses on the leader's responsibility to meet the needs of the team and organization through specific functions (e.g., problem-solving, decision-making, motivation, and coordination).
- Identify a real-world example where leadership functions were successfully or unsuccessfully applied in an organization.
- Write a detailed report analyzing the role of leadership in meeting the team's needs. Discuss how the functional roles of leadership (administrator, entrepreneur, integrator, etc.) were fulfilled, and what could have been improved.

Questions:

1. What is the core principle of «Functional Leadership Theory»? How does it differ from trait-based or behavioral leadership theories?

2. Describe the four main leadership roles in the Functional Leadership model (administrator, entrepreneur, integrator, etc.). How do these roles interact in effective leadership?

3. Provide an example of a leadership failure due to a failure in fulfilling the required functional roles. What could the leader have done differently?

4. How can the functional roles of a leader be adjusted depending on the organization's stage of development (startup, growth, mature, or decline)?

Test 1

Functional Leadership Roles

Objective: Evaluate understanding of «Functional Leadership» and the key leadership roles.

Instructions:

Answer the following multiple-choice and short-answer questions based on the «Functional Leadership» model.

Questions:

1. Multiple Choice: Which of the following best describes the role of a «Integrator» in functional leadership?

a) Focuses on decision-making and planning

b) Provides resources and support to the team

c) Develops strategies for growth and innovation

d) Ensures team members collaborate and work cohesively

2. Multiple Choice: What is the primary function of the «Administrator» role in the Functional Leadership model?

a) To motivate team members and ensure they are engaged

b) To structure processes, ensure efficiency, and manage resources

c) To lead innovation and change initiatives

d) To set vision and direction for the team

3. True/False: The «Entrepreneur» role in functional leadership is responsible for maintaining day-to-day operations and ensuring the team remains productive.

- True / False

4. Short Answer: How do the roles of «Administrator» and «Entrepreneur» differ in terms of their focus on short-term versus long-term objectives?

5. Short Answer: In your own words, describe the importance of the «Integrator» role in leadership, especially during organizational change.

Assignment 1
Functional Leadership in Practice

Objective: Apply the principles of «Functional Leadership» to a real or hypothetical organizational scenario.
Instructions:
- Choose a leadership situation from your own experience or a fictional case where functional leadership roles could play a crucial role. It could be an organization facing a leadership challenge or a high-stakes project.
- Based on the chosen case, identify which leadership roles (administrator, entrepreneur, integrator, etc.) were needed or could be improved to address the situation.
- Write a report analyzing the scenario and propose recommendations on how each functional role could be applied to improve leadership effectiveness in this context.

Questions:
1. What are the specific challenges the leader faces in the scenario you have chosen (e.g., team conflict, lack of direction, low productivity)?
2. Which functional leadership roles are critical to addressing these challenges? Justify your answer.
3. How would the «Entrepreneur» role help drive innovation or overcome obstacles in this situation?
4. How would the «Administrator» role improve organizational structure and efficiency in this scenario?
5. How can the «Integrator» role facilitate collaboration and ensure team cohesion in the given case?

Case Study 1
Applying Functional Leadership to a Business Transformation

Objective: Analyze a real-world organizational transformation and evaluate the application of «Functional Leadership» roles in managing the change process.

Instructions:

- Research a company that went through a major transformation (e.g., a merger, restructuring, or pivot). Examples might include companies like «Apple» during Steve Jobs' return, or «Netflix» transitioning from DVDs to streaming.

- In your analysis, focus on how the leadership roles of «Administrator», «Entrepreneur», and «Integrator» were applied (or lacked application) during the transformation process.

- Write a case study that evaluates how these functional roles contributed to the success or failure of the transformation and how they could have been better implemented.

Questions:

1. How did the leadership address the organizational challenges during the transformation? Were the «Administrator», «Entrepreneur», and «Integrator» roles clearly defined?

2. What were the primary leadership functions needed during the transformation and how did they impact the organizational outcome?

3. Identify any gaps in leadership functions during the transition. What additional leadership roles could have been implemented to improve the process?

4. Discuss the impact of leadership on team morale and productivity during the transformation. How did leaders manage change while keeping teams motivated?

Test 1

Understanding Functional Leadership Roles

Objective: Evaluate comprehension of «Functional Leadership» roles and their application in various organizational contexts.

Instructions:

Answer the following multiple-choice and short-answer questions based on functional leadership roles.

Questions:

1. Multiple Choice: Which leadership role is most focused on «innovation» and «new business opportunities» in the Functional Leadership model?

    a) Integrator

    b) Administrator

    c) Entrepreneur

d) Monitor

2. Multiple Choice: The role of «Administrator» in functional leadership focuses primarily on:
    a) Creating and maintaining a shared vision
    b) Setting goals and defining tasks
    c) Motivating team members
    d) Managing daily operations and ensuring efficient use of resources

3. Short Answer: How can the «Entrepreneur» role help an organization adapt to rapidly changing market conditions?

4. Short Answer: Discuss the «Integrator's» role in conflict resolution within teams. How can an effective leader integrate diverse opinions and perspectives in decision-making?

5. Essay: Imagine you are leading a team that is facing major external competition. Using the «Functional Leadership» framework, explain how each leadership role (Administrator, Entrepreneur, Integrator) would contribute to helping your team succeed in this competitive environment.

Assignment 3
Role-Based Leadership in a Crisis

Objective: Understand the importance of functional roles during crises and how a leader adapts to changing demands.

Instructions:

- Choose a real-life crisis or disaster scenario (e.g., a natural disaster, economic downturn, or organizational crisis) and analyze how functional leadership roles could help a leader navigate through it.

- Focus on how the «Administrator», «Entrepreneur», and «Integrator» roles would be applied in crisis management.

Questions:

1. What specific leadership functions would be necessary to manage the crisis effectively? Which of these roles are most critical in the early stages of the crisis?

2. How could the «Administrator» role help restore order and ensure stability during the crisis? Provide examples of specific actions.

3. What role would the «Entrepreneur» play in ensuring the organization adapts to new challenges and opportunities during the crisis?

4. How would the «Integrator» role support collaboration among different departments or teams to solve the problems emerging from the crisis?

5. How can a leader ensure that the different functional roles are balanced effectively during a crisis?

Case Study 2
Functional Leadership in a Nonprofit Organization

Objective: Apply functional leadership to the context of a nonprofit organization, where roles are often more fluid and resources are limited.

Instructions:

- Select a nonprofit organization or case that demonstrates how functional leadership roles can be applied effectively. Analyze how leadership roles such as «Administrator», «Entrepreneur», and «Integrator» helped the organization achieve its mission, especially during a period of growth or change.

- Write a case study analyzing how the roles contributed to the success of the organization. Consider challenges specific to nonprofit management, such as resource constraints, stakeholder involvement, and volunteer coordination.

Questions:

1. In a nonprofit setting, which functional leadership role is most essential when working with volunteers and community stakeholders? Why?

2. How does the «Administrator» role contribute to resource management in a nonprofit organization?

3. What are the unique challenges of applying the «Entrepreneur» role in a nonprofit, and how can a leader overcome these challenges?

4. How would the «Integrator» role be applied to ensure that diverse stakeholders (e.g., donors, volunteers, clients) are working together towards the nonprofit's mission?

5. What role does functional leadership play in the long-term sustainability of a nonprofit organization? How can leaders ensure these functions remain aligned with the organization's goals?

Recommended literature:

1. Бендер, В. Д. Лидерство и управление: роль лидера в организации / В. Д. Бендер. — М.: Наука, 2017. — 256 с.

2. Гибсон, Дж. Л. Организационное поведение / Дж. Л. Гибсон, Дж. М. Ирвин, Дж. С. Дональдсон. — М.: ИД «Дело», 2013. — 624 с.

3. Ковальчук, В. В. Лидерство и управление: роль и функции лидера / В. В. Ковальчук. — СПб.: Питер, 2016. — 320 с.

4. Левин, К. Психология групп и роль лидера / К. Левин. — М.: Прогресс, 2011. — 288 с.

5. Northouse, P. G. Leadership: Theory and Practice / Peter G. Northouse. — 8th ed. — Thousand Oaks: SAGE Publications, 2018. — 400 p.

6. Питерсен, Б. В. Роль лидера в эффективном управлении организацией / Б. В. Питерсен. — Екатеринбург: Уральский университет, 2015. — 272 с.

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8. Смит, Э. Л. Роль лидера в развитии организации / Э. Л. Смит. — Минск: БГЭУ, 2014. — 224 с.

9. Татаркевич, В. А. Теории лидерства и их практическое применение в организациях / В. А. Татаркевич. — М.: Экономика, 2012. — 248 с.

10. Yukl, G. Leadership in Organizations / Gary Yukl. — 8th ed. — Pearson, 2013. — 432 p.

Topic 6. Health Economics

Questions to study

1. Introduction to Health Economics.
2. Law of supply.
3. Law of demand.
4. Effectiveness and Efficiency in Healthcare system.
5. Break – even analysis.
6. Recognize the Time Value of Money.
7. Net Present Value Analysis.

Healthcare economics takes the basic principles and methods of economics and applies them to the study of the healthcare field. Why do people want to do this? Why is studying the economics of healthcare important? If, for instance, a public health official looks at pediatric vaccination rates and sees that they are lower than the determined goal, she wants to understand why that is. She could simply send a memo to all pediatricians and hospitals telling them to increase their vaccination rates. However, the problem is likely more complicated than physicians simply

forgetting to vaccinate children, and her memo will be ineffective. In order to better understand this problem, the public health official will need to consider the economic issues associated with pediatric vaccinations.

To understand health economics, it is first critical to understand the basics of the discipline of economics. At its most basic level, economics can be defined as the study of choices made by individuals or groups of individuals when resources are limited. This concept of limited resources, better known as scarcity to economists, is the backbone of economic thinking. To begin thinking like an economist, here is an everyday dilemma employing the concept of scarcity:

Vladimir has just received his weekly 100 rub. allowance from his parents and the money is burning a hole in his pocket. His friends ask him if he wants to go to a new movie that will cost him 100 rub. However, he also wants to buy some candy at the corner store that will also cost him 100 rub. Only having 100 rub., what should Vladimir do?

Notice that the money Vladimir has is scarce; he only has 100 rub to spend so he cannot take part in both activities. An economist would look at all of the factors in this situation (such as what time Vladimir has to return home to make curfew, how much he thinks he will enjoy the movie, how much he thinks he will enjoy the candy, how much he values spending time with his friends, etc.), evaluate them, and attempt to figure out which course of action will be taken and why.

Economics can be defined as the study of choices made by individuals or groups of individuals when resources are limited (scarcity). Health economics is the study of how (scarce) resources are allocated to and within the health economy (pic.6):

- Production of healthcare (doctors, specialists or nurses)
- How do we distribute health across the population? Based on who can pay or who needs it or some combination.
- How much money should the government spend of health care?

Pic. 1. Health economy

Medical care market is different from other markets because its:

1. Presence of uncertainty. Demand is irregular and uncertain.

2. Prominence of Insurance. People buy insurance to cover themselves against the risk of illness. With third party financing most of the cost of medical care, individuals are insulated from the full cost of the care they receive. Demand for medical care may rise if you don/t pay the full cost. Treatment recommendations are adjusted to insurance status.

3. Large role of not-for-profit providers. Economist usually assume firms maximize profits. There are many not-for-profit hospitals (85%).

4. Role of equity and need. Belief that people ought to get health care whether or not they can afford it. Economists need to take this feature of the good into consideration.

5. Supply-hard to understand the product.

- Asymmetric information. When people are sick, they don't understand the treatment they need and must trust our doctor in their diagnosis.

- Different doctors may suggest different treatments due to uncertainty of outcome.

- Hard to judge quality. Governments establish licensing requirements to ensure minimum level of quality.

Market – a body of persons carrying on extensive transactions in a specified commodity, i.e., the medicine market.

Utility – the capacity of a commodity or a service to satisfy some human want.

There are two main branches of economic thought: *microeconomics and macroeconomics.* Microeconomics is the discipline that deals with small-scale events, such as transactions among individuals, households, and firms, and how these entities make decisions based on scarcity. Thus far, all of the concepts we have presented are more pertinent to microeconomics than macroeconomics.

Macroeconomics, on the other hand, "deals with the performance, structure, and behavior of the economy as a whole". Macroeconomics is more concerned with concepts such as inflation, unemployment, Gross Domestic Product (GDP), international trade, the national budget deficit, etc.; this is the study of an entire nation's economic status.

Although understanding of both branches of economics is vital to the functioning of a healthy society, understanding microeconomics is much more important to the comprehension of healthcare economics. Even though healthcare contributes to a very large percentage of GDP, the study of healthcare economics deals with transactions between patients, doctors, hospitals, and insurance companies and thus falls under the umbrella of the microeconomic concepts outlined above.

Governments have a responsibility to spend well, to get "value for money," whenever they devote public resources to health. This means allocating resources so as to obtain the most improvement in health per public dollar, taking into account the private market's response to public sector spending. Because private health care markets can also fail to achieve value for money, government policy has a role in providing information and incentives to improve the allocation of resources by the private sector. In most of the world a great deal of additional health could be obtained

from a relatively small number of cost-effective interventions that could be delivered at modest cost and with little need for high-level facilities or medical specialties.

So, a market for health care must involve two groups: the buyers and the sellers, who interact to trade health care. Who would the buyers and sellers be in such a market? We all want good health and so most of us would be prepared, if necessary, to purchase medical treatment to cure an illness. This suggests that everybody is potentially a buyer (or consumer) of health care. More precisely, at any moment, a buyer would be anybody who was ill or who wanted preventative medical treatment such as vaccination or who wanted guidance about their health. The sellers would be those people who could provide medical and health care services, such as doctors, nurses, physiotherapists, dentists and high street chemists.

The answers to these and a thousand other questions can be found in the theory of supply and demand (pic. 2). This theory shows how consumer preferences determine consumer demand for commodities, while business costs underpin the supply of commodities. Finally, we will see how supply and demand are brought into balance by the movement of prices – by the price mechanism.
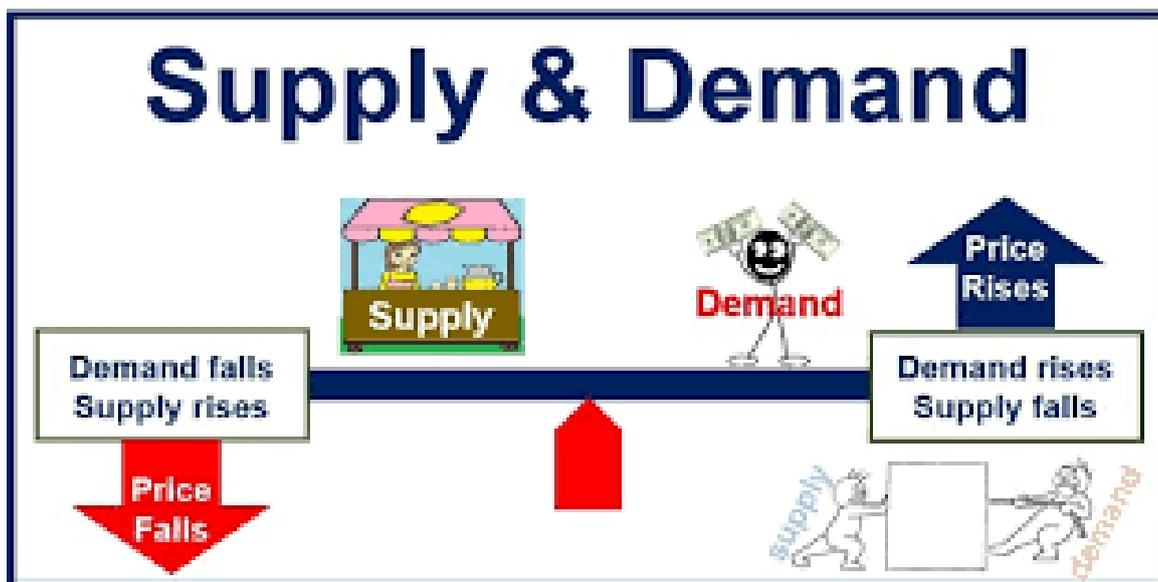
Pic.2. The theory of supply and demand

The fundamental economic principle is known as **the law of demand**: Price and quantity demanded are inversely related. That is, as the price of a good rises (falls) and all other things remain constant, the quantity demanded of the good falls (rises).

Market demand curve - a curve indicating the total quantity of a good all consumers are willing and able to purchase at each possible price, holding the prices of related goods, income, advertising, and other variables constant (pic. 3).
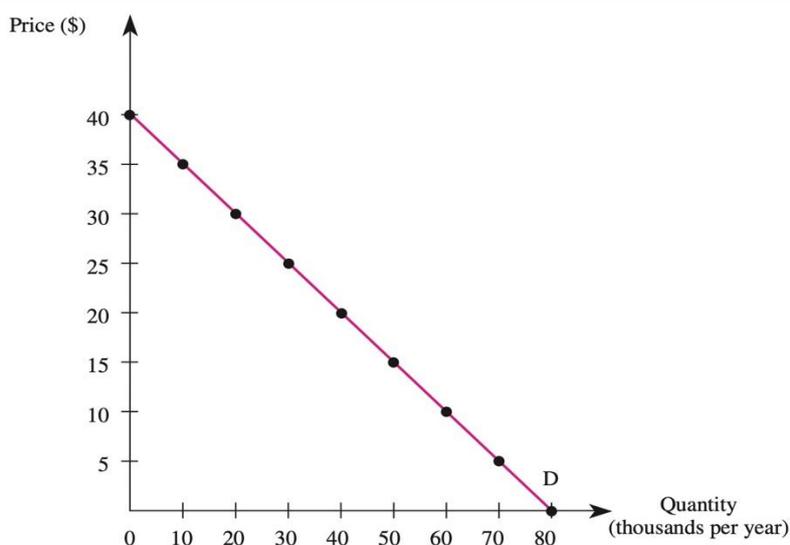
Pic. 3 Market demand curve

Changes in the price of a good lead to a change in the quantity demanded of that good. This corresponds to a movement along a given demand curve.

Five demand shifters:

1. Consumer income:

1. 1. Normal goods - a good for which an increase (decrease) in income leads to an increase (decrease) in the demand for that good.

1.2. Inferior good - a good for which an increase (decrease) in income leads to a decrease (increase) in the demand for that good.

2. Prices of related goods:

2.1. Substitutes - goods for which an increase (decrease) in the price of one good leads to an increase (decrease) in the demand for the other good

2.2. Complements -goods for which an increase (decrease) in the price of one good leads to a decrease (increase) in the demand for the other good.

3. Advertising and consumer tastes.

4. Population.

5. Consumer expectations.

Qdx represent the quantity demanded of good *X, Px* the price of good *X, Py* the price of a related good, *M* income, and *H* the value of any other variable that affects demand, such as the level of advertising, the size of the population, or consumer expectations.

Law of Supply – a microeconomic law stating that, all other factors being equal, as the price of a good or service increases, the quantity of goods or services offered by suppliers increases, and vice versa. This phenomenon occurs because firms are willing to sell a larger quantity of a higher-priced good or service in order to maximize revenue.

A function that describes how much of a good will be produced at alternative prices of that good, alternative input prices, and alternative values of other variables affecting supply.

Formally, let Qsx represent the quantity supplied of a good, P the price of the good, W the price of an input (such as the x wage rate on labor), Pr the price of technologically related goods, and H the value of some other variable that affects supply (such as the existing technology, the number of firms in the market, taxes, or producer expectations).

The equilibrium price in a competitive market is determined by the interactions of all buyers and sellers in the market. The concepts of market supply and market demand make this notion of interaction more precise: The price of a good in a competitive market is determined by the interaction of market supply and market demand for the good.

Since we will focus on the market for a single good, it is convenient to drop subscripts at this point and let P denote the price of this good and Q the quantity of the good. Pic. 4 depicts the law of market supply and demand curves for such a good.

Around the world, every health care system is stressed with rising costs and, the shortage of eco-nomic sustainability of most healthcare systems has contributed to the event of regulation within the health sector. it's even more important that public resources are utilized in the foremost efficient and effective way.
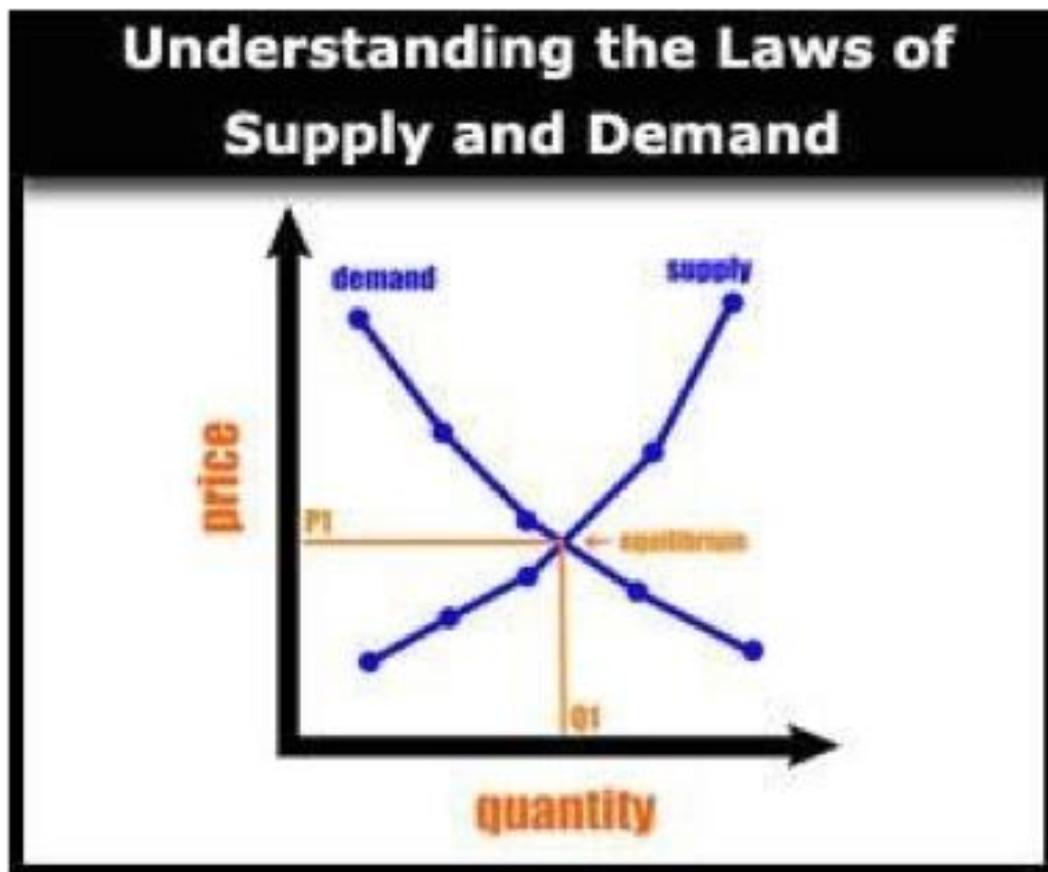
Pic. 4 The law of market supply and demand

Equilibrium in a competitive market is determined by the intersection of the market demand and supply curves. The equilibrium price is the price that equates quantity demanded with quantity supplied. Mathematically, if $Qd(P)$ and $Qs(P)$ represent the quantity demanded and supplied when the price is P, the equilibrium price, Pe, is the price such that

$$Qd(Pe) = Qs(Pe)$$

The equilibrium quantity is simply $Qd(Pe)$ or, equivalently, $Qs(Pe)$.

Effectiveness, and Efficiency are widely used term in health care management. Effectiveness means doing the proper things (is it actually working well?), and efficiency means doing things right (is it working within the most economical way?).

Efficiency is that the state or quality of being efficient and it are often used how the ratio of the useful work performed by a machine or during a process to the entire energy expended or heat taken in.; Effectiveness is that the degree to which some-thing is successful in produced a desired result.

Effectiveness is that the main noun sort of the adjective effective, which suggests "adequate to accomplish a purpose; producing the intended or expected result." (Another, less noun sort of effective is effectivity.) So, if you're measuring something's effectiveness, you're watching how well it does whatever its alleged to do. If dish soap only kills a little number of germs on dishes, for instance, it's poor effectiveness. The adjective effective comes from the noun effect. An impact is "something that's produced by work-place or cause; result; consequence." The word effect is usually confused with the word affect, which is usually used as a verb to mean "to produce an impact or change." If we administer the agent in a "real-life" situation, is it effective? For example, when the vaccine just referred to is tested in a community, many individuals may not come in to be vaccinated. Or, an oral medication may have such an undesirable taste that no one will take it (so that it will prove ineffective), despite the fact that under controlled conditions, when compliance was ensured, the drug was shown to be efficacious[4].

Once you've got found an efficient solution, you'll then attempt to improve it by making it more efficient. Efficiency is the ratio of the useful work per-formed by a machine or during a process to the entire energy expended or heat taken in. Measuring efficiency is comparing a solution's input to its output. You'll effectively get the proper things done, but in an inefficient manner. Efficiency is about doing things within the most economical way, whether in terms of your time, energy,

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[4] Patel, P. (2021) "Efficacy, Effectiveness, and Efficiency", National Journal of Community Medicine, 12(02), pp. 33–39. Available at: https://njcmindia.com/index.php/file/article/view/290 (Accessed: 23 January 2026).

or money. In clinical trials, two drugs might be equally effective: they both manage to enhance patients' symptoms within the world. However, if one among them is far more costly than the opposite one, that drug won't be considered as efficient. Similarly, in project management or deciding, you'll come up with an answer that achieves the proper result (effective), but is needlessly costly (inefficient). In his book The Tipping Point, Malcolm Gladwell de-scribes a modest yet incredibly efficient healthcare solution: "The Band-Aid is a cheap, convenient, and remarkably versatile solution to an astonishing array of problems. In their history, Band-Aids have probably allowed many people to stay working or playing tennis or cooking or walking once they would other-wise have had to prevent. The Band-Aid solution is really the simplest quite solution because it involves solving a drag with the minimum amount of effort and time and price."[5]

Efficiency is that the ratio of the output to the inputs of any system. An efficient system or person is one who achieves higher levels of performance (outcome, output) relative to the inputs (resources, time, money) consumed[6]. Historically, efficiency measurements come from engineering where performance had to be measured. The result has been typically displayed as physical units per re-source used. Achieving efficiency, which is defined as maximizing the outputs achieved per unit of input invested is of course of great interest to national governments, international donors and other stake-holders within the health sector. As what sort of product is being evaluated, we distinguish between two sorts of outputs: Health services (visits, drugs, admissions) and health outcomes (by way of example: Preventable deaths, functional status, clinical outcomes like vital sign or blood glucose control).

Efficiency measures must also explicitly identify the inputs that are used (or are going to be counted) to supply the output of interest. Inputs are often measured as counts by type (by way of example, nursing hours, bed days, days' supply of drugs) or they will be monetized (real or standardized dollars assigned to every unit).

[5]

[6] Palmer S, Torgerson DJ (1999) Economics notes: Definitions of efficiency. BMJ 318: 1136.

"What do we have to do to break even?" This question is asked frequently in business. Managers often find the answer through break-even analysis, a method of determining the relationship between total costs and total revenues at various levels of production or sales activity. Managers use break-even analysis because— before adding new products, equipment, or personnel—they want to be sure that the changes will pay off. Break-even analysis tells managers the point at which it is profitable to go ahead with a new venture.

Pic.5 illustrates a typical break-even chart. It deals with a proposal to add a new product to an existing line. The point at which the Total Costs line and the Revenue line intersect is the break-even point. Sales shown to the right of the break-even point represent profit. Sales to the left of this point represent a loss.
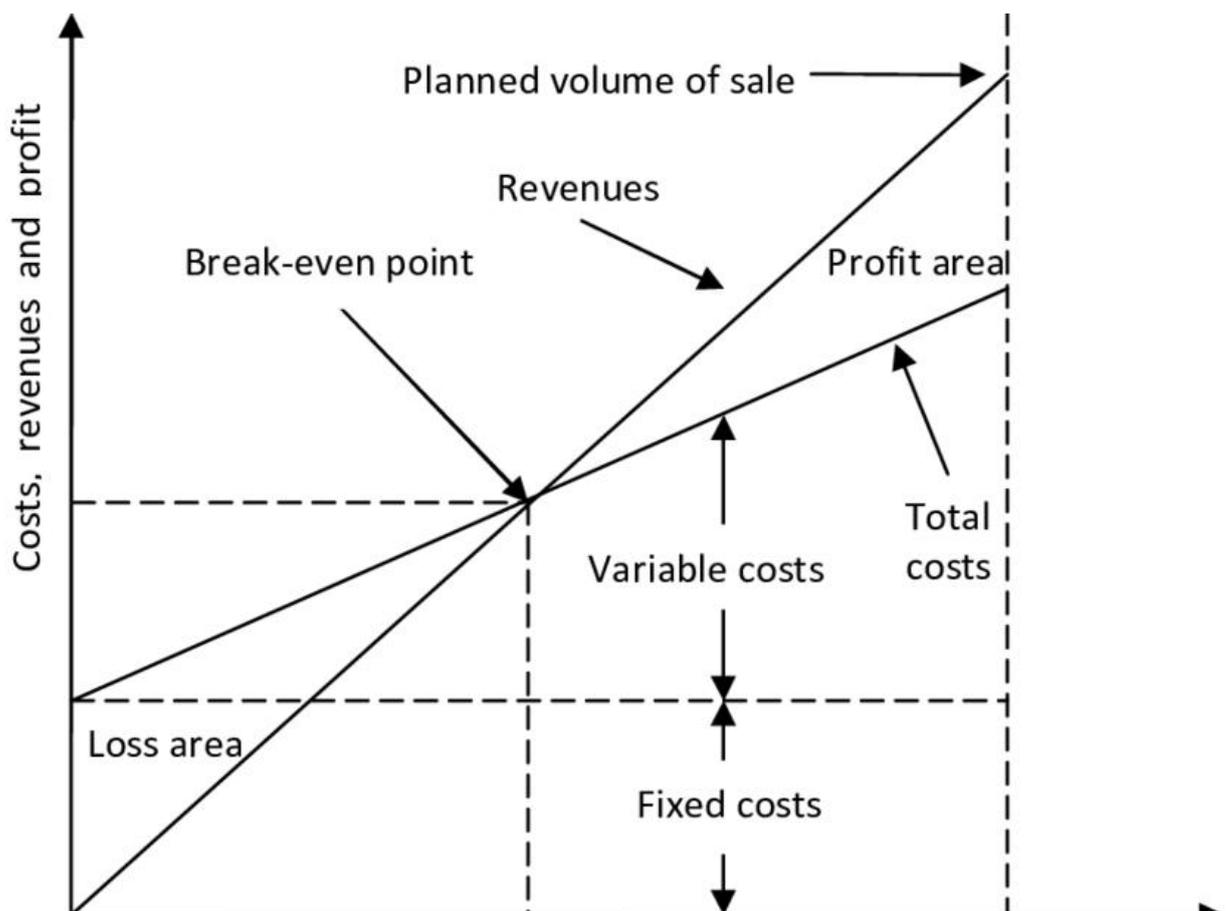
Pic. 5 Break-even Point

The break-even point (BE) is the situation in which total revenues equal fixed

costs plus variable costs. It can be calculated with several algebraic formulas. One standard formula is:

$$P = TFC/(p - AVC),$$

where,

P - selling price per unit

AVC - average variable cost per unit, the cost that varies with the amount produced

TFC - total fixed cost, the cost that remains constant no matter how many units are produced

Another version of the preceding formula uses variable cost instead of average variable cost, and fixed cost instead of total fixed cost. Break-even analysis helps managers keep their thinking focused on the volume of activity that will be necessary to justify a new expense. The technique is also useful because it can be applied to a number of operations problems. Break-even analysis can help a manager decide whether to drop an existing product from the line, to replace equipment, or to buy rather than make a part.

Break-even analysis has some drawbacks. First, it is only as valid as the estimates of costs and revenues that managers use to create it. Second, the analysis is static in that it assumes there will be no changes in other variables. The dynamic nature of business makes this a questionable assumption. The third limitation of break-even analysis is potentially more serious.

Pic. 5 indicates that variable costs and sales increase together in a direct relationship. In reality, unit costs may decrease with increased volume. It is also possible that costs may increase with volume: Suppose that increased production leads to higher turnover because employees prefer not to work overtime.

Break-even analysis relates to decisions about whether to proceed or not to proceed. The next section will examine a more complicated decision-making technique that relates to the desirability of several alternative solutions.

Economics, therefore, is the science of making decisions in the presence of scarce resources. When a manager chooses to allocate a budget to one area, they are simultaneously choosing to allocate it to another. A clinic that spends more on marketing has less to spend on new diagnostic equipment. This is the concept of *opportunity cost*—the value of the next best alternative forgone. This brings us to a crucial concept for any manager **the Time Value of Money**.

The timing of decisions is critical. Often, there is a gap between when we incur costs and when we receive benefits. For instance, a hospital may invest in an expensive new surgical system today, but the benefits in terms of reduced surgery times and better patient outcomes will be realized over the next several years.

Here is the key principle: A ruble today is worth more than a ruble received in the future. Why? Because if you have a ruble today, you can invest it and earn interest. If you only receive that ruble in a year, you have missed out on that potential interest income. This forgone interest is the opportunity cost of waiting.

To make sound financial decisions, managers must use **Present Value (PV) Analysis.** Present Value is the current worth of a future sum of money, given a specific rate of return (the interest rate). For example, if the interest rate is 10%, the present value of 1.10 ruble to be received one year from now is exactly 1.00 ruble. This is because 1.00 rub. invested today at 10% would grow to 1.10 rub. in one year.

A critical rule to remember: The higher the interest rate, the lower the present value of a future amount, and vice-versa. We combine this into a powerful decision-making tool: **Net Present Value (NPV) Analysis.** NPV is the sum of the present values of all cash inflows (benefits) and outflows (costs) of a project.

The rule is simple:

* If NPV > 0, the project is financially viable and should be accepted. The benefits outweigh the costs in present value terms.

* If NPV < 0, the project should be rejected.

Example: Automated Products is considering a new machine costing 300,000 rub. with a 5-year life. It will generate year-end cost savings of:

* Year 1: 50,000
* Year 2: 60,000
* Year 3: 75,000
* Year 4: 90,000
* Year 5: 90,000

The interest rate is 8%. Should the manager purchase the machine?

We calculate the Present Value (PV) of each year's savings and sum them up.

$$PV = FV/(1 + i)^n$$

where,

FV – future value of money

i – interest rate

n – period

Total PV of Cost Savings = 46,296.30 + 51,440.33 + 59,537.79 + 66,152.66 + 61,252.46 = 284,679.54

NPV = Total PV of Savings - Initial Cost = 284,679.54 - 300,000 = 15,320.46

Conclusion: The NPV is negative. This means the present value of the future cost savings is less than the initial investment. Therefore, the manager should not purchase the machine.

Understanding economics is fundamental to effective management, especially in healthcare where resources are precious and the stakes are high. By applying tools like Present Value and Net Present Value analysis, you move from making gut-feeling decisions to making informed, rational choices that maximize value for your organization.

Control questions

1. Define health economics and explain its role in the management of public healthcare systems.
2. Explain the concept of scarcity in healthcare and discuss why it is particularly relevant for publicly funded medical organizations.

3. Describe the main sources of healthcare financing in a state-funded healthcare system.

4. Explain the concept of opportunity cost and provide an example related to resource allocation in a public medical institution.

5. What is economic efficiency in healthcare? Distinguish between technical efficiency and allocative efficiency.

6. Discuss the relationship between healthcare costs and quality of medical care. Why does an increase in expenditures not always lead to improved health outcomes?

7. Explain the role of cost-effectiveness analysis in managerial decision-making within healthcare organizations.

8. Describe the economic factors influencing healthcare demand and supply in the public healthcare sector.

9. What role should the government play in health care?

10. Why has health care become so expensive?

Clinical Case 1

Introduction to Economics

A regional state hospital in the Russian Federation plans to modernize its diagnostic department. The hospital serves approximately 350,000 residents and operates mainly under the Mandatory Health Insurance (OMS) system, with additional regional funding.

The annual budget is limited to 120 million rubles. Major expenditure categories include personnel salaries, pharmaceuticals, utilities, equipment maintenance, and emergency services. Due to budget constraints, the hospital administration cannot finance all proposed improvements simultaneously.

Patient waiting times for diagnostic procedures have increased, while staff turnover has also become a concern.

Clinical Case 2

Time Value of Money

A private multidisciplinary clinic in Moscow is considering an investment in advanced training for minimally invasive surgical procedures. The total cost of the training program is 5 million rubles, payable immediately.

The clinic expects that the training will generate additional net cash inflows of 1.5 million rubles annually over the next five years. Alternatively, the clinic could invest the same amount in low-risk financial instruments with a predictable annual return.

Clinical Case 3

Net Present Value Analysis

A municipal hospital in a regional center is evaluating two mutually exclusive investment projects:

- Project A: Purchase of a new MRI scanner
- Project B: Modernization of existing diagnostic equipment

Project A requires a high initial capital investment, higher annual operating costs, and promises increased diagnostic capacity and revenue over seven years.

Project B requires lower initial investment, moderate operating costs, and generates smaller but more stable annual cash flows over the same period.

The hospital applies a discount rate reflecting inflation, budgetary risk, and uncertainty of future OMS tariffs.

Test 1

     1.   Which concept best explains why hospitals must make choices between competing needs?

A. Economic growth

B. Scarcity

C. Market equilibrium

D. Financial reporting

     2.   Opportunity cost in healthcare decision-making refers to:

A. Total operational expenses

B. Foregone benefits of the next best alternative

C. Direct medical costs

D. Budget deficits

3. The time value of money is primarily based on:

A. Changes in population health

B. Inflation, risk, and alternative investment opportunities

C. Government regulation

D. Medical innovation

4. Which factor increases the present value of future cash flows?

A. Higher discount rate

B. Longer project duration

C. Lower discount rate

D. Higher operating costs

5. Discounting is used to:

A. Estimate future inflation

B. Compare costs across departments

C. Convert future cash flows into present value

D. Increase accounting profits

6. A project with a negative NPV indicates that:

A. Revenues exceed costs

B. The project adds economic value

C. The project reduces economic value

D. The project has no financial risk

7. Which type of project usually carries a higher discount rate?

A. Government-funded infrastructure

B. Short-term savings deposits

C. High-risk private healthcare investment

D. Guaranteed OMS reimbursement

8. Operating costs differ from capital costs because they:

A. Occur only once

B. Are unrelated to service volume

C. Are incurred regularly during project operation

D. Do not affect financial performance

9. In public healthcare systems, economic evaluation is mainly used to:

A. Replace clinical judgment

B. Eliminate uncertainty

C. Support resource allocation decisions

D. Increase administrative workload

10. Economic efficiency in healthcare is best described as:

A. Cost minimization regardless of outcomes

B. Maximization of profits

C. Achieving the best possible outcomes with limited resources

D. Reduction of healthcare access

Task 1. Resource Allocation Analysis

Using Clinical Case 1:

- Identify all major cost categories
- Classify them as fixed or variable costs
- Propose a reallocation strategy under a 10% budget reduction
- Justify your decisions using economic terminology

Task 2. Time Value of Money Calculation

Based on Clinical Case 2:

- Calculate the present value of expected cash inflows
- Compare the investment in training with an alternative financial investment
- Discuss the impact of inflation and uncertainty on decision-making

Task 3. Comparative Investment Evaluation

Using Clinical Case 3:

- Calculate the NPV for Project A and Project B
- Determine which project is economically preferable
- Explain how changes in the discount rate would affect the decision

Task 4. Sensitivity Analysis

Assume that:

- Annual revenues decrease by 15%

- Operating costs increase by 10%

Recalculate the economic indicators and evaluate how sensitive the investment decision is to these changes.

Task 5. Management Decision Report

Write a formal economic justification (180–220 words) for hospital management that includes:

- Financial comparison of alternatives
- Long-term budget impact
- Economic risks
- Non-financial considerations affecting final approval

Assignment 1

Comparative Economic Analysis of Public Healthcare Spending

Background:
Various countries allocate different shares of GDP to healthcare. OECD data shows significant variation in financing schemes and government spending structures across member states, which affects access, quality, and outcomes. (OECD)

Tasks:

1. Using OECD Health at a Glance 2025 data, compare public healthcare spending (as % of GDP) across *at least three* OECD countries (e.g., Russia — if data available in OECD, Germany, Japan, etc.).
2. Analyse differences in financing schemes (*government vs compulsory insurance vs private spending*).
3. Assess the relationship between healthcare spending and key outcomes (e.g., life expectancy, mortality rates, access to care) using at least two external academic or official data sources.
4. Discuss economic and managerial implications for a state-funded health system like Russia's — what can be learned from high-income OECD models?

Expected output: 2,500+ words with tables and graphs summarising data trends.
References: OECD data, WHO/World Bank country reports, peer-reviewed health economics literature. (OECD)

Assignment 2

Cost-Effectiveness & Preventive Care: Diabetes Case

Background:
Effective allocation of preventive resources can yield significant savings and better health outcomes. Real models using large EHR datasets show that preventive interventions (e.g., for Type II Diabetes) can be more efficient than reactive spending. (arXiv)

Tasks:

1. Review one empirical preventive care allocation model (e.g., diabetes prevention, such as the data-driven allocation approach with ~89 000 patients). (arXiv)
2. Define and calculate *cost-effectiveness ratios* for the preventive approach vs standard clinical practice.
3. Develop your own *hypothetical regional model* for diabetes prevention in a Russian region using real comparative cost data (sources such as WHO, national statistics).
4. Provide managerial recommendations on implementing preventive programs — include a *brief proposal chart* with projected costs, savings and health gains.

Expected output: 2,000–2,500 words, including quantitative tables.

Assignment 3.

Hospital Efficiency & Readmissions Economics

Background:
Hospital readmissions are major cost drivers. A Spanish study reports that marginal cost of readmissions varies widely by hospital size and complexity — e.g., from ~€260 in small hospitals to >€4 000 in large hospitals. (SpringerLink)

Tasks:

1. Summarise the Spanish case: *marginal cost of readmissions* by hospital size/type. (SpringerLink)
2. Compare this with any available Russian or comparable country readmission cost data (from WHO/Ministry of Health statistical sources).
3. Using *technical efficiency analysis* tools (e.g., DEA/efficiency scores), identify efficiency gaps in a public hospital network. Support your analysis with at

least one real dataset or reference (e.g., DEA findings in Moroccan hospital network: average technical efficiency ~0.697). (arXiv)

4.   Propose evidence-based managerial strategies to reduce avoidable readmissions and improve cost efficiency.

Expected output: 2,500+ words, with at least one efficiency diagram and policy summary.

Assignment 4

Cost-Benefit Analysis of National Preventive Programs

Background:
Economic evaluation methods in health economics include cost-benefit analysis (CBA), cost-effectiveness analysis (CEA), and others. In Russia, economic efficiency studies show the importance of structured economic evaluation to inform prioritisation. (fsmj.ru)

Tasks:

1.   Choose a real preventive health program (e.g., national vaccination campaign or a nationwide screening initiative).

2.   Conduct a cost-benefit analysis using:

- direct and indirect cost estimates (WHO, national health accounts),
- benefits expressed in monetary equivalents (e.g., avoided treatment costs, productivity gains).

3.   Discuss strengths and limitations of your CBA model in a public system context.

4.   Provide managerial and policy recommendations based on your analysis.

Expected output: 2,000+ words with cost tables.

Assignment 5.

Equity, Efficiency & Resource Allocation

Background:
Health systems face the classic economic dilemma: equity vs efficiency. Public healthcare must balance fair access with efficient use of scarce resources. Real

comparative analyses (e.g., Russia vs Germany vs Japan) illustrate how different spending patterns can influence population health outcomes. (ecotrends.ru)

Tasks:

1.   Review the concept of equity vs efficiency in health economics with reference to international comparative studies. (ecotrends.ru)
2.   Using real expenditure data (OECD/WHO), evaluate how different countries prioritise equity and efficiency — link spending patterns to outcomes like life expectancy and avoidable mortality.
3.   Propose a resource allocation framework for a regional Russian health authority that integrates equity and efficiency considerations.
4.   Include a *decision matrix* or *allocation model* showing trade-offs visually.

Expected output: 2,500+ words, with visual analytics.

Recommended literature:

1. OECD. Health at a Glance 2025: OECD Indicators. OECD Publishing, Paris, 2025. DOI: 10.1787/8f9e3f98-en.

2. OECD. Health expenditure by financing scheme, Health at a Glance 2025. OECD Publishing, Paris, 2025.

3. OECD. Health expenditure in relation to GDP, Health at a Glance 2025. OECD Publishing, Paris, 2025.

4. OECD/Eurostat/WHO. A System of Health Accounts 2011: Revised edition. OECD Publishing, Paris, 2017.

5. MDPI Journal Healthcare. Evaluating Health Financing Typologies Through Healthy Life Expectancy and Infant Mortality: Evidence from OECD Countries and Türkiye. 2025, 13(23), 3149. DOI: 10.3390/healthcare13233149.

6. Heath, A., Baio, G. Calculating the Expected Value of Sample Information using Efficient Nested Monte Carlo: A Tutorial. arXiv:1709.02319, 2017.

7. Filipović-Pierucci, A., Zarca, K., Durand-Zaleski, I. Markov Models for Health Economic Evaluations: The R Package heemod. arXiv:1702.03252, 2017.

8. Healtheconomics Review. Hospital readmission costs in Spain: An empirical analysis. 2024, 14:75.

9. Arxiv. Technical efficiency of public hospitals using DEA: Case study from Morocco. arXiv:2402.14940, 2024.

10.   Mediasphera.ru. Economic evaluation of preventive programs in public health. 2022.

11. Ecotrends.ru. Equity and efficiency in public healthcare: Comparative analysis. 2022.

12. Patel, P. . (2021) "Efficacy, Effectiveness, and Efficiency", National Journal of Community Medicine, 12(02), pp. 33–39. Available at: ttps://njcmindia.com/index.php/file/article/view/290.

Раздел II. Assignment for independent work

Independent Assignment: Analyzing and Developing a Leadership Approach

Objective:
The goal of this assignment is to deepen your understanding of leadership by analyzing your personal leadership style, evaluating its effectiveness, and developing a plan for improvement based on key leadership theories and concepts.

Instructions:
1. «Self-Reflection on Leadership Style»
   - Reflect on your personal leadership experiences (these could be from past jobs, academic group projects, extracurricular activities, etc.).
   - In a 1-2 page write-up, describe your natural leadership style. Answer the following questions:
      - What leadership approach(s) do you typically use? (e.g., transformational, transactional, democratic, autocratic, laissez-faire, etc.)
   - How do you approach decision-making and problem-solving as a leader?
   - How do you motivate and engage people around you?
   - How do you handle conflict within a team?
   - Provide specific examples of your leadership in action.

2. «Leadership Style Assessment»
   - Take a leadership style assessment test (such as the «Transformational Leadership Questionnaire» or the «Myers-Briggs Type Indicator (MBTI)» if available).
   - After completing the test, summarize your results and reflect on them. Does the assessment align with your self-perception? Are there any surprises or contradictions?

3. «Theory Integration and Analysis»

- Research and choose «two leadership theories» (e.g., Situational Leadership, Path-Goal Theory, Contingency Theory, etc.).

- In a 1-2 page write-up, explain the core principles of these two theories and analyze how they compare to your current leadership approach. Consider the following:

- How can these theories enhance or challenge your personal leadership style?

- How would applying these theories in different leadership contexts (e.g., in a crisis situation, in a creative project, or in a performance-driven team) improve your leadership effectiveness?

4. «Leadership Improvement Plan»

- Based on your self-reflection and the leadership theories you've explored, create a «Leadership Improvement Plan» for yourself.

- Your plan should address the following:

- Strengths: What aspects of your leadership style do you excel in, and how can you continue to build on them?

- Areas for improvement:What are the key weaknesses or blind spots in your leadership? How can you work to improve them?

- Specific actions: Outline at least hree concrete actions you will take to improve your leadership skills over the next 3-6 months. Be specific about the resources, strategies, or activities (e.g., leadership workshops, mentorship, feedback sessions, etc.) you will use to develop your leadership abilities.

- Feedback: How will you gather feedback from others (team members, supervisors, or peers) to assess your progress? How will you apply this feedback constructively?

5. Conclusion

- In «one paragraph», summarize how your understanding of leadership has evolved throughout this assignment. What key insights did you gain? How has your perspective on leadership changed after completing this task?

Deliverables:
1. Self-reflection on your leadership style (1-2 pages).
2. Summary of your leadership style assessment and reflection (1-2 pages).
3. Analysis of the two leadership theories (1-2 pages).
4. Leadership Improvement Plan (1-2 pages).
5. Conclusion (1 paragraph).

Evaluation Criteria:

- Depth of self-reflection and analysis.
- Ability to integrate leadership theories into your personal leadership approach.
- Practicality and specificity of the Leadership Improvement Plan.
- Clarity and coherence of your writing.

Recommended literature:

1. GOLEMAN, D. What Makes a Leader? // Harvard Business Review. — 1998. — Vol. 76, No. 6. — P. 93-102.

2. GOLEMAN, D. Leadership That Gets Results // Harvard Business Review. — 2000. — Vol. 78, No. 2. — P. 78-90.

3. KOUZES, J. M., POSNER, B. Z. The Three Levels of Leadership // Journal of Leadership Studies. — 2009. — Vol. 3, No. 4. — P. 12-25.

4. AVALIO, B. J., BASS, B. M., JUNG, D. I. The Relationship Between Leadership and Organizational Performance // The Leadership Quarterly. — 1999. — Vol. 10, No. 5. — P. 607-634.

5. BASS, B. M. Transformational Leadership // Management Decision. — 1999. — Vol. 37, No. 7. — P. 495-507.

6. JUDGE, T. A., BONO, J. E. The Role of Personality in Leadership // American Psychologist. — 2001. — Vol. 56, No. 4. — P. 330-341.

7. JUDGE, T. A., PICCOLO, R. F. Leadership and Personality: A Meta-Analysis // Journal of Applied Psychology. — 2004. — Vol. 89, No. 5. — P. 767-783.

8. AVALIO, B. J., BASS, B. M., JUNG, D. I. Personality and Leadership // The Leadership Quarterly. — 2003. — Vol. 14, No. 1. — P. 97-118.

9. RAHIM, M. S. How Leadership is Influenced by Personality // Journal of Management Development. — 2003. — Vol. 22, No. 5. — P. 382-391.

10. BASS, B. M., RIGGIO, R. E. Transformational Leadership and Organizational Effectiveness // Psychology Press. — 2006.

Glossary of Terms: Economics and Management in Healthcare

A

1. **Accountability** – Obligation of healthcare managers and providers to be responsible for decisions and outcomes.
Example: Hospital directors reporting patient safety and financial results.

2. **Activity-Based Costing (ABC)** – Assigning costs to healthcare activities based on resources used.
Example: Calculating the cost of surgery including staff, equipment, and consumables.

3. **Adverse Event** – An unintended injury or complication caused by medical care.
Example: Postoperative infection.

4. **Allocation of Resources** – Distribution of financial, human, and material resources across healthcare services.
Example: Assigning budget between ICU, surgery, and outpatient care.

5. **Alternative Care Models** – Innovative approaches to delivering healthcare more efficiently.
Example: Integrated care networks for chronic disease management.

B

6. **Benchmarking** – Comparing performance indicators with best practices or peers.
Example: Comparing hospital readmission rates.

7. **Block Grant** – Fixed sum of funding provided to a healthcare organization for a period.
Example: Regional government providing a block grant for preventive programs.

8. **Budget Impact Analysis (BIA)** – Assessing financial consequences of adopting new healthcare interventions.
Example: Evaluating costs of introducing a new vaccine across a region.

9. **Break-Even Point** – Level of service at which total costs equal total revenues.
Example: Number of surgeries required for a hospital to cover expenses.

C

10. **Capital Investment** – Long-term investments in facilities, equipment, or technology.
Example: Purchasing MRI machines.

11. **Case-Mix** – Composition of patients based on severity, diagnosis, and complexity.
Example: ICU patients vs general ward patients.

12. **Clinical Guidelines** – Evidence-based recommendations for diagnosis and treatment.
Example: National protocol for hypertension management.

13. **Cost-Effectiveness Analysis (CEA)** – Comparing costs and health outcomes of interventions.
Example: Comparing two cancer treatments per life-year gained.

14. **Cost-Benefit Analysis (CBA)** – Analysis where both costs and benefits are expressed in monetary terms.
Example: Vaccination program benefits in saved treatment costs.

15. **Cost-Utility Analysis (CUA)** – Economic evaluation using quality-adjusted life years (QALYs).
Example: Comparing interventions for chronic pain management.

16. **Contingency Planning** – Preparing for unexpected healthcare challenges.
Example: Hospital plan for pandemic response.

D

17. **Demand for Healthcare** – Quantity of services patients are willing and able to consume.
Example: Insurance coverage increases preventive care demand.

18. **Decision Tree Analysis** – Modeling possible outcomes for healthcare decisions.
Example: Evaluating outcomes of introducing a new diagnostic test.

19. **Digital Health** – Using ICT for healthcare delivery, management, or monitoring.
Example: Telemedicine or EMRs.

20. **Direct Costs** – Expenses directly related to providing healthcare services.
Example: Staff salaries, medications, medical supplies.

21. **Disinvestment** – Reducing or stopping funding for low-value healthcare interventions.
Example: Removing ineffective treatments from public coverage.

E

22. **Efficiency** – Achieving maximum outcomes with given resources.
Example: Reducing supply waste in a hospital.

23.   **Equity** – Fair access to healthcare regardless of socioeconomic status. *Example:* Providing rural preventive services.

24.   **Economic Evaluation** – Comparing costs and outcomes of interventions, including CEA, CBA, and CUA.

25.   **Externalities** – Costs or benefits affecting third parties. *Example:* Vaccination reducing disease spread.

26.   **Epidemiological Transition** – Shift from infectious to chronic diseases as primary health burden.

27.   **Evidence-Based Management** – Using data and research to guide healthcare   decisions. *Example:* Allocating ICU beds based on predictive models.

F

28.   **Fixed Costs** – Costs independent of service volume. *Example:* Hospital building maintenance.

29.   **Funding Mechanisms** – Ways to finance healthcare: taxes, insurance, out-of-pocket. *Example:* Russia's Mandatory Health Insurance.

30.   **Frailty Index** – Measure of patient vulnerability, especially elderly.

G

31.   **Gross Domestic Product (GDP) Share** – Percentage of national GDP spent on healthcare.

32.   **Gatekeeping** – System where primary care providers control access to specialists. *Example:* General practitioner referral required for specialist visit.

33.   **Global Health Financing** – International mechanisms for funding healthcare, especially in low-income countries.

H

34.   **Health Technology Assessment (HTA)** – Evaluation of safety, effectiveness, and cost-effectiveness of health technologies.

35.   **Human Resources Management (HRM)** – Planning, recruitment, and management of staff in healthcare.

36.   **Hospital Accreditation** – Formal recognition that a hospital meets quality standards.

37.   **Health Outcomes** – Changes in patient health resulting from healthcare interventions.

38. **Health Insurance** – Financial mechanism protecting individuals from health costs.

I

39. **Incremental Cost-Effectiveness Ratio (ICER)** – Additional cost per additional unit of health benefit.

40. **Insurance Coverage** – Degree to which health costs are covered by insurance schemes.

41. **Integrated Care** – Coordinated healthcare services across providers and levels of care.

42. **Indirect Costs** – Costs related to lost productivity or societal impact of illness.

43. **Investment Appraisal** – Evaluating potential investments in healthcare.

J–L

44. **Joint Commission Standards** – International hospital quality and safety benchmarks.

45. **Leadership in Healthcare** – Skills for guiding healthcare organizations toward efficiency and quality.

46. **Lean Management** – Method to reduce waste and optimize processes in healthcare.

47. **Life Expectancy** – Average number of years a person is expected to live.

M

48. **Marginal Cost** – Additional cost of providing one more unit of service.

49. **Managed Care** – Organizational approach controlling costs and coordinating care.

50. **Medicinal Expenditure** – Costs of drugs, vaccines, and supplies.

51. **Market Failure** – Situation where healthcare markets do not allocate resources efficiently.

52. **Morbidity Rate** – Frequency of disease occurrence in a population.

N

53. **Needs Assessment** – Determining health needs of a population to allocate resources.

54. **Network Analysis** – Evaluating organizational or patient referral networks in healthcare.

O

55. **Out-of-Pocket Payment** – Direct payment by patients for healthcare services.

56. **Opportunity Cost** – Value of the best alternative forgone when choosing a healthcare intervention.

57. **Outcome Measures** – Metrics to evaluate effectiveness of healthcare services.

P

58. **Performance Indicators** – Metrics to evaluate efficiency, quality, and patient satisfaction.

59. **Preventive Care** – Services aimed at preventing disease.

60. **Primary Care** – First-contact, continuous healthcare services.

61. **Patient Flow** – Movement of patients through healthcare services.

62. **Public-Private Partnership (PPP)** – Collaboration between public and private sectors to deliver healthcare.

63. **Policy Analysis** – Systematic evaluation of health policies for effectiveness.

R

64. **Readmission Rate** – Percentage of patients returning to hospital after discharge.

65. **Referral System** – Mechanism for directing patients to appropriate levels of care.

66. **Regulatory Framework** – Legal rules governing healthcare operations.

S

67. **Strategic Planning** – Long-term planning to achieve organizational goals in healthcare.

68. **Sustainability** – Ability to maintain healthcare services over time.

69. **Service Line Management** – Management of a specific set of related healthcare services.

70. **Supply Chain Management** – Efficient acquisition, storage, and distribution of medical supplies.

T

71. **Total Cost** – Sum of fixed and variable costs in healthcare services.

72. **Telemedicine** – Remote healthcare services via telecommunications.

73. **Transparency** – Openness in reporting healthcare performance and spending.

74. **Treatment Guidelines** – Standardized protocols for patient care.

U

75. **Universal Health Coverage (UHC)** – Access to essential healthcare without financial hardship.

76. **Utility** – Measure of patient preference or quality of life outcomes (e.g., QALYs).

77. **Utilization Rate** – Proportion of available healthcare services actually used.

V

78. **Variable Costs** – Costs that change with the volume of services.

79. **Value-Based Healthcare** – Paying for outcomes rather than volume of services.

W

80. **Waiting Time** – Time patients wait for services.

81. **Waste Management** – Safe disposal of medical waste.

82. **Workforce Planning** – Forecasting staffing needs in healthcare.

X–Z (Optional / Advanced)

83. **X-Ray Utilization Efficiency** – Measurement of resource use in imaging services.

84. **Yield of Intervention** – Expected health benefit per unit of intervention.

85. **Zero-Based Budgeting** – Budgeting method starting from zero each period, requiring justification of all expenses.