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# Chief Executive Officers in United States Hospitals: A Reexamination of Workforce Demographics and Educational Issues

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***Chief Executive Officers in United States Hospitals:  
A Reexamination of Workforce Demographics and Educational Issues***

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**ABSTRACT**

The United States Bureau of Labor Statistics (BLS) reports the “employment of medical and health services managers is expected to grow by 22 percent from 2010-2020.”<sup>(1)</sup> The BLS notes this is substantially faster than the national average for other occupations. Information from this report finds its way into popular media, news shows, and other information outlets which increases the number of prospective applicants to College and University Healthcare Management programs<sup>1</sup>. In 2007, the authors conducted a survey of chief executive officers (CEO) in United States hospitals that sought to identify educational and demographic information of individuals holding top management positions in US Healthcare institutions. The survey was repeated in 2012, at the 5-year interval, to determine if CEO information had changed.

**INTRODUCTION**

Workforce demographics are changing as the baby-boomer population ages and there are fewer young workers to replace these workers.<sup>(2,3)</sup> The attrition rate of health care professionals has been further accelerated by the lack of young workers selecting healthcare professions as a vocation, this is often attributed to a variance in value systems and a declining interest in nurturing and human compassion.<sup>(4,5)</sup> Nursing and other allied health fields are typically the points of interest when discussing the healthcare job shortage but there has also been discussion of commensurate leadership shortages. Rising apprehensions that youthful workers who do select healthcare as a profession will be inadequately prepared for management roles have also been raised.<sup>(5,6)</sup> This study attempts to determine the perspectives of U.S. Hospital CEO’s relative to educational requirements and to

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<sup>1</sup> For the purposes of this article, no differentiation is made between various programs geared toward preparing healthcare managers; this includes, but is not limited to degrees in Hospital Administration, Hospital Services Administration, Healthcare Management, etc.

determine the validity of trends the BLS has projected; the information will be correlated to the study completed 5 years ago utilizing the same survey instrument. The longitudinal information will be useful in establishing a time-lapse trend in changing healthcare leadership demographics.

## **METHODOLOGY**

In 2007 a survey was developed in order to analyze the potential demographic changes of U.S. hospital CEO's regarding trends associated with prospective retirements and gender mix percentages. The survey, developed with the assistance of subject experts, also included a variety of questions which were used to determine the perspectives of current U.S. hospital CEOs in regard to the educational requirements of future health care executives. Changes were made to the survey based upon the responses of the subject experts. A total of 1,000 recipients were randomly selected from a nation-wide database of ~6,000 U.S. CEO's within the hospital industry. The survey was fielded for 30 days. To assure the highest possible response rate, a secondary survey was mailed to non-respondents. After accounting for any undeliverable instruments, a total of 992 surveys were delivered successfully. 183 CEO's responded to the surveys which resulted in an 18.4% response rate.

The survey was repeated in order to complete a 5-year time-lapse longitudinal analysis in 2012. A total of 1,000 recipients were randomly selected from a nation-wide database of 6,332 U.S. CEO's within the hospital industry. A total of 995 surveys were delivered successfully. 186 CEO's responded to the surveys which resulted in an 18.7% response rate; the surveys are very nearly identical with respect to delivery and response rates making correlation quite straightforward. Total participant number (n) will vary slightly between questions since respondents did not always answer every item on the survey.

## **KEY FINDINGS AND DISCUSSION**

Current health care executive officers were asked to supply demographic information utilizing open ended questions that were included in a broader survey that primarily focused on leadership characteristics. The purpose of the research was to attempt to make a determination relevant to the

most common educational preparation of hospital chief executives and to identify a prospective need for graduates seeking employment in this area. Five primary points were identified as pertinent to the underlying question, these were:

- are healthcare managers typically professionally prepared solely as managers, or do they also have a technical background in healthcare (for instance as nurses or other care providers);
- what is the most common educational level that healthcare managers must possess, in what fields do health care managers typically pursue formal education and what is the most common of those fields;
- what is the typical length of employment for current managers;
- how much longer do those managers intend to work prior to retirement;
- what is the gender distribution of hospital CEO's?

### **Education and Professional Preparation**

Managers are of two types, professionally trained managers or managers who are professionally trained. While the differentiation may seem to be merely semantic, there is a decided difference. Professionally trained managers are individuals who have been trained to manage. The process, product, or service they manage is irrelevant. These individuals possess the requisite managerial knowledge and skills to manage anything from a blue collar to a white collar workforce and anything in between. Individuals who possess, for instance, an MBA may often be considered professionally trained managers. Managers who are professionally (technically) trained have an intimate knowledge of the process, product, or service they manage. They lack mobility to transition to other managerial roles if the process, product, or service is different. In hospitals this differentiation may best be defined by stating that there are two types of managers: managers who are/were trained practitioners (for instance, RN/MD/etc...), and managers who are trained administrators (for instance,

MBA/MHA). The data collected demonstrates a shift in hospital administration; traditionally, hospital administrators were trained practitioners (usually physicians or nurses).<sup>5</sup>

Figure 1 shows that the present data demonstrates over half (58.25% of respondents were trained managers while 41.75% possessed training or degrees in a technical healthcare field, the most common area was nursing) of current hospital administrators possess no technical or professional health care training. This data correlates to data collected 5 years ago by the authors that demonstrated the prevailing sentiment was that managers should possess health care specific training in order to effectively manage health care facilities. <sup>(5)</sup> Figure 2 illustrates the feeling of CEO's that additional training in health care settings is just as important as it was 5 years ago.

**Figure 1 goes approximately here**

**Figure 2 goes approximately here**

The Bureau of Labor statistics, along with several prominent education portals, note that entry level positions in hospital administration are available with a baccalaureate degree.<sup>(1,7,8)</sup> Figure 3 demonstrates that current CEO's agree, an academic degree is essential to leadership ability. However, to progress to the top of the hospital administrative hierarchy a graduate degree was required by approximately 85% of the respondents as demonstrated in Figure 4.

**Figure 3 goes approximately here**

The most common degree was a Masters degree (~73%) with approximately 11.3% of the respondents possessing a doctorate. This demonstrates a change in the graduate degrees that respondents possessed with ~23% more doctorally prepared chief executives currently, than previously demonstrated.<sup>(5)</sup> Figure 4 demonstrates the distribution of educational qualifications of current hospital chief executives between graduate and undergraduate degrees and includes information about 4 respondents who possessed only an associate's degree or, in 1 case, a high school diploma. Administrators who possess graduate degrees in any type of management outweigh individuals with

generic graduate degrees by ~16%. Approximately 60% of the individuals who possess degrees in management have a degree specifically focused on healthcare versus general business management. While the number has declined from 2007 Figure 5 illustrates the belief of current hospital CEO's that a health care management degree is still preferential to a business degree for future CEO's. Figure 6 notes the overwhelming majority of hospital CEO's still believe that health care managers require specific skill sets to succeed as hospital CEO's.

**Figure 4 goes approximately here**

**Figure 5 goes approximately here**

**Figure 6 goes approximately here**

## **Experience**

The knowledge and intellectual capital that is possessed by the aging workforce is rapidly vanishing as they retire. Attempts to retain these benefits have been stymied by a highly mobile workforce. The realization that knowledge and intellectual capital must be retained has led to the concept of managing these assets like any other organizational property.<sup>(5,9,10)</sup> In order to understand the possible loss of intellectual capital that may occur following the exodus of retiring CEO's, data reflecting years of experience and years to retirement was collected.

The average age of CEO's in United States Hospitals is between 50 and 59; this is the same average age bracket that was the chief demographic 5 years ago. However, the number of individuals over 60 has increased by nearly 30% over previous numbers (see Figure 7). The average length of time chief executives have been employed in their field varied widely. Well over half of the administrators have been in their position for more than 20 years (57%). Figure 8 demonstrates the total distribution of experience (based on years in position) that hospital administrators possess. The ~57% of administrators that have been in their position for 20 years correlates to the number (~64%) of individuals that plan to retire in the next decade which would indicate an average career length of ~30

years for chief administrators. A quarter of chief executives plan on retiring within the next 5 years, nearly ninety percent will be retired by 2030 (see Figure 9).

**Figure 7 goes approximately here**

**Figure 8 goes approximately here**

**Figure 9 goes approximately here**

The impending retirement of such a large and knowledgeable portion of the healthcare administrators in the country should be cause for alarm. The ensuing loss of tacit knowledge and intellectual capital (otherwise known as brain drain) could negatively impact health care organizations in the absence of solid plans for the transfer of these assets. Mentoring activities between CEO's and their successors, and the implementations of programs to enhance employee trainings and share organizational expertise are necessary if this knowledge drain is to be avoided. <sup>(5, 11, 12)</sup>

### **Gender**

Women in leadership positions within the healthcare sector have become more normal at some levels.<sup>(5)</sup> However, the top positions in administration have traditionally eluded women. A few historical viewpoints continue to manifest themselves and provide gender specific obstacles to women which make advancement in some organizations and professions difficult. Women are paid approximately 19% less than men in similar positions. They are perceived to lack fundamental business skills necessary to hold executive positions. Women are traditionally considered to be the primary care-givers to their children. <sup>(13,5, 14, 15)</sup> In order to manifest a change in this situation, health care organizations must place specific emphasis on the advancement of women. Creating a variety of promotional and recruitment opportunities is one way to bring about a transformation in the glass-ceiling gender barrier.<sup>(16)</sup>

The current data demonstrates that there has been some advancement in increasing the number of female chief executives in the U.S. healthcare industry. Previously, 26% of respondents were female.<sup>(5)</sup> Figure 10 demonstrates that 31% of the chief executive officers in healthcare organizations are now women. This is an increase of ~20% over previously reported numbers.

*Figure 10 goes approximately here*

## **CONCLUSIONS**

The opportunities in healthcare administration for forthcoming graduates in management programs (either healthcare management or business management) are quite broad. Labor shortages in the healthcare industry have traditionally focused on the professional fields (such as nursing); however, impending retirements of executive officers may now present a challenge in terms of labor shortages. Approximately half of the current chief executives in United States hospitals are planning on retiring prior to the end of the current decade. With the knowledge demonstrated by the data, healthcare organizations can begin to prepare for potential leadership shortages. Based on the perspectives of current CEO's, the data will also provide aspiring healthcare chief executives the knowledge to best prepare themselves to assume the responsibility of these positions appropriately.

Figures

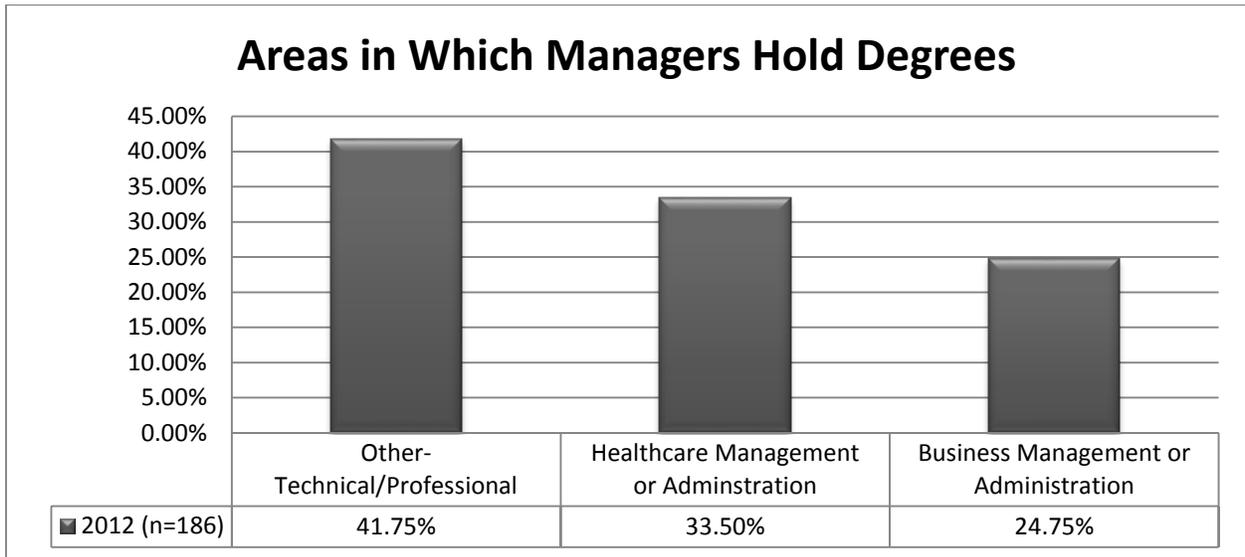


Figure 1 Areas in which managers hold degrees<sup>2</sup>

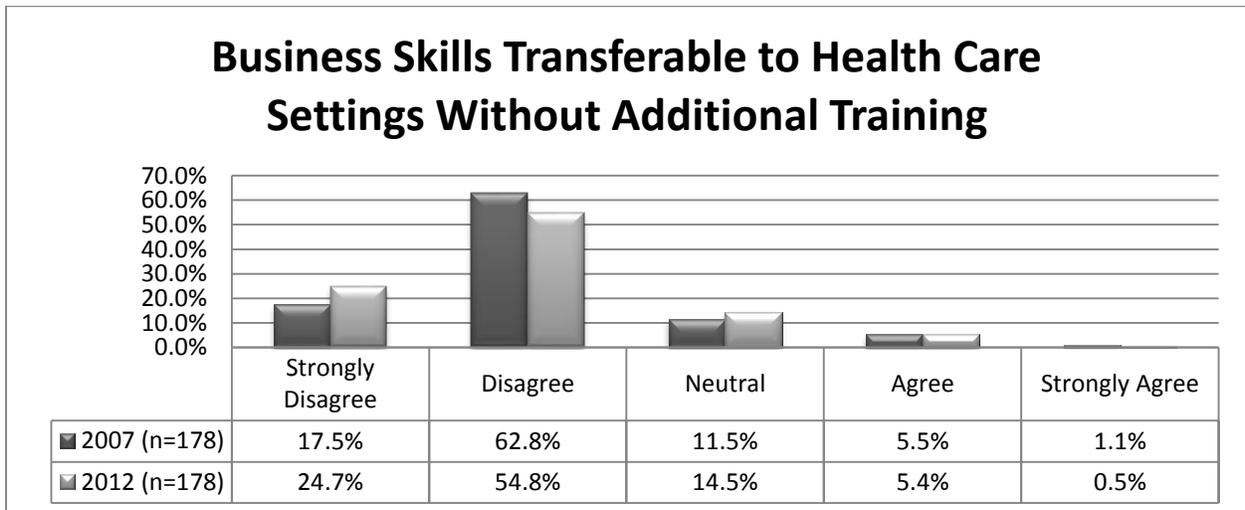


Figure 2 Are business skills transferrable to the health care setting?

<sup>2</sup> Healthcare includes both Healthcare Management and Hospital Administration. Other is composed of individuals holding professional degrees (for instance a Master of Science in Nursing, a Juris Doctorate or a Medical Doctorate).

## Academic Degree Essential to Leadership Ability

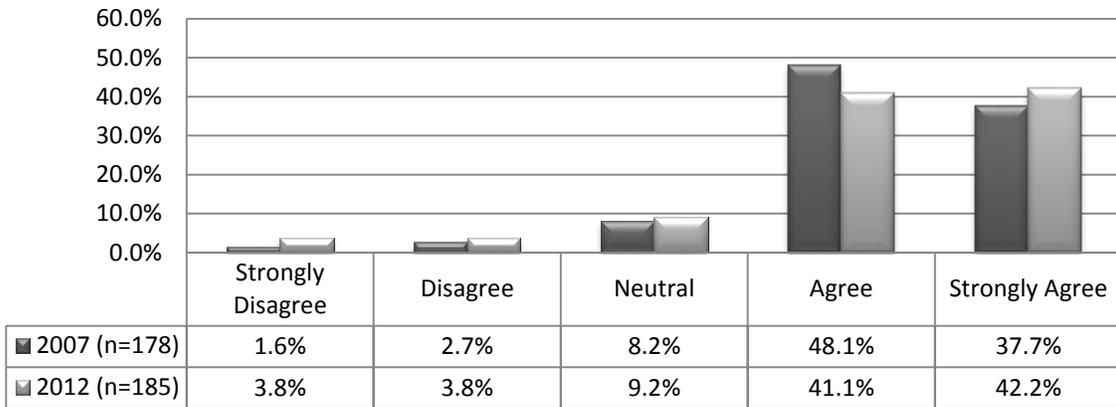


Figure 3 Is an academic degree essential to leadership ability?

## Education Level of U.S. Hospital CEO's

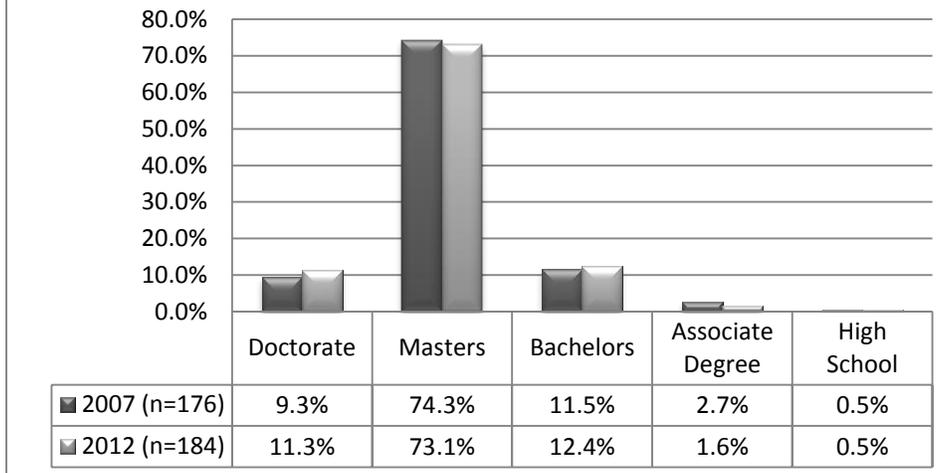


Figure 4 Education level of current managers

## Health Care Management Degree Better Prepares Health Care Leaders Than Business Degree

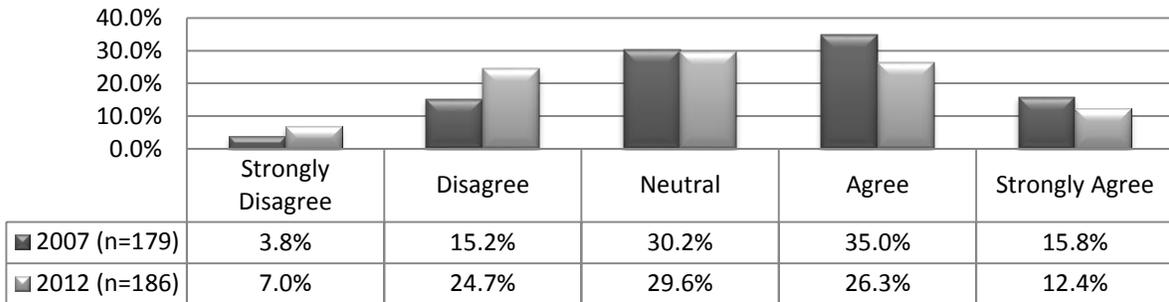


Figure 5 Health care management degree better prepares health care leaders than business degree.

## Health Care Leaders Require Different Skills Than Those in Other Business Settings

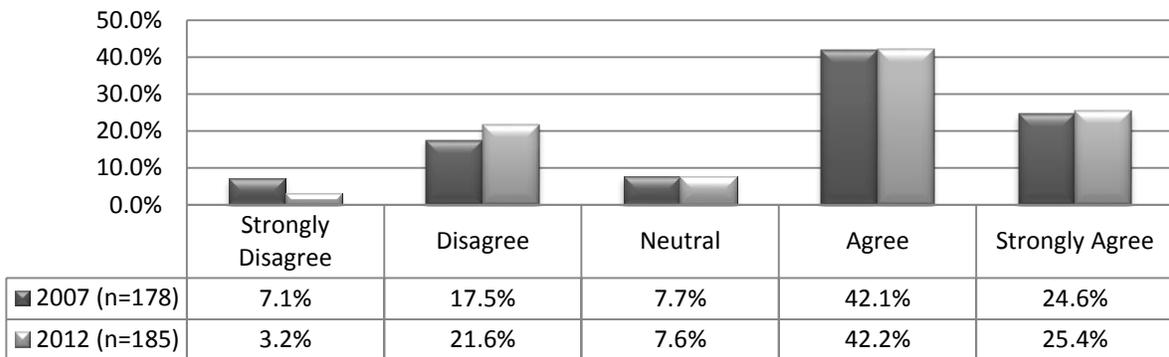


Figure 6 Health care managers require specific skill sets in order to succeed.

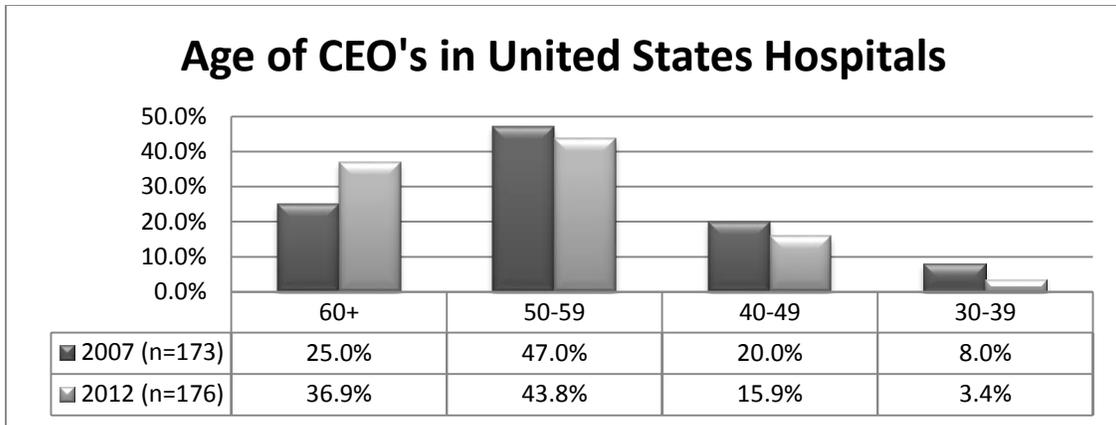


Figure 7 Average Age of CEO's in US Hospitals

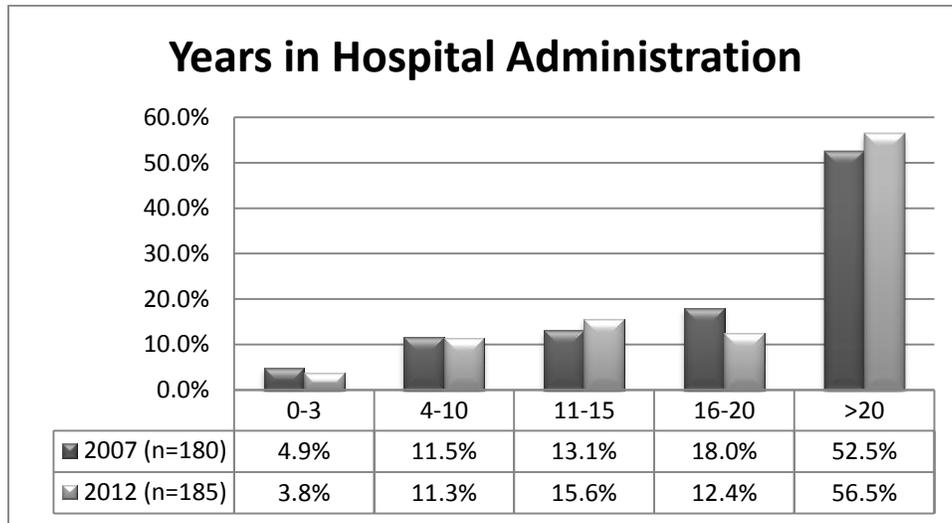


Figure 8 Total number of years healthcare managers have worked in Hospital Administration

## Projected Retirements of U.S. Hospital CEO's

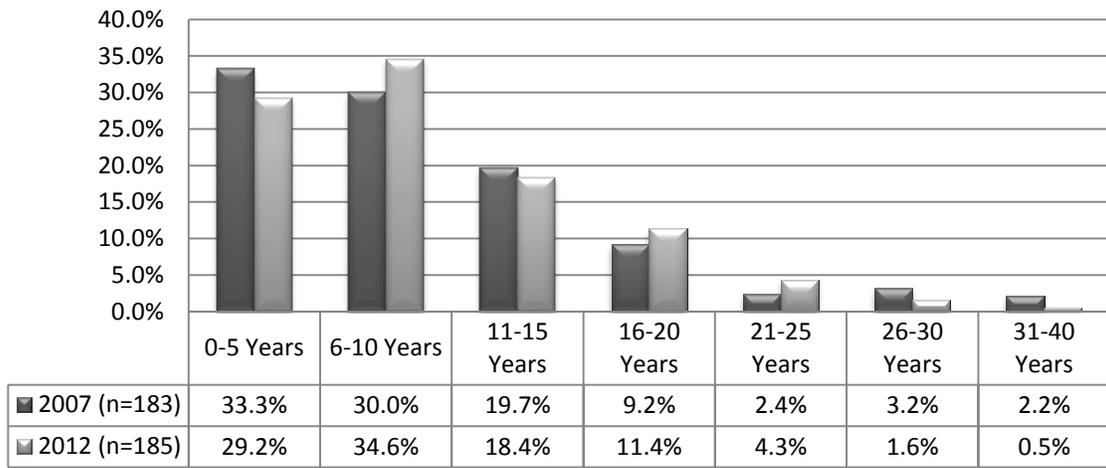


Figure 9 Total number of years healthcare managers anticipate working prior to retirement

## Gender of CEO's in U.S. Hospitals

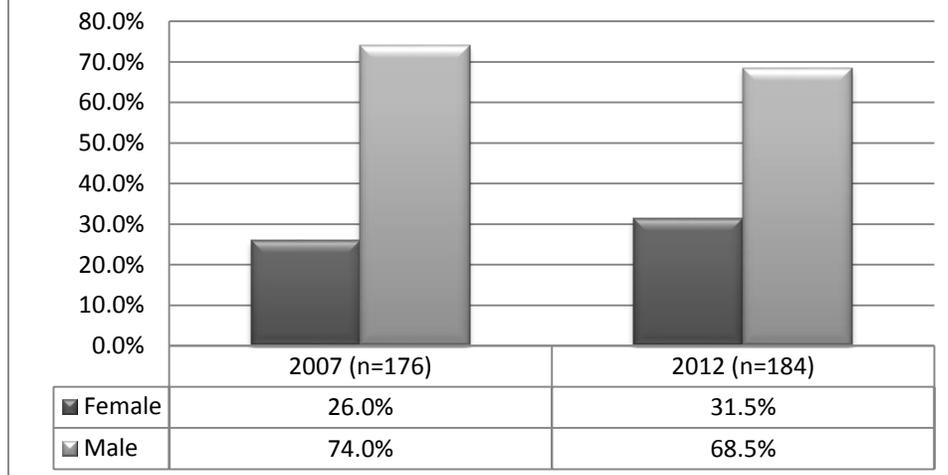


Figure 10 Gender of U.S. Hospital Chief Executive Officers

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