CHAPTER 2

Medical and Health Services
An Overview!
Introduction

A healthier 21st century is our target which necessitates an overriding priority to availability of potable or safe drinking water, improved sanitation facilities, family welfare and quality medicare services. After going through the problem of safe drinking water, sanitation and family planning; the focus here is on medicare services which make available to the masses at least the basic medical aid. We cannot deny the fact that scientific inventions and innovations have made possible multi-faceted transformation in the medical sciences which has made a successful attack on a number of diseases. We have been successful in eradicating small pox; we have also been successful in reducing the prevalence and incidence of leprosy but still polio, tuberculosis, cholera, typhoid and a number of communicable diseases specially AIDS have been found instrumental in increasing the death rate. In an overpopulated country like India where a majority of the population is found below the poverty line, hospitals and healthcare centres are supposed to play an important role.

In the process of social engineering, no doubt, a number of factors are found instrumental but of all, it is the soundness of our health which occupies a place of outstanding significance. The human capital formation on which our economic transformation programmes rests, contributes substantially to the generation process. In the Indian society, we find healthcare management on the bottom of the welfare agenda. In almost all the countries, the government hospitals bear the responsibility of subserving the social interests by making available quality medical aid. In the Indian perspective, the government hospitals, except a few selected ones, are found in a depleted condition. We cannot expect from those social institutions even the basic medical aid then what to talk of quality services.
The ultimate sufferers are the poorer sections of the society since the affluent sections have been found preferring private hospitals where they could get the world class medical aids. In a true sense, when the hospitals are found dying, the society has no option but to suffer.

The hospitals bear the responsibility of serving the masses, protecting the precious endowment and even safeguarding their own interests by enriching the medicare facilities and building a positive image. Creation of a total animate hospital system which encompasses patients, doctors and nurses in a synocratic totality is no doubt, a crying need of the hour.

The task is difficult since the exchequer finds it difficult to finance hospitals. The task is much more difficult since the government hospitals are not allowed to generate finance from the internal sources.

At this critical juncture, we talk about marketing medicare services with the motto of initiating qualitative and quantitative transformation in the system. The task again is difficult but not so difficult as we think. Our emphasis is on removing the managerial deficiencies where professional excellence would play a pivotal role. It is in this context that we advocate in favour of innovative marketing for improving the medicare services. The first and foremost task before the government hospitals in particular is to reprioritise their service-mix. This draws our attention on less receptive segment and most dangerous diseases. Child immunisation, pre and post-maternity care of women and multi-cornered attack, specially on communicable diseases are some of key issues to be given due weightage. We need a task force for rural areas and specially for rural women. It is right to mention that a special emphasis on the aforesaid issues would contract avenues for ailments vis-à-vis would minimise pressure on government hospitals.
We accept the fact that a majority of our population live in the rural areas who are not aware of the diseases generated by water, bad sanitation, and food. If we succeed in creating mass awareness and take the support of creative advertisements for the very purpose, the magnitude of the problem would be minimised considerably. This gravitates our attention on the second important sub-mix of the marketing mix where innovative promotional measures simplify our task fantastically.

The most critical and of course a challenging task before hospitals is to adopt a fee structure which on the one hand helps even poorer sections of the society to avail of the medical aid while on the other hand also improves the financial position of hospitals to get quality inputs for offering quality medical aid.

We cannot deny that particularly in the Indian condition, this dimension of marketing needs more professionalism.

In addition, it is also impact generating that we find the minimum possible gap in between the funding bodies and the hospitals or healthcare centres so that delay on that account is checked. The hospitals are supposed to make available emergency services to the vulnerable segment of the society on a priority basis. We cannot expect that rural population come to the hospitals when viral diseases spread like a wild fire. The hospitals with the support of rural health centres are supposed to channelise their services in such a way that core and para-medical personnel are available to counter the problem and this necessitates a sound information system.

The application of societal marketing principles would improve the health of hospitals, presently found in a very depleted condition. The medical aid would thus be available even to the poorest of the poor.
Types of Hospitals:

There are different types of hospitals. The classification is on the basis of objective, ownership, path and size. On the basis of the objective, we find three types of hospitals, e.g. Teaching-cum-research for developing medicos and promoting research to improve the quality of medical aid. General hospital for treating general ailments and special hospitals for specialized services in one or a few selected areas.

On the basis of ownership, there are four types of hospitals, e.g. Government hospital which is owned, managed and controlled by government. Semi-government hospital which is partially shared by government.

Voluntary organisations also run hospitals and in addition, the charitable trusts also run hospitals.

On the basis of path of treatment, we find allopath or say the system which is promoted under the English system. Ayurved is based on Indian system where herbals are used for preparing medicine. Like this we find Unani and others.

On the basis of size, we find variation in the size of hospitals. Such as teaching hospitals generally have five hundred beds which can be adjusted in tune with the number of students. The district hospitals generally have two hundred beds which can be raised to three hundred in the face of changing requirements. The taluk hospitals generally have fifty beds that can be raised to one hundred depending upon the requirements. The primary health care centres generally have six beds that can be raised to ten beds.
Fig: Types of Hospitals

- Objective
  - Teaching-cum-Research
  - General
  - Special

- Ownership
  - Government
  - Semi-Government
  - Voluntary-Agencies

- Path
  - Allopath
  - Ayurved
  - Homeo

- Size
  - Teaching
  - District
  - Taluk

- Others

Private Charitable
Unani
Primary Health-Center
FIG: CASUALTY DEPARTMENT OF HOSPITAL

Casualty Department

Reception And Enquiry

Registration

Observation

Discharge

Admis!

Normal Health

Dress

Deat!
Fig: OPD Procedure

1. **OPD**
2. Registration
3. Examination
4. Investigation
5. Prescription
6. X-Ray
7. Laboratory
8. Test Report
9. Dressing and Treatment
10. Admission to In-Patient Ward and Treatment
11. Discharge
Developments in the Medicare Sector:
Of course, a number of spectacular successes have been achieved in the country in respect of medicare services. Small-pox stands eradicated and plague is no longer a problem. Morbidity and mortality on account of malaria, cholera and various other diseases have also declined considerably. Despite a number of constraints we have also been successful in devising sophisticated world class medical aid. The Crude Birth Rate and Infant Mortality Rate have also been found showing a downward trend. At the same time, it is important to mention that we still have the largest number of leprosy patients in the world. Cholera is still around and often appears as an epidemic. There is a lot of talk about AIDS but tuberculosis is a great killer than AIDS. Yes a cure has been found through Dots. We talk very loudly about expanding hospitals and rural health centres but we have one doctor for 2,165 people whereas in Italy it is only for 195. Malaria which had been eradicated or dramatically reduced in 37 countries in the 1960's has now returned and the available medicines are found ineffective. Black fever is found spreading like epidemic. Dengue has been found aggravating the magnitude of the problem. Thus we are forced to come to this conclusion that Health for All is a serious issue and has to be dealt with utmost care and concern.

Users of Health Care Services — Segmentwise Classification
As we go through the problem of marketing healthcare services, it is right that we learn about the different types of users. It is quite natural that human beings belonging to different categories or segments act, expect and react differently. Since marketing professionals are responsible to satisfy the users, they should know about the changing levels of expectations of different categories of users / patients using the services of hospitals or healthcare organisations.
We know that strategic decisions are substantially influenced by the quality of users availing of the services. It is essential that the hospital personnel have an in-depth study of different types of users. At the outset, we classify users into two parts, viz., individual and organisational or institutional. In the category of individual users, we find all of us availing the healthcare services directly without seeking institutional or organizational support. As for institutional or organisational users, we find industries or organisations or institutions making their own arrangements for the medicare or healthcare services of their employees. We find a link between a hospital or a healthcare institute where the employees get the services and the medical bills are reimbursed by the concerned organisations.

We also classify the users on the basis of region such as those living in villages and coming to hospitals for medicare and the users in cities and towns who are visiting hospitals for medicare. There is a difference in the expectations of both categories of the users. Similarly, we also classify users on the basis of their levels of income, viz., high income group, medium income group, low income group and no-income group. The behavioural profile of rich and poor cannot be identical.

It is important that we know about the users belonging to different income groups. The gender and age are also important bases for making a classification of the users. The men and women act, react and expect differently. The hospital personnel are required to know about the levels of their expectations. The kids, teens, youth and gray have different levels of expectations.

When we go through the problem of medicare or healthcare, it is also important that we are aware of the different categories of users living in vulnerable areas and in a healthy living condition.
The users coming from rural areas and environmentally healthy areas have different problems. This makes it essential that the hospital personnel also know about the vulnerable and normal conditions.

The hospital personnel also happen to be users of these services. The professional users have different levels of expectations. If you serve in a hospital, it is quite natural that you have a different perception of expectations. Since the hospitals and healthcare organisations subserve the interests of all, it is natural that they learn about the concessional groups, such as students and downtrodden sections.

The classification of the users is on the basis of the nature and types of diseases. Some of the users have normal or minor problems and while some others facing major health problems. It is natural that expectations and attitudes of all of them will not be similar. The hospital personnel are expected to know about them in detail so that they can fulfill or meet their expectations.

In view of the above, different categories of users use the services of hospitals or healthcare organisation and if we don’t know about their behavioural profile, the task of satisfying them would be difficult. It is in this context that we need to understand the different categories and types of users/patients availing of the services of hospitals.
FIG: TYPES OF USERS OF HEALTHCARE SERVICES

Individual/ Organisational

Rural / Urban

High, Medium, Low, No, Income

Men
Women

Kids
Teen
Youths
Gray.

Vulnerable
Area /
Normal
Area

SEGMENT
BASED
USERS

Hospital

SEGMENT
BASED
USERS

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While we talk about the marketing management of hospitals or the healthcare organisations, we should assign due weightage to the users satisfaction. Of course, a hospital manager is primarily responsible to make available to the patients, quality medicare or healthcare facilities but this does not mean that they don’t go through the problem of satisfaction or dissatisfaction. The hospitals are responsible to know about the significant changes in the disease profile of particular catchment or command areas.
Problems of all the regions, all the personnel, all the patients are not identical. A study of the behavioural profile of different categories of users is needed while studying behavioural profile. For the hospital personnel the needs and requirements of patients assume great significance but with the same quality of services, you satisfy one segment, but dissatisfy another. Being a professional, it is your prime responsibility to inform, sense, influence, win and retain the users so that you are successful in projecting a positive image of your organisation. A study of the types of users of hospital services provides you important feedback to differentiate and generate unique service.

**BEHAVIOURAL PROFILE OF USERS OF HEALTHCARE SERVICES:**
A study of behavioural profile is essential since it improves the quality of managerial decisions. The providers are required to understand the behavioural profile of users which is not static. The doctors attending on a patient, the para-medical staff helping them in the process, the nursing staff simplify their task and the managerial staff arranging everything for them should understand the changing behavioural profile of patients and attendants. Of course, professional excellence of each of them plays a significant role in improving the quality of healthcare services but at the same time, their task of satisfying the patients and attendants will remain unfulfilled unless they do not have an indepth study of behavioural management. Where two hospitals or healthcare organisations offer the same quality of medicare services to the patients but the personnel of one misbehave and another promote decency in behaviour, one generates tension, and another is instrumental in diffusing the same, one appears serious and keeps mum, and another shows sympathy and empathy - the users in general would prefer the latter most. The users with no option may use but you need to create a situation where they prefer to come even if they have a number of options. Thus, a study of behavioural profile assumes a place of outstanding significance.
In the Indian perspective, we find a changed scenario. It is really amazing that even world class doctors offering quality healthcare services to the patients are misbehaving with them. Of course we find a very few of them specially coming from the new schools having management orientation behaving decently with the patients and the attendants. There is no sense in generating tension in the patients and attendants who are already tensed. In addition, generating tension complicates the responsibility of hospital personnel. We believe that our mental condition is closely related just to the treatment received at different places but it is not to be forgotten that decent behaviour of hospital personnel will also be impact-generating. So, we need to give an overriding priority to the behavioural profile of hospital staff. Attitudes, preferences, priorities, and expectations are important constituents of behavioural profile. A number of factors influence them generated at the places of processing. Of late, we find sophistication in the process of development of communications. The educated and conscious segment of the society know about the developments taking place in the different parts of the globe and therefore they have high levels of expectations.

If we live on an island with a complete communication gap, our expectations would remain static. In a society where significant developments in the field of transportation and communication and concerted efforts for building a superhighway for information move forward, the expectations speedily proceed.

Against this background, we find the expectations of users and potential users of the healthcare services increasing rapidly. They come to know about the healthcare services made available to their counterparts in the leading hospitals, and expect the same standard and level where they turn customers. They, on one hand want world class healthcare services while, on the other, also expect decent behaviour and multi-dimensional amenities and facilities for their comfortable stay at the
able to manage the hospitals in tune with the changing levels of expectations of patients and attendants, but the government hospitals have yet to realize those facts fully.

In the changing scenario, you are responsible to innovate the core services and at the same time you have also to understand the instrumentality of peripheral services in the face of the expectations of patients and attendants. This would inject new life and strength to the hospitals which, of late are in an indeplorable condition. There is no doubt in it that the realisation of the situation by hospital manager will be meaningless if there is an attitudinal change in the policy makers. In a true sense, they are required to assign an overriding priority to the health sector. All our programmes for social engineering will end in a fiasco, if we don’t succeed in offering at least the basic healthcare facilities.

Therefore an indepth study of the changing behavioural profile of users/patients is essential and all of us need to perceive it in a right perspective. The doctors attending on the patients, the nursing staff serving them, the para-medical staff assisting the process and the managerial staff simplifying the functional responsibilities, all of them need an attitudinal change. Specifically, we expect a lot from the doctors in this context as they are the leverspring of hospitals or healthcare organisations. May be that they have world class professional excellence; may be that they are sincere and honest but their professional excellence sincerity and honesty need to have a positive approach so it is essential that they are also sympathetic to the patients and attendants and their behavioral profile change the realization of the users and the attendants that doctors also happen to be decent, human and polite. It is amazing that in the Indian perspective, the doctors are yet to realise the instrumentality of decent behaviour, sympathy, and empathy in the process of speedy recovery of patients.
In view of the above, it is right to expect that the hospital personnel in general and the doctors in particular need an attitudinal change. The fact is that patients visiting hospitals are found in tension and we have to make sincere efforts to diffuse it. The motive behind understanding the behavioural profile of patients and attendants will change the functional character of hospital personnel. On the one hand, they need world class professional excellence while, on the other, they also need a personal touch in-service. This is not possible unless they assign due weightage to the behavioural profile. In addition, the concept of hospital marketing makes it necessary to motivate the patients and attendants. You have to sensitise the patients and the process will help you in increasing the number of patients which lead to an increase in the revenue position of hospitals or healthcare organisations.

MARKET SEGMENTATION:
Segmentation is a process to divide and sub-divide the market into small categories so that the process of identification of the changing expectations of users becomes easier. The expectations of even two persons are not found to be identical. However there are some common factors which form an important base to divide them into the small categories. The rationale behind making segmentation is to understand correctly the users expectations. Management experts and marketing experts expect that if we segment the market, the task of undertaking an in depth study of behavioural profile will become easier. Any change in the marketing-mix without understanding the changing levels of expectations of potential users cannot be proactive. We need to segment the market for the healthcare services offered by hospitals or healthcare organisations.
In the above mentioned figure, we have classified users into different segments. This is a segment-wise study which let you know the changing medical needs of the potential users. It is quite natural that when you come to know about their preference and expectations, you innovate the process of formulating a sound marketing-mix expecting a positive response. We view the latest developments in the field of information and communication technologies which are important reasons for an increase in the levels of expectations of users.

Of late, a number of developments are taking place in the field of medical sciences which have made possible a basic change in the nature and form of diagnosis and treatment; at the same time, a technology-driven healthcare system has become very much instrumental in shaping the level of expectations. This makes it essential that the different types of mixes are innovated and the desired levels and standard of healthcare services are offered. The task will turn out to be more difficult if we do not assign due weightage to studies related to market segmentation.

We find logic behind the saying—“Divide and Rule.” It is considered to be a strategy helping you in modifying, and developing the healthcare services. The level of awareness is substantially influenced by education. Educated persons act, react, expect and communicate with a purpose. You come to know about their requirements and try to fulfill them by making adjustments in the marketing resources. This develops a sound marketing mix expecting a positive response from the different segments. It is quite natural that the needs and requirements of the high income group is different from the medium-income and low-income groups. The affluents have a high level of expectations and they favour in fulfilling the same. But the low-income group people find the process complicated. Besides, there are also variations.
on the basis of regional considerations. The prospects or the potential users living in the rural areas are not aware of the developments taking place outside the world and therefore they have limited expectations. The marketing experts feel that such variation is also influenced by the nature and character of a particular command area. It is quite natural that some of the areas are prone to diseases because the people living there are not aware of the healthcare requirements. The urban population knowing everything related to the developments in the medical sciences have high levels of expectations.

Segmentation on the basis of age-group reveals that the medical or healthcare requirements of different age-groups cannot be identical. It is quite natural that kids and teens have problems which are different from those of youths and gray. A microscopic study, reveals that kids living in the urban areas have different healthcare requirements compared to their counterparts living in the rural areas. Generally in the urban areas, we find mass awareness; therefore child-care is getting an important place in their family healthcare budget. The same thing is absent in the rural areas because the people living in villages are not so much conscious of healthy living conditions. The requirements of grey-group also will be different from other groups because of the different health problems.

Some of the areas are more vulnerable to diseases such as those heavily populated cities and towns and the industrialized cities and towns. They have different types of problems and therefore there is a difference in the disease profile. On the other hand the people of the hilly areas or eco-friendly areas have different types of health problems. Thus we find intensity of population and pollution also playing an important role.
The healthcare organizations or hospitals have some of the organizational or institutional customers. The institutions reimburse the medical bills of their employees who get medical aid in the hospitals. On the other hand, individual users who are not financed or supported by anyone and therefore there is change in the levels of their expectations in the case of the latter. In the above mentioned figure we find segment-wise classification of different types of users of the healthcare services. We assign due weightage to segmentation because like other service generating organisations, the healthcare organisations also need to satisfy the users for that it is essential that they try to know about their expectations.

If a hospital manager is found aware of the expectations of different segments of users living in the different catchment or command areas, he/she may simplify the task of medical and para-medical personnel and the nursing staff who will be responsible to offer the services. In addition, our awareness regarding the disease profile or healthcare problems or a particular area will simplify the task of managing the services in the face of changing requirements.

These facts make it clear that market segmentation is an important dimension of marketing since it helps a decision maker and the hospital personnel in understanding the users expectations thus simplifying the task of innovating the services. The most important thing in the process is to satisfy the users which needs an in depth study of different segments. Since we talk about sympathy, empathy and decency in the behavioural profile of hospital personnel, it is essential that they are well aware of the population living in a particular segment and facing a particular problem. If the hospitals or healthcare organisations fail in this, the service profile will not be in tune with the changing requirements of different segments.
It is against this background that a study of market segmentation is necessary even in the context of health care organisations. Satisfying the users is your important functional responsibility and the segmentation would help you significantly.

MARKETING INFORMATION SYSTEM:

In this information superhighway, an organization has to consider the instrumentality of information system in marketing decisions creative which makes the ways for sensitivity and acceptability. Even the healthcare organisations have been facing the problem of competition requiring an improvement in the quality of decision. The formulation of a sound marketing mix is important to a hospital manager but the task is difficult because of a number of changes have taken place. The diagnosis as well as the treatment drugs and medicines, equipment and apparatus are found changing all the time.

Not only this, we also find a change in the expectations of the hospital personnel who want more incentives in different forms. The increasing environmental problems lead to the water and food-borne and pollution related diseases and change the nature and character of the disease profile. Thus in the face of multi-dimensional changes, it is pertinent that a hospital manager and other personnel are well informed so that the quality of their services match the changing requirements of the users. It is in this context that we study the problem of marketing information system.

A technology-driven marketing information system is considered to be important to help a hospital manager and the hospital personnel in raising their awareness. We have talked about the management information system that studies the problems of all the functional areas of healthcare organisations.
Here we make an in depth study of the marketing information system, specially from the viewpoint of making the marketing decisions. When we talk about a system, it is quite natural that we should know about its different sub-systems. We find marketing information system an aggregation or combination of different sub-systems in which analytical marketing, marketing research, marketing intelligence and internal reporting are important. The processing of data into information is the main thing in its functional area which helps a hospital manager in knowing about the nature and character of a product or other mixes to cater to the changing healthcare needs of the society.

Of late, we also talk about the Decision Supporting System (DSS) which helps a decision maker in selecting the best from the available alternatives. There is a basic change in the management of information today because types of technologies are also used in the process. Information and communication technologies have virtually changed the management of information. With more speed, accuracy and memory, we find technologies helping the process fantastically in managing the information. It is essential that hospitals and healthcare organisations take the support of marketing information system for improving the quality of their marketing decisions which would help them not only in satisfying the users but also in developing the potentials of providers to bear the social costs. It is against this back-ground that we consider the importance of marketing information system in the hospitals or healthcare organisations. We are well aware of the fact that there are different subsystems helping the process of managing the information and therefore we need a brief idea of their instrumentality.

**Internal Reporting:**

Internal reporting system is to help the information system in identifying the levels of inventory, accounts receivables and accounts payables, spotting important opportunities, data related to the performance of the hospitals or healthcare organisations. The base of internal marketing information
is the accounting system. We also call the data collected as the result data managed with the purpose of spotting opportunities.

**Marketing Intelligence System:**

It is the second sub-system of the marketing information system which helps managers in getting information related to the current marketing environment besides identifying the emerging trends in the market. Census data, market news and reports, trade/health papers, health shows, medical books and journals, medical or health publications, publications of national and international health associations, publications of Medical Council, Health Reports prepared at national and international levels are the important sources of getting the information. In a true sense, the intelligence system acts as a mirror of marketing environment. It is also considered to be an organised feedback process of marketing communications.

This sub-system supplies happening data which has a far-reaching impact on the making of sensitive marketing decisions. We find a number of publications of different institutions and organisations or hospitals and healthcare organisations which help hospitals in knowing about the latest developments in the medical sciences. Of late, we find information superhighway helping a lot in enriching the information bank. The processes of developing marketing intelligence system are undesired viewing, conditioned viewing, informal and formal research.

**Marketing research system:**

The marketing research system is also an important sub-system which offers special information on request when a manager is encountering numerous problems necessitating unique information for countering the problems. The marketing research studies are project-oriented. Generally, the information related to the behavioural profile and the changing levels of expectations of potential
Analytical marketing subsystem:

This subsystem of the marketing information system is found useful for the collection of statistical procedures for extracting meaningful information from data. It is a computer-based marketing decision support system which helps a manager in different ways.

The above subsystems of the marketing information system are used for getting meaningful or relevant information for making the decisions. We are well aware that a hospital manager is responsible for collecting different types of information from different sources and with the support of a marketing information system, he/she is required to take decisions which help hospitals or healthcare organisations in subserving the interests of patients. Of late, we find a number of changes in the medical sciences and we have the support of Health Information System nationally or internationally.

We talk about a technology-driven information system in which the information and communication technologies are required to play a prominent role. It is the responsibility of a hospital manager to develop and enrich the marketing information system so that the qualitative improvements are made possible. The instrumentality of marketing information system is coiled in the essence of making available to a hospital manager the relevant information.
Fig. Marketing Information System (Subsystems)
In the above mentioned figure we find different subsystems of the Marketing Information System. These facts make it clear that marketing information system is meant to help a healthcare manager in many ways. With the increasing intensity of competition, it is essential that a hospital or healthcare manager keeps himself/herself well informed so that whatever new developments take place in the medical sciences are incorporated in the marketing mix. The development of marketing resources depends upon the availability of information. If we have the latest information, the educational and research activities in addition to the service profile, can be innovated incorporating latest developments. With the developments of the concept of hospital marketing, we find marketing information system occupying a place of importance.

Of late whatever the developments are found in the health sector or medical sciences can be used with the support of information superhighway or internet operations. This makes it essential that a hospital manager assigns due weightage to the marketing information system. The main purpose of a healthcare organisation is to subserve the interests of the people by offering to them time bound, economic/affordable, world class healthcare communication services and this task would remain unfulfilled unless we take the support of a well organized and systematically developed marketing information system. There is no doubt in it that all the subsystems of the marketing information system will be useful to the healthcare organisations but the analytical reporting and intelligence system will be of outstanding significance because the financial informations would be received from the internal reporting and the external information would be received from the intelligence system.

In view of the above, it is right to say that like other organisations, the hospitals and healthcare organisations also need to develop an independent information system for marketing purposes.
In view of the increasing costs of inputs; they have no option but to pro-
marketing on the basis of the principles of social or societal marketin
make available to the public affordable services while, on the other, wo.
expansion and development of hospitals. If an organization is found financially .
bear the social costs is found at its peak. It is high time that we make hospitals and hea.
organisations financially sound which requires conceptualisation of hospital marketing even in the
government hospitals.

Organisational Structure:

At the head of the hospital organization is the governing board, variously called board of governors,
board of trustees or board of directors. Regardless of the name by which it is called, the governing
board has the same duties, responsibilities and authority everywhere. The governing board is the
supreme authority in the hospital, and has the legal authority over and responsibility for the hospital.
The board delegates the actual authority of administration to its chief executive officer, also referred to
as president, administrator, director or medical superintendent. By whatever designation he is called,
the chief of the hospital whom we refer to as the chief executive officer (hereafter CEO) is responsible
to the governing board for the management and supervision of all hospital operations. The CEO may
have several associates to assist him in his administrative duties.

Today's hospital has become so complex that no single person is able to manage all the activities of the
hospital because no single individual has all the knowledge and the know-how necessary for managing
such a wide range of varied and specialized activities.
Therefore, a group of individuals, each possessing some special skill or expertise in a specific area or activity provides the necessary management support to the chief of the hospital. Thus we have associates who are experts in finance, public relations, nursing administration, strategic planning, legal matters, personnel management, purchase and stores, so on and so forth. The CEO, however, has the ultimate legal authority and overall responsibility for making decisions for the organisation. Below the associates level, there are heads of departments who are delegated authority to carry on the work of their departments.

In smaller hospitals, the work of several areas may be grouped under two main headings—those concerned with the professional care of patients, and those concerned with business managements. Service wise, the activities of the hospital may be divided into five groups—medical, nursing, professional or ancillary, business or fiscal and supportive services. Medical staff may be hospital—based, full-time salaried staff, as is commonly found in a majority of our hospitals, or they may be granted privileges to practice in the areas of their specialization.

The chief of the hospital may be a physician or a non-medical professional administrator. Both patterns abound in our country. The medical chief usually takes the title of director or medical superintendent, and the non-medical chief the title of administrator, director or executive director. In corporate hospitals, a new breed of hospitals for profit, he may be called the president and CEO, chief executive officer, managing director, executive director or general manager.
GOVERNANCE:

Since the governing board is the supreme authority in the hospitals, it is of utmost importance and necessity that its members are selected with great care. Membership of the governing board of a hospital is one of the greatest honours and privileges that may be conferred on any person.

To a public spirited man or woman, it offers not only a great challenge, but also an avenue of service to the community. It should be given to those who are willing to devote the necessary time and energy in the work of the hospital, who are competent and qualified to serve on that august body and make a useful contribution. Those who consider board membership as yet another avenue to be used for social prominence or for personal aggrandizement should be scrupulously avoided. It is a wise policy to bar politicians from the hospital boards simply because members of hospital boards should be above political influence. Equally or even more importance is the need to eliminate the small town, small-minded "church-politicians" who abound in our church-related hospitals. These men and women who are often inspired by petty self-interest are a great menace to our institutions. Some of them buy their seats on committees and fight for places in smaller fields because they lack ability and qualifications required for higher offices.

It is to the advantage of the institution to include in the governing board representatives of the learned professions, business, legal and banking professions and even a friendly newspaper editor. Selection of members should be made having regard to their abilities and character so that knowledge, understanding, background, integrity, vision, and business acumen may be brought to bear to ensure a dynamic management of the institution.
There is no justification in including on the board, a man who has not been successful in his own business. One cannot expect him to successfully guide the destinies of a complex institution like the hospital when he has not been able to manage his own business affairs. Then there are business who, lack business acumen or flair for details, leave their business in the hands of professional managers and do not interfere with their work as long as satisfactory results are produced. These same men, as members of the hospital governing board, feel that they should play an active role in the affairs of the hospital and in their enthusiasm so often overstep the confines of their jurisdiction and do things that undermine the authority of the CEO.

Membership of the board carries with it a consequential responsibility which makes it obligatory for the members to perform their duties conscientiously. They are also prohibited from profiting in any way from their membership of the board or association with the hospital. How does one appraise the performance of the board both in relation to its deliberative group action and for individual performance? In any governing board, particularly when the board is large and unwieldy, there are always some non-performers who either do not attend the meetings of the board or take only perfunctory interest in the affairs of the hospital. There are also a few overbearing, aggressive and talkative members who dominate the discussions to a degree that the meetings of the board are reduced to the level in which the other members of the group are made to appear as mere onlookers or observers who cannot get a word in edgeways even if they want to. In the end, everyone seems satisfied and talks as if all the members have effectively contributed to the deliberations and decisions of the board. The same thing happens when there is an executive committee that meets and takes decisions in the intervals between the meetings of the board virtually acting as a de facto board.
Not infrequently the members of the governing board, especially when they are on board for the first time, feeling that they have no training and experience in hospital management, allow themselves to be passively manipulated in the hands of a trained and experienced CEO and the medical staff.

Conversely and this is worse is the other extreme when the governing board arrogates to itself the task of formulating policies and procedures without consulting the CEO and the medical staff, and without the knowledge of and regard for the consequences of such actions on the professional care of patients and the morale of personnel. The board must realize that the management of hospital is essentially different from that of a commercial organization and requires the guidance of a professional administrator who is trained and experienced in the professional aspects of hospital administration.

There must be some mechanism, even if an informal one, to evaluate the performance of the members of the board, both collectively and individually, and study the differences that exists between the levels of individual and group performances.

One of the important functions of the governing board – perhaps the most important one is the search for and selection of the CEO if the hospital. The board then delegates to him the responsibility and matching authority to manage the day-to-day operation of the institution.

Good relations between the board and the CEO is a must if the hospital has to function efficiently and merit the support and confidence of the public. The members of the board should not in any way attempt to assume the CEO's functions. Nor should they go snooping around or breathing down his neck.
It is generally accepted that the directors of the board should not maintain an office in the hospital, or be there full time. Where this has happened a great deal of harm has been done to the organisation concerned. This does not mean that the board should remain inactive. It should guide and help the CEO in the broader phases of operation like the formulation of policies, while giving him full freedom in all administrative matters. In no case should the board relinquish its responsibility to exercise the ultimate control over the operation of the institution.

There must exist a well-defined relationship between the governing board and the CEO. One way of ensuring this is for them to clearly understand their respective roles. Briefly stated, the governing board establishes policies and the CEO executes them. Having granted him the executive authority, the governing board relinquishes the right to deal directly with the staff of the hospital, the line of authority must be through the CEO. Any unwarranted interference of any member of the board in the day-to-day administration will only undermine the authority and effectiveness of the CEO.

Duties and Responsibilities of the Governing Board:

The following are some of the duties and responsibilities of the governing board:

- To formulate and periodically review the mission, philosophy, goals and objectives of the hospital. To determine and establish policies of the hospital in relation to the needs of the community it serves.

To raise funds and provide adequate financing through sufficient income and other means, and to enforce business-like management of funds and control of expenditure.
To enhance the total assets of the hospital in terms of finance, equipments, personnel and materials. To enforce proper professional standards in the treatment of patients.

To fulfill its legal obligations. To exercise its responsibility in the selection and appointment of competent and qualified management and medical staff.

With regard to the selection and appointment of personnel, it is customary for the governing board to delegate the authority to the CEO. In larger hospitals he is generally assisted by a personnel officer and heads of departments in discharging this responsibility. It is, however, not uncommon for the governing board to reserve for itself the right of final approval and discharge of some important personnel like the senior medical staff, administrative officers and heads of departments. But it is a wise policy in such cases to follow the advice of the CEO. More often than not, the CEO may not wish to assume such a weighty responsibility of selecting the senior officers and medical staff all by himself and would want the collective wisdom of the governing board to prevail. However, since the CEO has to work with these people, his recommendation in all these cases must be given due consideration. At no time should the board force on the CEO someone who is appointed not on the basis of merit but because of political connection, favoritism or other extraneous reasons.

**Governing Board and Conflict of Interest:**

It is not unusual to find persons accepting board positions for personal gain or, having accepted these positions initially with good intentions, use them subsequently to further their selfish ends. A conflict of interest may be considered to exist when, for example, the activities of an individual on behalf of the hospital involve securing an improper personal gain or advantage, or when his activities or actions have an adverse effect on the interest of the hospital, or they help a third party to obtain improper gain or
advantage. Personal gains may come in various guises. A board member may do business with the hospital on whose board he serves, or he may use his board membership to his advantage in his own business. Example: a member who is dealing with cement and steel may insist that he supply them for hospital construction, or a member who is an owner of a restaurant may want the hospital to buy meat and provisions from the same purveyors that he deals with, and then receive a discount from these purveyors for his own business; another member may use his board membership to obtain easy loans or credit facilities for his business. At the worst the CEO of the hospital, knowingly or unknowingly, either colludes with the board members concerned or acts in a manner that facilitates the member's activities. There are other circumstances and activities which may give rise to possible conflict or interest.

- A board member holding a position or having financial interest in concerns from which the hospital buys materials or services, or in concerns which are competing with the hospital in providing services.
- A board member rendering management, professional, or consultative services to outside concerns which either do business with the hospital, or are competing with it.
- A board member accepting gifts or hospitality from persons who do business or are seeking to do business with the hospital, or are competing with the hospital, with a view to influencing the members to show favours to their firms.
- Disclosure or use of hospital information, for example, procedures, confidential marketing strategy, etc. for personal gain or advantage of the board member or concerns with which he is concerned.
The hospital should protect itself or safeguard its interest by creating a mechanism by which all activities that are likely to or suspected of giving rise to conflict of interest should be reported or investigated. In some cases the investigation may have to be extended to cover board members' immediate family members. In some developed countries there are conflict of interest laws which provide this protection to hospitals.

**Management Structure**:

Management structure is often confused with governance. As a matter of fact, it is the lack of understanding about which functions constitute governance and which constitute management that has led to governing board members so often meddling with the internal management of the hospital.

The CEO is the head of the management team. He is the legal representative of the governing board in whom is vested authority for the management of the hospital. Although he may delegate some of his responsibilities and enough authority to his associates and heads of departments to carry out their respective functions properly, the CEO still remains ultimately responsible and accountable to the board for everything that happens in the hospital.

**Duties, Responsibilities and Functions of the CEO**:

Without being exhaustive, we delineate here some of the duties, responsibilities and functions of the CEO:

- The CEO submits a plan of organization for the hospital for the approval of the governing board. He also formulates rules and regulations for the proper functioning of the hospital.
- He selects and employs all personnel and fixes their salaries within the approved salary scales and limits of the budget.
He controls, disciplines and discharges all personnel.

He prepares and submits an annual budget for approval of the governing board. The budget will show estimated receipts and expenditure, and the anticipated deficit, if any.

He recommends charges for all hospital services.

He advises the governing board on the formulation of policies.

He submits periodic reports to the governing board on the working of the hospital. The annual report will also provide an analysis of the plans for the coming year.

He directs all activities of the hospital and implements established policies. As executive head of the hospital, he is responsible to the government board for efficient management of the institution.

The CEO is the liaisoning officer and channel of communication between the governing board on the one hand and various departments, medical staff and other personnel on the other. He transmits and interprets policies and makes sure that they are followed. Likewise he transmits the ideas and wishes of the staff to the governing board.

He selects department heads and delegates part of his responsibility to them. The extent of this delegation of authority and responsibility depends largely on the size of the hospital. However, the CEO is ultimately responsible for the management of the hospital while the heads of departments are directly responsible to him.

The CEO is responsible for employer – employee relations. In smaller hospitals, he may perform all the functions of the human resources department. In larger hospitals, there is generally a full-fledged personnel management department performing the functions of that department under his authority.
The CEO must exercise sound control over the business management of the hospital. Although he is not expected to have training and expertise in every field of operation, he must nevertheless have sufficient knowledge of all the departments so as to be able to effectively supervise them and ensure that they are efficiently managed.

The department of purchase should be directly under the control of the CEO. It is here more than in any other department that graft and corruption raise their ugly heads in the form of kickbacks, etc. In smaller hospitals the CEO himself may perform the duties of the purchase officer. However, regardless of the size of the hospital and who does the purchasing, the CEO must be actively involved in purchasing and exercise ultimate control over this department.

The CEO of the hospital must be a leader in the community. He should identify himself with people and be actively involved in the activities of the community, particularly those which directly or indirectly have a bearing on the work of the hospital. He should be closely connected with public service organisations like the Rotary clubs, women’s clubs, etc. whose declared interest is public welfare including the care of the sick.

The duties of the CEO should not be limited to his own hospital, nor even to his own community. He should maintain contact with hospital associations and attend their meetings. He should be a leader in the hospital field and present papers, write articles in professional journals, participate in discussions and pass on the benefit of his knowledge and skill to others. More importantly, he should keep himself abreast of advances in the hospital field. Some progressive hospitals direct, even make it obligatory that the CEO participates in local, regional, state, and national hospital affairs when this is to the advantage of the hospital. In addition to this, the CEO must collaborate with various regulatory bodies to ensure current feedback concerning the latest regulations and laws affecting the health care institutions.
Relationship of the CEO with the Governing Board:

Although primarily and technically the relationship between the governing board and the CEO is one of employer and employee, it should not be interpreted in the usual sense of these terms. The hospital is a special type of organisation where the governing board and the CEO function as partners. Nevertheless, the CEO is an employee whom the board can discharge for just cause.

In the recent times, the relationship between the board and the CEO has become so firm that in many hospitals the CEO is made a voting member on their governing boards. In some boards he acts as a co-chairman, in others he has the title of president under the chairman of the board. This a common pattern in the industry where the CEO is also a member of the board of directors and an equal among equals, and not just a hired employee. With voting privileges, the CEO actively serves on committees including key committees such as planning and nominating committees. He may be either an ex-officio or elected member.

The CEO and his Management Team:

The CEO cannot be on duty continuously even in a small hospital. Nor can he attend personally to myriads of details pertaining to his office and other departments. More importantly, he is not expected to be an expert and have intimate knowledge of the working of various specialized departments of the hospital. At best, he can be compared to an automobile driver who is not an automobile engineer or mechanic. The driver may not know all about the engine, combustion and functions of other parts. Yet he can be a good driver if he has some knowledge of the various parts of the car including the dashboard and knows how

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to change a tyre or replace a fan belt in an emergency. He must have presence of mind and a high
degree of ability to coordinate. He must be clear in his mind where he is going and how to get there.
This is precisely the job of a hospital CEO.

It is imperative, therefore, that the CEO has assistants to relieve him of his responsibilities and carry
out, under his guidance, the duties and functions of major administrative areas as well as act in his
place during his absence. There should always be an assistant to the CEO on duty at night. Being
responsible to the CEO and as his representative, the night administrator was usually a nursing
supervisor whose primary duty was to supervise the work of nurses. Hence her authority in
administrative matters was often questioned.

If the nursing supervisor is also the night administrator, it is advisable to issue standing orders to the
effect that she has full authority in administrative matters during the night.

In small hospitals, the CEO may personally take over the functions of some of the assistants. For
example, he may perform the responsibilities relating to personnel management and purchase. He
may directly supervise departments like food service under a manager. Likewise, one assistant may
combine the work of several assistants.

The assistants have generally the titles appropriate with the chief’s. For example, the president’s
assistants may be vice-presidents, the administrator’s assistants may be associate or assistant administ-
trators, the director’s assistants may be associate or assistant directors.
Exhibit: Organizational Chart

- Governing Board
  - Chairman
    - President & Chief Executive Officer
      - V.P. Medical
      - V.P. Admin. Service
      - V.P. Fiscal Service
      - V.P. Nursing
        - V.P. H.R.
        - V.P. Market.
        - V.P. Information.
        - V.P. Facilities.