

Executive Summary
A Racial/Ethnic Comparison of Career Attainments in Healthcare Management
Summary Report—2008

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Background

A 1992 joint study by the American College of Healthcare Executives (ACHE), an international professional society of healthcare executives, and the National Association of Health Services Executives (NAHSE), whose membership is predominantly black, compared the career attainments of their members. Follow-up studies were conducted in 1997 and 2002. The study groups were broadened to include Hispanic and Asian healthcare executives. Sponsorship was correspondingly enlarged to include the Institute for Diversity in Health Management, the National Forum for Latino Healthcare Executives and the Asian Health Care Leaders Association. The central objective of this fourth cross-sectional study is to determine if the racial/ethnic disparities in healthcare management careers have narrowed.

Methods

A survey instrument was prepared consisting mainly of items from the previous instruments and was administered in 2008. The sample of white healthcare executives, containing equal numbers of men and women, was drawn from among ACHE affiliates. Black executives were sampled from ACHE and NAHSE membership databases. The survey was also administered to all currently employed Hispanic and Asian affiliates of ACHE, to the Hispanic members of the National Forum for Latino Healthcare Executives (NFLHE) and to the board members of the Asian Health Care Leaders Association (AHCLA).

The breakdown of responses and response rates to the survey was: blacks—492 or 32 percent; whites—654 or 41 percent; Hispanics—250 or 39 percent; and Asians—237 or 41 percent. Aggregating all these groups, the survey was sent to a total of 4,422 individuals. By the end of the study, 1,633 responses were received, of which 1,515 were useable. The overall response rate was 37 percent. (Table 1)

To control for the effects of gender, findings are reported separately for women and men in each of the racial/ethnic groups. In this summary, results for the gender groups are aggregated when their differences were unimportant. A non-response analysis based on ACHE data showed respondents were not significantly different from non-respondents in age, highest degree attained and field of highest degree. However, black women who held vice president positions were more likely to respond while those who were in “other” positions were less likely to respond. Also, black and Asian men in system hospitals were more likely to respond. (See Appendix 1.)

Major Findings

Section 1: Demographic Comparisons

Table 2 presents the general table configuration for all the data in the study. Each table is divided into male and female responses. This allows us to control for the effects of gender on career attainments and focus only on race/ethnicity. When the effects of gender are not material, we cite the statistics for the two groups combined, listed under “All.” Statistical tests for the comparison groups are made by gender and for both combined. Finally, important differences between the results observed in 2008 with prior studies, notably 2002, are noted in the text.

By design, approximately half of the 1,515 respondents are male. Whites are significantly older than the other groups; their median age is 52. Asians are the youngest on average; their median age is 40. A higher proportion of whites are married or partnered than nonwhites. Except for Asians, a higher proportion of men are married or partnered than women. Eighty percent or more of all groups have attained a graduate degree.

Section 2: Career Outcomes

More white males achieved CEO posts than other males. The difference is possibly, in part, due to the fact that minority men attained fewer years of healthcare management experience than white men. (Table 16) However, few differences in achieving CEO status were evident among female respondents. The proportion of top-level management positions (defined as CEOs, COOs and senior vice presidents) varies by gender. Among men, whites continue to lead with 56 percent in such positions, a decline of 6 percent when compared to 2002, when 62 percent were in top positions.

Only a minority of women in the current study held upper-level positions. The highest proportion, 37 percent, was held by Hispanic women followed by white women, where 31 percent were in top-level posts. This contrasts markedly with results obtained in 2002 where more white women held upper-level positions (40 percent) when compared to minorities, e.g., Hispanics at 25 percent. (Table 3)

Between one-half and two-thirds of men and lower proportions of women are in general management roles. However, consistent with their greater proportion in high management positions, more Hispanic women (65 percent) occupy such roles in general management than other women. Not unexpected, more women than men have managerial roles in clinical departments or departments that support clinical activities. (Table 4)

Employing Organization. Between 60 and 70 percent of men are employed in hospitals or systems. Higher proportions of women than men in each racial/ethnic group are employed in such settings. (Table 5)

A higher proportion of black and Asian than white or Hispanic men are employed in system hospitals. Conversely, a higher proportion of white and Hispanic men than black and Asian men are employed in freestanding hospitals. (Table 5)

Healthcare executives who are racial/ethnic minorities state that their hospitals employ a high percentage of their racial/ethnic groups. (Table 5)

The most prevalent diversity programs in place were social gatherings for employees.

Such gatherings were indicated by over 80 percent of whites, three-quarters of Hispanics and Asians and two-thirds of blacks. (Table 6) Overall, about 50 percent of blacks agreed that race relations in their organizations are good. This response rose to two-thirds of the Asians, three-fourths of Hispanics and nearly 90 percent of whites. When we removed organizations that are majority white, this pattern persists. (Table 6)

In calendar year 2007, responding white males earned a median of \$168,200 while black males earned \$117,500. This represents a 30 percent difference. Hispanic men earned \$132,300, which is 21 percent less than white men, and Asian men earned \$111,300, which is 34 percent less than white men. White women earned a median of \$126,700, which is 25 percent less than white men. Black women earned a median salary and bonus of \$97,700, which is 23 percent less than white women. Hispanic women earned \$101,200, which is 20 percent less than white women. Asian women earned an average of \$98,900 in 2007, which is 22 percent less than white women. (Table 7)

Controlling for educational level attained and years of healthcare management experience, white men earned a median of \$168,200 in 2007; black men earned \$142,400 or 15 percent less than white men. Hispanic men earned 144,700 or 14 percent less than white men. Asian men earned \$131,700 or 22 percent less than white men. (Table 9)

A narrower gap is evident when comparing the earnings of women. In 2007, white women earned a median of \$126,700 or 25 percent less than white men. Black women earned a median \$126,000 (again controlling for educational level attained and years of healthcare management experience) or one percent less than white women. Hispanic women earned \$114,000 or 10 percent less than white women. Asian women earned \$112,600 or 11 percent less than white women. (Table 9)

More than three out of four respondents stated they were either satisfied or very satisfied in their present position. Still there were differences between the racial/ethnic groups. Black women express the lowest levels of satisfaction, while whites express the highest levels. Hispanics and Asians take intermediate positions. (Table 10)

Most respondents express high or very high levels of identification with their employing organization. Typically, whites express higher levels of organizational identification when compared to others and blacks express somewhat lower levels. While 71 percent of whites agreed that they act like a typical member of their organization to a great extent, only 58 percent of blacks concurred. Hispanics and Asians took on intermediate values. (Table 11)

Section 3: Accounting for Different Career Outcomes

The first factor thought to account for disparate career attainments concerns education. The second factor is experience and the third factor we will examine is expectations to achieve high-level positions.

1. Education. Virtually all respondents have completed college; the highest proportion of respondents majored in general business and biological sciences. Health administration was the chosen major of more blacks (18 percent) than other racial/ethnic groups. Notably higher numbers of women majored in nursing—especially white women, 37 percent of whom claim this as their undergraduate major. (Table 12)

Over 90 percent of male respondents and nearly as many female respondents completed a graduate degree. Just 51 percent of whites majored in healthcare management compared to 57 percent of blacks and over 60 percent of Hispanic and Asian respondents.

Conversely, more whites majored in Business Administration (general business). (Table 13)

Early socialization experiences. In general, more blacks and Asians participated in internships and fellowships than whites did. More than half of those who participated in a residency eventually were hired by that organization. Even higher proportions of those who took fellowships were subsequently hired there. (Table 14)

Mentors. Two-thirds or more of all respondents stated they had a mentor. While more than 70 percent of all women cited a mentor, the percentage varied more among men. More white men, 81 percent, than others stated they had a mentor while fewest Asian men, 64 percent, had one. (Table 14)

More white men were identified as mentors by all men regardless of race/ethnicity. Among women, white males were cited as the most common mentor by whites and Asians. Black women's mentors were most commonly other black women. Hispanic women most often cited white women as a mentor. (Table 14)

2. Experience--Career Origins. Overall, 70 percent or more began their careers in hospitals. Significantly more whites began their careers in freestanding hospitals than did persons of color. Conversely, a higher proportion of racial/ethnic minorities began their careers in systems, either at corporate headquarters or at member hospitals. Overall, 70 percent or more of all racial/ethnic groups chose their first firm expecting to build their careers in that organization. This represents a 10 percent increase when compared with the results obtained in the 2002 study. (Table 15)

Considering each racial/ethnic group, whites have accrued more experience than Hispanics. Hispanics have accrued more experience than blacks, and Asians have accrued the least experience. This pattern holds for both women and men and for number of years in healthcare (any position) as well as specifically in healthcare management. A higher proportion of men than women are currently in a different organization from the one where they initiated their healthcare management career. Over 70 percent of men compared to about 60 percent of women have located positions in different organizations. (Table 16)

Racial/ethnic minorities were more likely to have taken a less desirable position when compared to whites for two reasons: (1) financial needs and (2) lack of opportunity. Among men, for example, 30 percent of blacks compared to only 14 percent of whites took a less desirable position because of financial needs. Moreover, 42 percent of black healthcare executives compared to 20 percent of whites said they took a less desirable position because of lack of opportunity. In both examples, Hispanic and Asian respondents took on intermediate values between the black and white extremes. (Table 17)

Five year review. A higher proportion of blacks than other racial/ethnic groups said they failed to be hired because of their race/ethnicity during the past five years. Even higher percentages of racial/ethnic minorities stated they had failed to be promoted, failed to receive fair compensation, and were evaluated with standards that they felt were inappropriate because of their race/ethnicity. Black women affirmed these acts of discrimination to a greater extent than black men.

When asked if in the past five years they had been discriminated against in career advancement because they had an accent or spoke in a dialect, more Asians affirmed this than any other racial/ethnic group. (Table 17)

Overall Career Assessment. Respondents demonstrated important differences when asked if they had been negatively affected by racial/ethnic discrimination in their careers. Only 10 percent of whites stated this was so, while 52 percent of blacks acknowledged that they had been discriminated against. Twenty-seven percent of Hispanics and 31 percent of Asians stated they had been negatively affected. (Table 17)

First and Current Position. A quarter of white and Hispanic men report that their first position in their current firm is at the CEO level. In contrast, 10 percent of blacks and 4 percent of Asian men had CEO positions as their first position in their current firm.

Among women, few outstanding features are evident. Perhaps most interesting is that more Hispanic women than women in other racial/ethnic groups began their tenure in their current organization in the COO/senior vice president position. Conversely, fewer of them began in department head positions. (Table 18)

Promotions in Current Firm. The highest proportion of respondents stated they are currently in the position for which their organization initially recruited them. (Table 19)

3. Career Expectations. A third set of factors thought to give rise to different career attainments is the executives' level of career expectations and aspirations. Differences in career plans and desires can result from psychological bases such as childhood socialization patterns, sociological factors such as perceived or real discrimination or even consciously chosen goals like preferences for more time with family. This section of the report compares the racial/ethnic groups' intent to remain in their current position, preferred future jobs and their involvement in professional societies.

Type of employing organization. Five years from now, two-thirds of the men in all racial/ethnic groups and almost as many women expect to be employed in a hospital or system. The remainder expect to be spread between working in other direct provider settings (e.g., long-term care, medical group etc.), consulting or in other settings such as public health agencies, associations, suppliers or non-healthcare settings. Overall, few (less than 5 percent) expect to retire. (Table 20)

Expectations to be CEO. As in prior research, we asked whether or not the respondents expected to become CEOs in five, ten and fifteen years. (The data presented include current CEOs in the enumeration.) Nearly 40 percent of white men stated they planned to be a CEO in five years, about 10 percent more than black and Hispanic men and 22 percent more than Asian men.

After ten years, the percentage of white men who aspire to CEO positions stays about the same as the percentage who wanted this after five years. After ten years, a higher proportion of black men than any other group aspire to be CEOs, 46 percent. Hispanic men also show an increase in desire to be a CEO, as did Asians. By 15 years into the future, the lowest proportion of men aspiring to be CEOs is white, at 41 percent. About half of the racial/ethnic minority men aspire to CEO posts by then.

Fewer than 20 percent of women, regardless of race/ethnicity, aspire to be CEOs in five years. After ten years, about the same proportion of white women, 15 percent, aspire to be CEOs, but the proportion rises among the racial/ethnic minorities. After 15 years, again, fewer white women express CEO aspirations; about a quarter of black women and a third or more of Hispanic and Asian women seek to be in CEO posts. (Table 20)

Involvement with professional associations. Often, career aspirations are achieved by

becoming involved with professional associations. Not only do some offer credentials that lend credibility to the training and competence of those certified, but membership often entails attending continuing educational events to help ensure that the professional remains current. Also, professional society membership enhances opportunities to build and maintain a network of peers and mentors who can aid in career attainments.

Table 21 shows that the respondents to this survey are predominantly members of ACHE. The highest proportion of all respondent groups stated that they had attended an ACHE event in the previous three years, i.e., since January 2005. About 70 percent of whites, Hispanics and Asians stated they had attended an ACHE event in that time period. Also, 61 percent of black respondents attended an ACHE event in the prior three years. Forty-one percent of NAHSE members had attended a NAHSE event since January 2005. Overall, a clear majority of executives in all racial/ethnic groups had participated in a professional society event in the recent past. (Table 21)

Best Practices Respondents were asked to list best practices that have promoted diversity in healthcare management. Listed are five types of initiatives: education, management structures, management processes, government solutions and financial assistance. (Table 22)

Conclusions

The bottom line question is, “Have we made progress in reducing the disparities observed in previous studies concerning the career attainments of racial/ethnic minorities in healthcare management?” If we consider the principal findings of the last report written in 2002, the following can be concluded:

Update to positive outcomes observed in 2002:

1. In 2002 the ratio of black to white women in CEO positions rose to 85 percent. In 2008, there has been little change in this ratio. However the proportion of Asian and especially Hispanic women who are CEOs has increased relative to white women.
2. While black men earned approximately the same compensation as white men in 2001, black men in 2007 earn 15 percent less than white men. The gap between compensation to Hispanic and white men also increased from 4 percent in 2001 to 14 percent in 2007. (There were too few Asian respondents in the 2002 survey on which to base comparisons.)
3. In 2002, fewer blacks reported their careers were negatively affected by discrimination than in the prior studies; in 2008, the proportions have not changed compared to 2002. Fewer Hispanics report discrimination today than they did in 2002. Asians reported discrimination as negatively affecting their careers at about the same rate today as in 2002.

Update to negative outcomes observed in 2002:

1. In 2002, the ratio of black to white men CEOs declined to 51 percent. In 2008, the ratio dipped further to 47 percent even though blacks and whites had about the same number of years of experience as they did in 2002. Hispanic men who had accrued the same number of years of experience narrowed the gap relative to whites in CEO roles. But among Asian men, the gap increased possibly in part due to the fact that the number of years of experience they had in healthcare management declined from 16 to 9.
2. In 2001, black women’s compensation declined relative to white women’s (to 83 percent). In 2007, black women earn 99.9 percent of what white women did, a clear improvement. Among Hispanic women, the gap increased from 95 percent of white women’s compensation in 2001 to 90 percent of white women’s income in the current study. (There were too few Asian respondents in the 2002 survey on which to base comparisons.)
3. In 2002, there were few changes observed in job satisfaction over time. In 2008, a higher proportion of black women and men are satisfied with their pay and fringe benefits and in other features of their jobs including their job security and the sanctions and treatment received when they made a mistake. Other measures showed little change. Among Hispanic men and women, a higher proportion was satisfied with the security of their positions; also more women were satisfied with their autonomy and more men were satisfied with their pay. Finally, more Asian women were satisfied with a number of job related features but no change was evident among the men.

Recommendations

Equal pay for equal work. The study attempted to examine various facets of executives' career outcomes including position level, type of employing organization, job satisfaction and compensation. The array of measures taken together point to continued disparities in career attainments when comparing racial/ethnic minorities with their white counterparts. This is especially evident in the findings that compared compensation levels for 2007. Even when level of education and number of years of experience are controlled, white men continue to earn significantly higher salaries than minority men and all women. While not definitive because the specific accountabilities of each executive in the study were not examined, the compensation results suggest that pay is not entirely equitable in the field of healthcare management. It is imperative that remuneration be provided that is based on the accountabilities of the employed executive and in no way reflects biases relative to his/her gender or race/ethnicity.

Residency and Fellowship. Based on the survey findings, it appears that more than half who participated in a residency eventually were hired by that organization. Even higher proportions of those who took fellowships were subsequently hired there. Therefore, healthcare organizations need to offer residency and fellowship opportunities to qualified graduates to assist their launch into careers in healthcare management.

Mentors. Mentors are prevalent among the respondents to the survey. We need to credit those executives who take the time and energy to offer advice and model ideal behaviors to others in the field. This includes individuals beginning their careers and also mid-level and even senior-level executives who seek feedback and opportunities for professional development. Given the importance of mentoring in our field, we should promote and embrace mentoring at both the individual and organizational level.

Transitioning to new organizations. The survey revealed that a higher proportion of men than women are currently in a different organization from the one where they initiated their healthcare management career. Over 70 percent of men compared to about 60 percent of women have located positions in different organizations. Transitions to new organizations should be considered as acceptable and even desirable today. Executives today need to alter their views of managers who depart as "uncommitted" or "disengaged." Instead, they should encourage their team members to transition and experience the challenges of managing in new work environments.

Transparency in organizational decisions. Organizations are being asked to disclose increasing amounts of data regarding their core operating functions such as mortality rates, infection rates, complications, costs for specific services, etc. Other useful measures reflecting management practices should be published as well. For example, hospitals and systems could report the proportion of minorities in executive positions as it relates to the demographic composition of the community. Internally, executives in decision-making roles need to be more forthcoming regarding hiring, promoting, evaluating and compensating their managers. Finally, executive search firms could be encouraged to share the criteria used in recommending candidates for senior level positions.

Programs that promote diversifying executive ranks. The study showed that relatively few respondents reported proactive diversity programs in their organizations. For example, fewer than half of black respondents stated that their organizations have a diversity committee and even fewer said their organizations offered diversity training for managers at least every three years. As shown in the analyses, attitudes about racial equity appear to be linked with the presence of such programs. Therefore, healthcare

leaders are advised to pursue pro-diversity initiatives as well as implement efforts to overcome social isolation through such programs as promoting social gatherings for employees and offering mentoring programs. Other potentially useful initiatives include establishing an affirmative action plan, assigning a manager to be responsible for diversity and evaluating managers relative to their diversity adroitness. Finally, organizations need to initiate succession planning to include identifying talent that would come from a diverse work force.

Professional Societies' Policy Statements and Data. The study showed that this respondent group was principally allied with ACHE. Nevertheless, a scan of other healthcare executive professional societies' policies showed that nearly all have public policy statements advocating their members endorse equal employment opportunities. Specifically, American Organization of Nurse Executives, the Healthcare Financial Management Association and the Medical Group Management Association have such statements.

Follow-up Study in 2014.

A follow-up study should be conducted again in five or six years to determine whether career outcomes have improved for minority healthcare executives compared to their white counterparts.