inpatient beds, operating rooms, computer services, electricity, and water.The aver- age length of stay of patients in a hospital indicates its effi- ciency in utilizing its beds.With a shorter length of stay and a faster turnover of patients, more patients can be treated on the same number of beds, resulting in a higher profit and, there- fore, higher efficiency.A hospital earns a major portion of its profit from operation rooms, labora- tories, radiology, pharmacy, and intensive care units.However, if many beds are vacant and there are not many new clients who might require admission, the hospital does not gain financially by reducing the length of stay of patients.An important consideration for a hospital manager is to ensure that these resources are utilized effectively and efficiently.Efficiency is measured as a ratio of output to input.Firstly, efforts can be made to increase the utilization of services and secondly, the cost of providing the services needs to be kept under control.Thus, effectiveness is a prerequisite of efficiency.

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