

A guide to performance management for the Health Information Manager

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Abstract

This paper provides a summary of human resource management practices that have been identified as being associated with better outcomes in performance management. In general, essential practices include transformational leadership and a coherent program of goal setting, performance monitoring and feedback. Some Health Information Managers may feel they require training assistance to develop the necessary skills in the establishment of meaningful work performance goals for staff and the provision of useful and timely feedback. This paper provides useful information to assist Health Information Managers enhance the performance of their staff.

Keywords (MeSH):

Employee Performance Appraisal; Human Resources; Health Personnel; Personnel Management; Task Performance and Analysis; Information Management

There is a long history of research directed towards determining which factors managers need to consider when improving staff performance, yet there is evidence that the healthcare system in Australia has not acted upon these factors. A recent Victorian study found substantial limitations in performance management among Victorian hospitals (Leggat, Bartram & Stanton 2008), and coupled with the decrease in the proportion of state public sector organisations providing training and support for staff involved in performance management (Victorian Office of Public Employment 2002), there is a need to increase performance management knowledge and skills among health sector managers. The aim of this paper is to summarise the relevant research findings to provide practical advice to Health Information Managers (and other health service managers) to support them in enhancing the performance of their staff. It provides an overview of high performing work systems, including the importance of transformational leadership, and then outlines performance measurement, reporting and feedback.

Definitions

Relevant definitions of performance measurement, performance reporting and performance management have been provided by Radnor and Barnes (2007). *Performance measurement* consists of quantitative or qualitative information on the input, output or level of activity of an event or process. This requires the identification and implementation of relevant performance indicators (Leggat et al. 1998). *Performance reporting* provides an account and analysis of the level of input, activity or output of an event or process, usually provided in comparison with a target. That is, trends in the performance indicators are reported over time, and where possible are compared with a standard of best practice. The standard or target may be set internally within the organisation or may be imposed by health service funding or governance organisations. *Performance management* is 'action, based on the performance measures and reporting, which is directed to improving behaviour, motivation and processes' (Radnor & Barnes 2007: 393). In some organisations performance management is considered to be synonymous with performance appraisal. It is my aim to convince Health Information Managers that while motivating

staff to improve (or even to maintain) their performance levels requires more than an annual performance appraisal, this is in fact an ongoing and rewarding process.

While the intent of this paper is to focus on management actions that enhance performance management, there has also been extensive research carried out on the organisational factors that influence motivation and performance. One stream of this research on high performing work systems provides an important context for performance management practices.

The importance of high performing work systems

Since the 1980s, management researchers have focused on identifying the characteristics of human resource management that are linked with staff performance. Studies conducted in a variety of industries have consistently pointed to a positive relationship between high performance work systems (HPWS) (also referred to as high performance workplaces, high commitment workplaces, high-involvement work systems and high performance practice) and employee performance (Delaney & Huselid 1996; Guthrie 2001, Youndt et al. 1996; Barraud-Didier & Guerrero 2002). Although many of these studies have been carried out in manufacturing organisations, similar findings of a relationship between aspects of HPWS and improved patient outcomes have been found in healthcare studies around the world (Aiken Smith & Lake 1994; West et al. 2002, 2006).

Overall, there is evidence that aspects of HPWS both individually and in 'bundles' are positively related to performance (Delaney & Huselid 1996; MacDuffie 1995; Batt 1999, 2002; Youndt et al. 1996; Snell & Youndt 1995). Not only have these practices been found to link to 'on-the-job' performance, they are also positively related to good citizenship behaviour that goes beyond individual job accountabilities (Tsui et al. 1992). The components of HPWS have been described as 'a group of separate, but interconnected human resource practises that together recruit, select, develop, motivate and retain employees' (Zacharatos, Barling & Iverson 2005: 79). HPWS practices are presumed to affect performance by enhancing employees' knowledge, skills, abilities

and commitment, and by providing them with the information and discretion necessary to capitalise on these skills and commitment in completing their jobs (Preuss 2003; Guthrie 2001; Huselid 1995).

Unfortunately, a definite set of HPWS factors has not been confirmed, as different variables have been included in the HPWS indices in different organisational studies (Godard 2004; Becker & Gerhart 1996). In a summary of five studies, Becker and Gerhart (1996) identified 27 different high performance work practice variables that had been found to have an association with workplace performance. In general, the factors relate to organisational aspects such as security, training and development, teamwork, participation and decentralised decision making, information sharing, transformational leadership, high-quality work (defined as appropriate workload, role clarity, and employee control) and measurement of management practices (Zacharatos, Barling & Iverson 2005). Many of these factors require an organisational response and are beyond the control of individual managers, but it is important that Health Information Managers are aware that there are important aspects of human resource management that assist in enhancing staff performance. Importantly, even within an organisation with high performing work systems in place, managers require skills in effective performance management.

Transformational leadership

While leadership research findings have been complicated by competing theories, inconsistent empirical results and historical shifts in fashions (Michie & West 2004), transformational leadership is regularly cited as an important HPWS component (Zacharatos, Barling & Iverson 2005). Transformational leaders are considered to appeal to ideals and values to encourage their followers, and are contrasted with transactional leaders who focus more on cost-benefit exchanges with followers (that is, 'you do your job and we will pay you' [Burns 1978]). By definition, transformational leaders 'transform' their workplaces, while transactional leaders work within bureaucratic rules and regulations. The evidence suggests that transformational leaders are able to

motivate their staff 'beyond expectations' (Sarros & Santora 2001: 392). Aptly described by Michie and West (2004: 101), transformational leadership is associated with:

- creating alignment around shared objectives and strategies to attain them
- increasing enthusiasm and excitement about the work and maintaining a sense of optimism and confidence about success
- helping people appreciate each other, and helping them to learn how to confront and resolve differences constructively
- helping people to coordinate activities, continuously improve, and develop their capabilities
- encouraging flexibility, objectively analysing processes, and learning collectively about better ways to work together
- representing the interests of the group or organisation, protecting its reputation, helping to establish trust with external stakeholders and helping to resolve conflicts between internal and external partners, and
- creating a unique group or organisational identity.

The important point is that transformational leadership does not apply just to those at the top of the organisational structure. All managers at every organisational level should be able to capably demonstrate these seven behaviours to be effective in performance management. In fact, it has been suggested that 'middle managers [in health care] are like heroes, championing the ideals and objectives of an organisation' (Embertson 2006: 231). Skills in transformational leadership are essential for effective Health Information Managers.

Performance measurement, reporting and feedback

As outlined above, performance management comprises consistent workplace systems and processes that are designed to assist people to perform to the best of their abilities through feedback, development and a supportive work environment. Performance management is based on effective measurement and reporting that enables relevant feedback to be given. Performance measurement, reporting and feedback require coherent organisational struc-

tures and processes, which are usually overseen by a human resources department or function. But performance management also requires the development of skills in goal setting, performance management, reporting and feedback among individual managers.

Goal setting

There is strong evidence that a goal setting approach is most effective in performance management (Locke & Latham 1990; Latham et al. 2005; Murphy & Cleveland 1995). Goal setting requires the manager and staff member to collaboratively develop measurable job goals and then, for the manager to provide regular feedback - not just annual appraisal feedback - on the employee's attainment of these agreed goals. Evaluations of goal setting have shown that if an employee believes that their goals are important, they become the standard against which their performance will be measured, and if they receive regular feedback, their performance will improve (Locke et al. 1981; Bandura & Locke 2003).

Vague general goals, such as 'next year you need to work harder', are unlikely to result in improved performance. The evidence is clear that the goals need to be 'SMARTT'. Performance goals need to be Specific, Measurable, Attainable but challenging, Relevant and recorded, and have a Timeframe for achievement (Mealiea & Latham 1996: 35), and be Trackable or easily monitored. Although many public sector organisations monitor organisational performance, few have been able to effectively link the performance indicators to the managers' and staff performance goals (Griffiths 2003; Leggat, Bartram & Stanton 2005). A key requirement for managers is to relate the individual performance goals of their staff to the broader organisational goals. As discussed above, this is a fundamental obligation of the transformational manager. The implication of this detailed goal setting (and the feedback to staff that will result) is that the manager must be very clear about what constitutes good (and not so good) performance in every job within their portfolio and to be able to communicate this to all staff.

Performance measurement and reporting

Three main phases in performance measurement have been recognised (Radnor & McGuire 2004). Initially performance was judged solely on financial indicators, as share price and organisational profits were seen as important to most businesses. However, by the 1980s this emphasis on the financial aspects was considered to be inadequate. Emphasis on financial measures is inadequate for public sector organisations, such as health services, as health services regularly hold broader and more complex goals than just enhancing the share price for investors (Leggat et al. 1998). Reliance on financial indicators can lead organisational managers to make short-term decisions that, while improving the financial outlook in the short term, make longer term sustainability difficult. This led to the development of multi-dimensional performance measurement frameworks, such as the balanced scorecard (BSC) (Kaplan & Norton 1996a). The intent of the balanced scorecard was to provide a 'balanced' picture of performance. These scorecards contained a balance of indicators focusing in different content areas, as well as a balance between short-term and longer-term indicators. For example, the financial indicators were analysed within the context of other measures of operational efficiency (e.g. percentage of charts completed within 24 hours of discharge) and indicators of staff and consumer satisfaction. The financial indicators could then be more effectively interpreted, with information from other perspectives of organisational performance. Managers were now able to see more clearly the impact of 'purely' financial decisions on business operations, and customer and staff satisfaction.

Most recently (the third phase), balanced scorecards have been enhanced to incorporate strategy maps that illustrate the link between key performance indicators and their impact on the achievement of the organisational strategy (Kaplan & Norton 2000). Public sector organisations have been taking the same performance measurement journey as their private sector counterparts and are basing their performance monitoring on more comprehensive frameworks such as the BSC (Radnor & Lovell 2003), enabling greater linking of strategy and operations. When the BSC has been designed and implemented

correctly, it has been shown to be an effective tool to improve articulation and communication of organisational strategy, facilitate managerial control and assist in strategic and operational process alignment (Kaplan & Norton 1996b, 2000). The balanced scorecard has been found to be useful in performance monitoring in health care organisations around the world (Inamdar & Kaplan 2002; Pink et al. 2001; Amaratunga et al. 2002).

In most health services, a set of organisational performance indicators will be established for consideration by management and the board. In some states in Australia, in 'exchange' for the public health sector funding, a set of performance indicators is mandated by the state government. Relevant performance indicator scorecards are needed for all health service departments that feed into the organisational level indicators. It is the role of the manager to interpret the performance indicators for the organisation and the department for the staff. A departmental balanced scorecard can provide useful information to assist the staff to understand how their performance links to the broader departmental and organisational goals and is a useful, visible tool for staff feedback.

Performance feedback

Once the goals have been agreed upon and the performance indicators identified, they need to be the focus of the regular and timely performance feedback (DeNisi & Pritchard 2006). Performance appraisal is only one small part of the performance management systems and processes, providing some, but not all, of the necessary feedback. Evidence shows that once-a-year performance appraisals have little success in enhancing staff performance (McAfee & Champagne 1993; Latham et al. 2005). According to Latham et al. (2005: 82), 'appraisals are more often a reflection of the appraiser's overall biases than they are of the performance of an employee'. The sophistication and extensiveness of performance appraisal was the most significant predictor of patient mortality in United Kingdom hospitals (West et al. 2002), yet a 2004 survey found that only one in ten employees believed that their organisation's appraisal system helped them to improve their performance (Pulakos 2004). The

research shows that once ongoing feedback is in place, the appraisal is more likely to be seen as an objective, historical document that can be used to develop plans for the future and increase employee motivation and productivity (McAfee & Champagne 1993).

Many studies have focused on methods to increase the validity of performance appraisal instruments, with general conclusions that behaviourally-based criteria, developed from the job analysis, are most effective (Latham et al. 2005). Studies have consistently found that there is little reliability among different managers providing performance ratings (Lawler 1967; Tsui 1990). These documented differences in perceptions of performance have led to the development of multi-source or 360-degree feedback mechanisms, where supervisor performance ratings are married with peer, subordinate and even customer feedback. While these multi-source appraisal programs are popular within organisations and are considered to increase perceptions of fairness (Latham et al. 2005), there is limited empirical evidence that they have a positive impact on employee performance (DeNisi & Pritchard 2006).

There is useful research outlining how to ensure performance feedback has the intended outcomes, which shows that managers tend to narrowly frame situations where difficult feedback needs to be given; that is, few options are considered and the situation is often seen only as a win or lose proposition (Manzoni 2002). This is consistent with Argyris' findings that in stressful situations individuals unconsciously try to gain control of the situation to win, which then means that the other side usually has to lose (Argyris 1986). This suggests that managers need to conscientiously avoid a win-lose mindset, and focus on the desired behaviour, providing examples and detailing how to improve (DeNisi & Pritchard 2006), rather than emphasising the person or the undesired behaviour (Latham et al. 2005). It is emphasised that 'honesty should not be confused with hurtfulness' (Latham et al. 2005: 83), with planned and sensitive feedback a requirement. Finally, it is clear that feedback is more readily accepted if it is delivered by someone whom the recipient trusts and believes has good intentions (Manzoni 2002). Without

the development of a trusting relationship among manager and subordinate, performance feedback is unlikely to be successful.

Response to negative feedback in particular has been shown to depend on the personal characteristics of the feedback recipient; the nature of the message that is provided; and the characteristics of the manager providing the feedback (Ilgen, Fisher & Taylor 1979). As a result, managers need to ensure that both the planning process and the communication process are perceived as being fair. Managers need to collect the relevant information and show respect for the subordinate by listening and considering the subordinate's opinions (Manzoni 2002), ever mindful that the feedback process is not about winners and losers. Managers must recognise that their role in performance management has changed from evaluation of performance to development of their staff (Latham et al. 2005).

The need for training and assistance

Effective performance management requires a different mindset from the more narrow focus on performance appraisal that has tended to happen in the past. Under performance management, if employees do not reach their goals, the manager is considered at least somewhat accountable (McAfee & Champagne 1993). Unfortunately the skills required for effective performance management are not innate – training is often required. Managers need to be confident in setting viable goals, negotiating development plans, and providing coaching and counselling (McAfee & Champagne 1993) and should ask their organisation for assistance if they are not.

Conclusions

Performance management is an important role of a manager. While there are organisational aspects that facilitate employees to enhance their performance, managers require specific skills in performance management. The evidence is clear that performance improvement is dependent upon sound human resource management practices, fair appraisal practices, effective performance management, and an awareness of an organisation's overall strategic goals (DeNisi & Pritchard 2006). Specifically, Health Information

Managers need to consider their abilities in transformational leadership, creating excitement and enthusiasm around organisational objectives; they also need skills in collaborative goal setting and effective performance feedback to achieve a highly motivated health information service.

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