



Performance Management in Health Care

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“ To win in the marketplace, you must first win in the workplace. ”

(Doug Conant – President & CEO of the Campbell Soup Company)

“ Always treat your employees exactly as you want them to treat your best customers. ”

(Stephan R. Covey – writer of The 7 Habits of Highly Effective People)

❖ How Do You Understand
'Performance Management'?

❖ Is it Important in Health
Care?



So Many Definitions on Google

" *Performance management* is an ongoing process of communication between **a supervisor and an employee** that occurs through the year, in support of accomplishing the strategic **objectives** of the organization. The communication process includes *clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results.*"

(University of California)

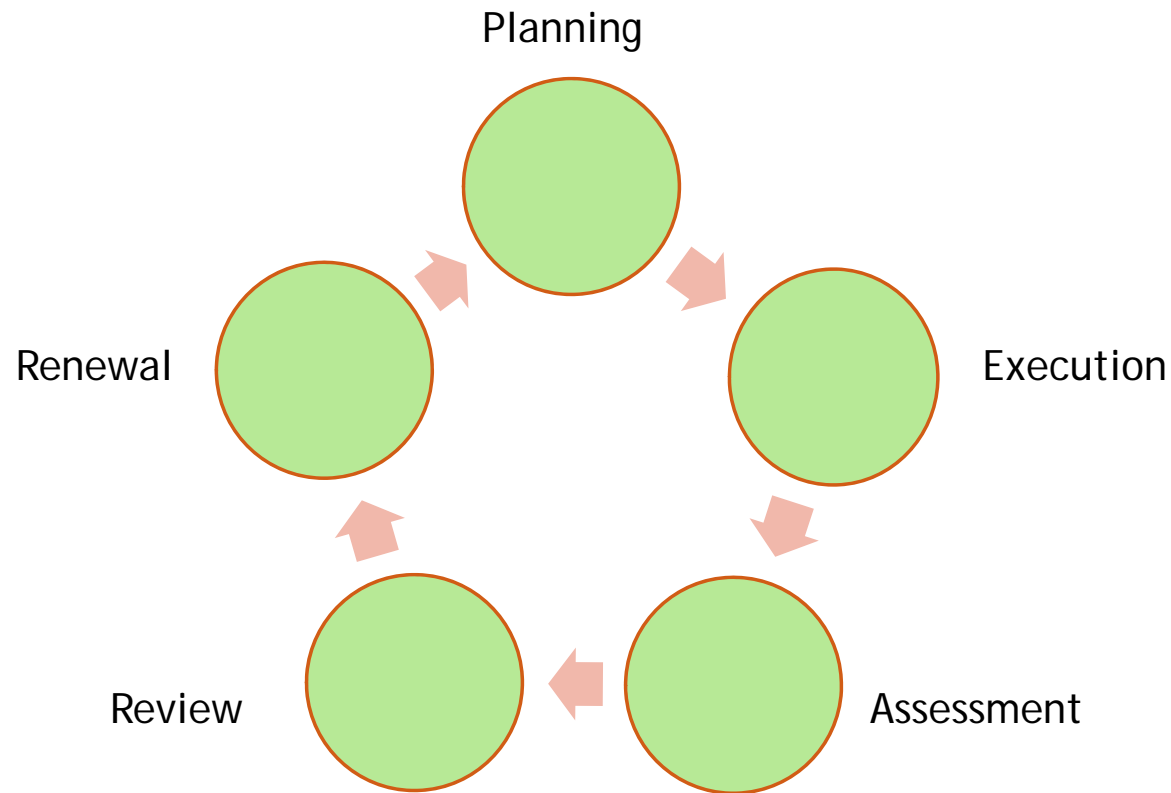
Importance of Performance Management in Health Care

- ❖ Talent & skilled workforce is the lifeblood of every organization including hospitals
- ❖ It creates empowered and engaged workforce
- ❖ It improves employees' skills & abilities
- ❖ Increase in employee-related tasks in health care
- ❖ More complex nature of health service provision and involvement of various type of health workers
- ❖ Growing public demand & global health workforce shortage

Performance Management Process

- 1) Prerequisites
- 2) Performance planning
- 3) Performance execution
- 4) Performance assessment & appraisal
- 5) Performance review
- 6) Performance renewal and re-contracting

Performance Management Cycle



(1) Prerequisites

- ❖ Job analysis
- ❖ Gap analysis
- ❖ Force-Field Analysis
- ❖ Situational Analysis for Strategic planning



(2) Performance Planning

- ❖ Employees must have thorough knowledge of the performance management system
- ❖ Discussion between employee and manager
- ❖ Set SMART goals and measurement standards:
 - Results
 - Behavior
 - Developmental plans



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(3) Performance Execution

Shared responsibility

- ▶ Employee responsibility:
 - Commitment to established goals
 - Communication and update with manager
- ▶ Manager responsibility:
 - Feedback, coaching and reinforcement
 - Resource support
 - Accurate observation and documentation



(4) Performance Assessment and Appraisal

Who should appraise?

- ▶ Supervisors
- ▶ Peers and team members
- ▶ Subordinates
- ▶ 360 degree feedback



What About the Employee?

Should employees do self-appraisals?



Performance Appraisal Methods

- ❖ ***Critical Incident Appraisal*** – focus on key or critical behaviors that make different between effectiveness and ineffectiveness
- ❖ ***Checklist Appraisal*** – use checklist for evaluation
- ❖ ***Adjective Rating Scale Appraisal*** – use various degree of adjective for rating
- ❖ ***Individual Ranking*** – ranking from lowest to highest
- ❖ ***360 Degree Appraisal*** – combined feedback of self-appraisal, superior's appraisal, subordinate's appraisal & peer appraisal

Performance Appraisal Problems

- ▶ Appraiser discomfort
- ▶ Strictness/leniency
- ▶ Bias and lack of objectivity
- ▶ Manipulating the evaluation
- ▶ Halo/horns effect
- ▶ Hawthorne Effect
- ▶ Central tendency error
- ▶ Recent behavior
- ▶ ¹⁴ Supervisor unable to observe behavior

Making Effective Appraisal

- ❖ Prepare for, and schedule, the appraisal in advance
- ❖ Create a supportive environment to put employees at ease
- ❖ Describe purpose of the appraisal to employees
- ❖ Involve employee in the appraisal discussion, including a self-evaluation
- ❖ Focus discussion on work behavior, not on the employee
- ❖ Support your evaluation with specific examples
- ❖ Give both positive and negative feedback
- ❖ Ensure employees understand what was discussed in the appraisal
- ❖ Generate a development plan

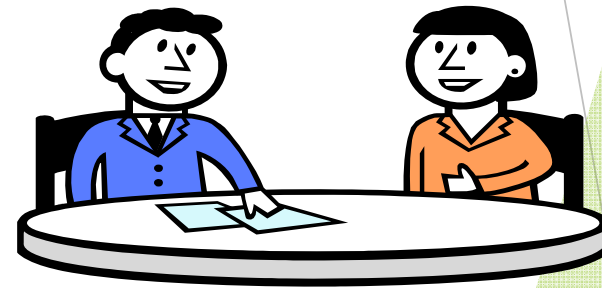
Writing the Appraisal Review Document

Are your comments accurate and meaningful to the employee or just clichés?



(5) Conducting the Performance Review (Interview)

- ▶ Explain the purpose of the interview
- ▶ Discuss self-appraisal
- ▶ Share ratings and explain rationale
- ▶ Discuss development plans
- ▶ Employee summary
- ▶ Rewards discussion (if appropriate)
- ▶ Set follow-up meeting
- ▶ Employee signature
- ▶ Supervisor recap
- ▶ Appeals process



(6) Performance Renewal and Re-Contracting

- ❖ Final step in performance management process
- ❖ Readjust based on insight from completed process
- ❖ Plan for next performance management cycle



Employee Development Methods

- ❖ Job Rotation
- ❖ Assistant-To Positions
- ❖ Committee Assignment
- ❖ Lecture Courses and Seminars
- ❖ Simulations (eg. Case study)
- ❖ Outdoor Training
- ❖ Organizational Development

Creating More Effective Performance Management System

- ❖ Use Behavior-Based Measures
- ❖ Combine Absolute and Relative Standards
- ❖ Provide Ongoing Feedback
- ❖ Have Multiple Raters (peer evaluation, 360 Degree Appraisal)
- ❖ Rate Selectively
- ❖ Train Appraisers

Hospital Performance Management

"A hospital is a place where the staff have more complaints than the patients."

P.K.Shaw

How Can We Measure Health System Performance?

Health system performance

How does the health system perform?

What is the level of quality of care across the range of patient care needs?

Is it the same for everyone?

Does the system deliver value for money and is it sustainable?

Effectiveness

Care/intervention/action provided is relevant to the client's needs and based on established standards. Care, intervention or action achieves desired outcome

Safety

The avoidance or reduction to acceptable limits of actual or potential harm from health care management or the environment in which health care is delivered

Responsiveness

Service is client orientated. Clients are treated with dignity, confidentiality, and encouraged to participate in choices related to their care

Continuity of care

Ability to provide uninterrupted, coordinated care or service across programs, practitioners, organisations and levels over time

Accessibility

People can obtain health care at the right place and right time irrespective of income, physical location and cultural background

Efficiency & sustainability

Achieving desired results with most cost effective use of resources. Capacity of system to sustain workforce and infrastructure; to innovate and respond to emerging needs

Hospital Performance Indicators in *Australia's Health 2010*

- National Health Performance Framework:
 - Effectiveness
 - Safety
 - Responsiveness
 - Continuity of care
 - Accessibility
 - Efficiency and sustainability
- Comparisons: over time, between states/sectors/countries, considering equity

Issues in Assessing Effective Performance

Issues in Organizational Assessment

- ✓ Fundamental perspectives eg. quality Vs efficiency
- ✓ Domain of activity eg. direct service providers Vs supportive staffs
- ✓ Different stakeholders eg. service providers Vs end users

Different Levels of Analysis

- ✓ The organization itself eg. larger hospital networks Vs smaller separate hospitals
- ✓ Larger social unit that contains the organization eg. medical associations
- ✓ Subunits contained within organization eg. medical ward Vs surgical ward

Technical Issues in Assessment – structural, process, outcome

Assessing Effective Performance

Table 13.1. Examples of Performance Measures by Category

	Domain of Activity		
	Clinical Care	Financial Management	Human Resources Management
Structure	<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> ■ Percent of active physicians who are board certified ■ JCAHO accreditation ■ Number of residencies and filled positions ■ Presence of council for quality improvement planning 	<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> ■ Qualifications of administrators in finance department ■ Use of preadmission criteria ■ Presence of an integrated financial and clinical information system 	<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> ■ Ability to attract desired registered nurses and other health professionals ■ Size (or growth) of active physician staff ■ Salary and benefits compared with competitors ■ Quality of inhouse staff education

Assessing Effective Performance

Table 13.1. Examples of Performance Measures by Category

				Domain of Activity		
				Clinical Care	Financial Management	Human Resources Management
Process	<i>Effectiveness</i>			<ul style="list-style-type: none"> Rate of medication error Rate of nosocomial infection Rate of postsurgical wound infection Rate of normal tissue removed 	<ul style="list-style-type: none"> Days in accounts receivable Use of generic drugs and drug formulary Market share Size (or growth) of shared service arrangements 	<ul style="list-style-type: none"> Grievances Promotions Organizational climate
	<i>Productivity</i>			<ul style="list-style-type: none"> Ratio of total patient days to total full-time equivalent (FTE) nurses Ratio of total admissions to total FTE staff Ratio of physician visits to total FTE physicians 	<ul style="list-style-type: none"> Ratio of collection to FTE financial staff Ratio of total admissions to FTE in finance department Ratio of new capital to fund-raising staff 	<ul style="list-style-type: none"> Ratio of line staff to managers
	<i>Efficiency</i>			<ul style="list-style-type: none"> Average cost per patient Average cost per admission 	<ul style="list-style-type: none"> Cost per collection Debt/equity ratio 	<ul style="list-style-type: none"> Cost of recruiting

Assessing Effective Performance

 **Table 13.1.** Examples of Performance Measures by Category

	Domain of Activity		
	Clinical Care	Financial Management	Human Resources Management
Outcome	<i>Effectiveness</i> <ul style="list-style-type: none">■ Case-severity-adjusted mortality■ Patient satisfaction■ Patient functional health status	<i>Effectiveness</i> <ul style="list-style-type: none">■ Return on assets■ Operating margins■ Size (or growth) of federal, state, or local grants for teaching and research■ Bond rating	<i>Effectiveness</i> <ul style="list-style-type: none">■ Turnover rate■ Absenteeism■ Staff satisfaction

Two Models for Changing Performance

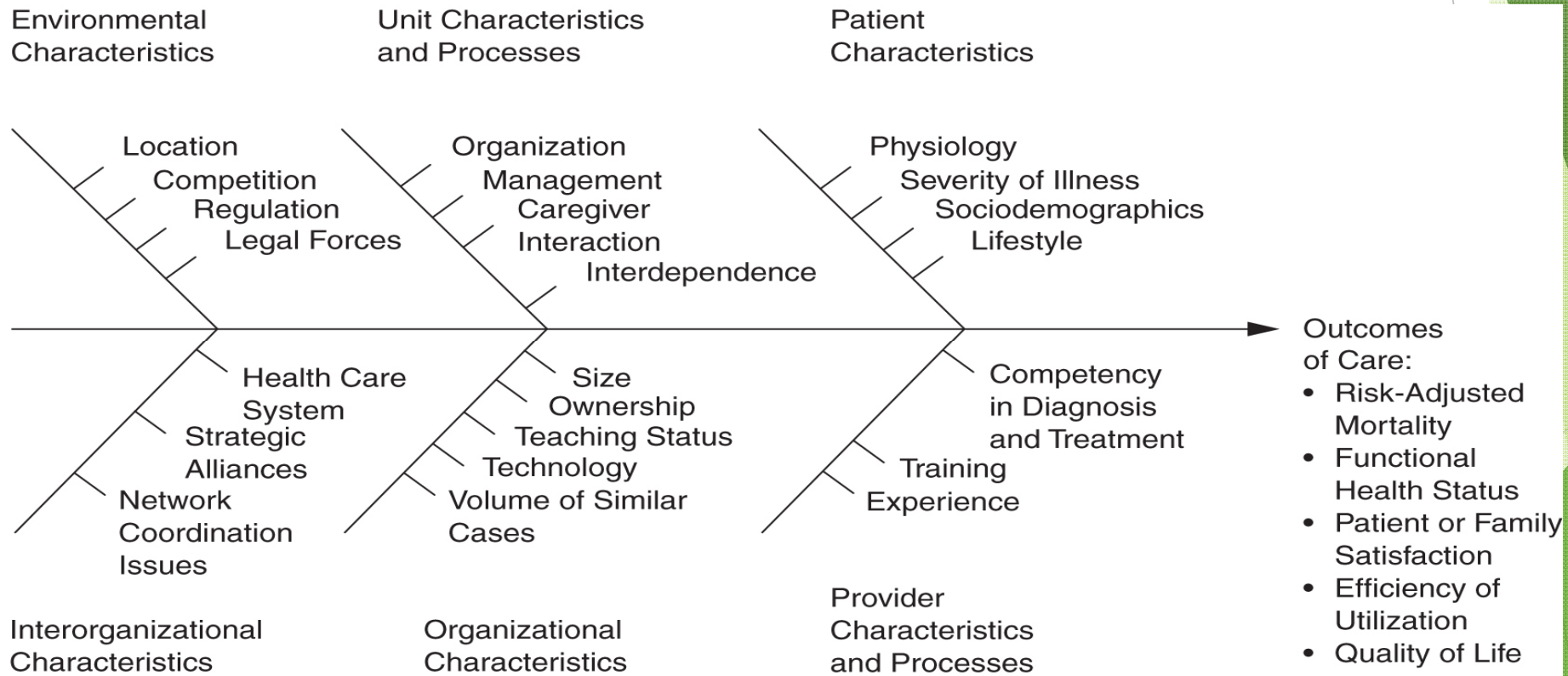
Quality assurance (QA)

- ❖ Formal and systematic exercise to identify problems

Quality Improvement (QI)

- ❖ Management philosophy in which the customer is central
- ❖ Process-focused

Use of Fish-Bone Analysis for QI



Precautions when Designing QI Strategy

- ❖ Use physicians' time wisely
- ❖ Peak physicians' interests
- ❖ Empower physicians' participation
- ❖ Respect professional values
- ❖ Capitalize on progress units and groups that have achieved targets

The Manager's Role in Creating High-Performance

*Relatively
Uncontrollable*

*Relatively
Controllable*

Natural Disasters
International Relations
National Economic Policy
(e.g., Inflation
Unemployment)
Population Demographics
(e.g., Changing Age
Mix of the Population)
Stock Market
Social Problems
(e.g., Riots)
Immigration Patterns

Health Care System
External Regulation
and Accreditation
New Technological
Developments
Competition
Physician Surplus or
Shortage
Nurse Surplus or
Shortage
New Legal
Developments
Societal Preferences
and Tastes

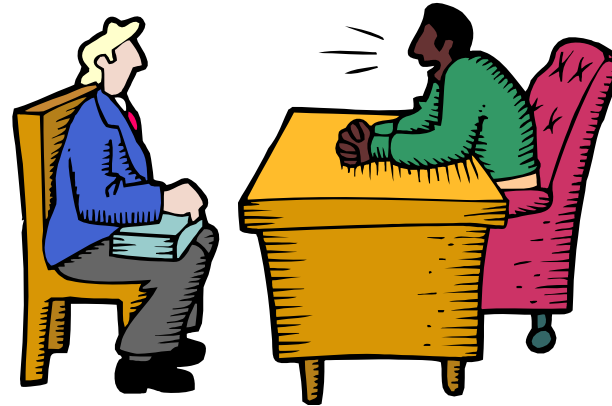
Consolidation
System Growth
Organization Size
Ownership Status
Third-Party Payment
Trends
Teaching Affiliation
Medical Staff
Organization and
Characteristics
Purchaser Demands
for Preferential
Conditions

Organizational Mission
and Culture
Labor Mix
Human Resources
Development
New Product or New
Market Development
Vertical and Horizontal
Integration (e.g.,
Acquisitions, Alternative
Delivery System
Development)
Organization Design
(e.g., Coordination,
Centralization of
Decision Making)

Wage and Salary
Administration
Capital Investment
Strategy
Financial Goals
Marketing Plans
Patient Care Policies
and Practices
Problem Identification
and Management
Conflict Management
Practices
QA Practices and
Policies

Performance Management Skills

- ❖ *Communication*
- ❖ *Coaching*
- ❖ *Giving feedback*
- ❖ *Empathy*
- ❖ *Teamwork*



"Let's practice your performance management skills."



**Thanks For
Your Attention**