Management for the Health Information Professional

Second Edition

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PRESS

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ISBN: **978-1-58426-681-5**
AHIMA Product No.: AB124018

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Brief Table of Contents

About the Authors . . . xi

Preface . . . xiii

Acknowledgements . . . xvii

Chapter 1 Theories of Management and Leadership . . . 1

Chapter 2 The Management Functions of Health Information Management . . . 29

Chapter 3 Leadership Concepts in Health Information Management . . . 47

Chapter 4 Budgeting as a Function of Health Information Management . . . 67

Chapter 5 Change Management in Health Information Management . . . 79

Chapter 6 Legal Aspects of Healthcare Management . . . 107

Chapter 7 Job Descriptions and Roles in Health Information Management . . . 127

Chapter 8 Recruitment, Selection, and Retention in Health Information Management . . . 155

Chapter 9 Performance Management in Health Information Management . . . 179

Chapter 10 Training and Development in Health Information Management . . . 201

Chapter 11 Organizational Structure of Health Information Management . . . 221

Appendix A Side by Side Progression Map of Health Information Management Curricula . . . 243

Appendix B Examples of Job Descriptions . . . 249

Appendix C AHIMA Code of Ethics . . . 257

Appendix D AHIMA Standards of Ethical Coding . . . 265

Appendix E Case Studies in Health Information Management . . . 273

Appendix F Answers to Odd-Numbered Review Questions . . . 283

Glossary . . . 285

Index . . . 301

Detailed Table of Contents

About the Authors . . . xi

Preface . . . xiii

Acknowledgements . . . xvii

Chapter 1 Theories of Management and Leadership . . . 1

- Scientific Management . . . 2
  - Frederick Taylor . . . 2
  - Max Weber . . . 4
  - Frank and Lillian Gilbreth . . . 5
  - Henry Gantt . . . 6
- Administrative Management . . . 7
  - Henry Fayol . . . 7
  - James D. Mooney . . . 7
  - Chester Barnard . . . 8
  - Mary Parker Follett . . . 9
- Humanistic Management . . . 9
  - Elton Mayo . . . 9
  - Abraham Maslow . . . 10
  - Douglas McGregor . . . 10
- Operations Management . . . 11
  - Six Sigma . . . 11
  - Lean . . . 12
- Contemporary Management . . . 12
  - Peter Drucker . . . 12
- Leadership . . . 13
  - Trait Theory of Leadership . . . 14
  - Behavioral Theories of Leadership . . . 14
  - Contingency Approach to Leadership . . . 18
  - Transformational and Transactional Theories of Leadership . . . 20
  - Values-Based Leadership . . . 21
  - Servant Leadership . . . 21

Case Study . . . 23
Review Questions . . . 25
References . . . 26

Chapter 2 The Management Functions of Health Information Management . . . 29

Functions of Management . . . 30
  Planning . . . 30
  Organizing . . . 32
  Leading . . . 33
  Controlling . . . 37
Levels of Management . . . 39
Ethics in Health Information Management . . . 40
Case Study . . . 42
Review Questions . . . 43
References . . . 44

Chapter 3 Leadership Concepts in Health Information Management . . . 47

Diversity . . . 48
  Cultural Diversity . . . 48
  Barriers to Increasing Diversity in the Healthcare Environment . . . 48
  Diversity Management . . . 49
  Aging Workforce . . . 51
Inclusion . . . 53
Teams . . . 53
  Members of the Team . . . 54
  Formal versus Informal Teams . . . 55
  Cross-Functional Teams . . . 56
  Virtual Teams . . . 56
Motivation . . . 57
  Work Motivation Theories . . . 57
  Motivation Strategies . . . 60
  Motivating Teams . . . 61
  Aging Workforce Motivation . . . 62
Morale . . . 62
Case Study . . . 63
Review Questions . . . 64
References . . . 66

Chapter 4 Budgeting as a Function of Health Information Management . . . 67

Budget as a Planning Tool . . . 68
  Top-Down Budgets . . . 68
  Bottom-Up Budgets . . . 68
  Budget Planning Process . . . 68
  Types of Budgets . . . 71
Budget as a Controlling Tool . . . 72
  Budget Variance . . . 73
  Budget Committee . . . 74
Case Study . . . 75
Review Questions . . . 76
References . . . 78
Resource . . . 78

Chapter 5 Change Management in Health Information Management 79

Strategic Planning and Organizational Development 80
  Organizational Development 82
  Health Information Management Roles in Strategic Planning 82
Change Management 86
  Change Initiatives 87
  Contemporary Change Management Models and Techniques 88
  Organizational Culture and Change 92
  Values and Change Management 93
Communication and Change Management 93
  Change Management and Negotiation 94
  Change Management and Collaboration 95
  Conflict Management 96
Case Study 100
Review Questions 103
References 104

Chapter 6 Legal Aspects of Healthcare Management 107

Employment Laws Impacting Healthcare 108
  Americans with Disabilities Act 108
  Civil Rights Act of 1964 109
  Civil Rights Act of 1991 111
  Age Discrimination in Employment Act of 1967 111
  Family and Medical Leave Act of 1993 112
  Fair Labor Standards Act 112
  Health Insurance Portability and Accountability Act of 1996 113
  Consolidated Omnibus Budget Reconciliation Act 114
Applying Equal Employment Opportunity Principles to Health Information Management. 115
  Personnel Polices 115
  Interviewing 115
  Counseling 117
  Progressive Discipline 117
  Termination for Cause and Due Process 119
Case Study 123
Review Questions 124
References 126

Chapter 7 Job Descriptions and Roles in Health Information Management. 127

Job Analysis and Job Design 128
  Job Analysis Terminology. 128
  Job Analysis Method 128
Job Descriptions 136
  Job Title 137
  Reporting Relationships 139
  Job Summary 139
  Job Tasks or Duties 139
  Job Specifications 140
  Job Context 140
  Controlling Processes for Job Specifications 141

Job Crafting . . . 147
  The Three Dimensions of Job Crafting . . . 147
  Alignment . . . 148
Job Redesign . . . 148
Case Study . . . 150
Review Questions . . . 151
References . . . 153

Chapter 8 Recruitment, Selection, and Retention in Health Information Management 155

Job Recruitment . . . 156
  Traditional Recruitment Tools . . . 158
  Advanced Recruitment Tools . . . 160
  Legal Aspects of Recruitment . . . 160
  Evaluation of Recruitment Methods . . . 161
Job Selection . . . 161
  Selection Tools . . . 162
  Interviewing Techniques . . . 163
  Candidate Selection . . . 165
Job Retention . . . 166
  Turnover . . . 166
  Retention Strategies . . . 167
  Compensation Practices . . . 169
Case Study . . . 173
Review Questions . . . 175
References . . . 177

Chapter 9 Performance Management in Health Information Management . . . 179

Human Resources and Performance Management . . . 180
  Performance Appraisal Life Cycle . . . 181
  Performance Management Tools . . . 182
Performance Standards . . . 183
  Performance Assessment . . . 184
  The Physical Working Environment . . . 185
  Completion of the Performance Appraisal Document . . . 188
  Measuring Performance with Qualitative and Quantitative Data . . . 188
  Pay for Performance . . . 189
Performance Appraisal Process . . . 190
  Performance Appraisal Methods . . . 191
  Self-evaluation of Performance . . . 193
  Communicating Performance Appraisal Results . . . 193
  Employee Performance Improvement Plans . . . 194
Case Study . . . 196
Review Questions . . . 197
References . . . 199

Chapter 10 Training and Development in Health Information Management . . . 201

Orientation and Training . . . 202
  New Employee Orientation . . . 202
  Training Design . . . 205

Healthcare Training Methods 207
Learning Styles 209
Staff Development 210
Continuing Education Methods 210
Professional Career Development 213
Career Assistance 214
Case Study 215
Review Questions 217
References 219

Chapter 11 Organizational Structure of Health Information Management 221

Healthcare Organizational Models and Health Information Management 222
Line Management or the Hierarchical Organizational Model 222
Nonhierarchical Organizational Model 223
Transitioning from a Line Management or Hierarchical Organization Model to a Nonhierarchical Organizational Model 224
Committees 224
Purposes of Committees 226
Committee Structure 227
Limitations and Disadvantages to Committees 228
External and Internal Influences on Health Information Management 228
Professional Organizations 229
Competitors for Health Information Management Roles 232
Staying Relevant as an Health Information Management Professional 233
AHIMA's Guidance for HIM Professionals 233
American Health Information Management Association Educational Curriculum Competencies in Practice 233
Emerging Roles in Health Information Management 235
Summary 236
Case Study 237
Review Questions 239
References 240

Appendix A Side by Side Progression Map of Health Information Management Curricula 243

Appendix B Examples of Job Descriptions 249

Appendix C AHIMA Code of Ethics 257

American Health Information Management Association Code of Ethics 257
Preamble 257
Purpose of the American Health Information Management Association Code of Ethics 257
Principles 258
AHIMA Code of Ethics Guidelines 258
How to Interpret the Code of Ethics 259
Acknowledgement 264
Resources 264

Appendix D AHIMA Standards of Ethical Coding 265
Introduction. 265
Definitions 266
Standards of Ethical Coding 266
The Standards for Ethical Coding and How to Interpret the Standards of Ethical Coding 267
    Standards and Guidelines 267

Appendix E Case Studies in Health Information Management 273
Case Study 1: Mergers and Acquisitions 273
Case Study 2: The Remote Health Information Management Department 277
Case Study 3: Health Information Management Department Technology Needs. 280

Appendix F Answers to Odd-Numbered Review Questions. 283

Glossary 285

Index 301

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Preface

This textbook is intended to provide practical instruction in management principles from a health information management (HIM) perspective with both theory and practice examples given. This updated second edition is written for HIM professionals at the undergraduate level and is specifically intended for bachelor's level students in a four-year program. The career goal for most RHIA-eligible students is a management position in the healthcare field. HIM managers are found in all healthcare settings: acute-care, outpatient, long-term care, rehabilitation, and even as vendors. The principles introduced here will provide a foundation and path for sound management practice and decision making. At the same time, there is recognition of the importance that the human resources (HR) department plays in today's healthcare management environment. Organizations differ on the extent to which managers are requested or required to seek the consult of HR, and a new HIM manager must be aware of the situations that will require input from the HR department. This textbook identifies those situations and offers guidance as to when a new HIM manager should include HR in their decision-making process.

Each chapter includes learning objectives and key terms, Check Your Understanding questions to test comprehension of chapter material, references applicable to chapter content, and a case study that covers comprehensive chapter content.

In addition to a case study for each chapter, appendix E provides three additional case studies to provide comprehensive scenarios integrating content from all chapters. Each case study includes learning objectives, a real-world scenario, assumptions, and deliverables. The case studies are written from a manager's perspective and require critical thinking and, in some cases, additional research to support answers. The case studies may be used in their entirety as presented, or faculty may modify or enhance the case studies to fit their needs. For example, while many of the case studies focus on the acute-care setting, it is possible to adapt the scenarios to other settings, such as ambulatory care centers, skilled nursing facilities, or physician offices.

Ancillaries include the instructor manual to accompany the textbook, PowerPoint presentations, a test bank, discussion questions to be utilized within the classroom or online discussion boards, crosswalks to RHIA domains, and answer keys as appropriate. The student workbook includes end-of-chapter review questions and answers to review and Check Your Understanding questions.

Chapter 1, "Theories of Management and Leadership," addresses the historical perspective as a precipitating factor to the understanding of management practices. Major management and leadership theories are identified and their concepts are discussed. Scientific, administrative, humanistic, operational, and contemporary management theorists and their research are presented as a foundation for the HIM manager. Leadership theories such as behavioral, contingency, transformational, values-based, and servant-based are discussed in relation to leadership practices within healthcare organizations.

Chapter 2, "The Management Functions of HIM," introduces the management functions of planning, organizing, leading, and controlling in relation to an HIM manager's job responsibilities. The chapter serves as a guide to the management functions discussed in later chapters by referencing topics and the chapters in which they are covered.

Also detailed are the levels of management most seen in healthcare organizations. The chapter concludes with a discussion of the ethical aspects of HIM in healthcare organizations and has been updated to include a section on ethical decision-making.

Chapter 3, "Leadership Concepts in HIM," addresses the trends that HIM professionals must keep abreast of in management practice. It is not enough to understand changes to coding guidelines or privacy matters; an HIM manager must be aware of concepts in the business world and their potential impact on healthcare in general and HIM specifically. Leadership concepts discussed in this chapter are diversity in the workplace, the increasing use of teams in healthcare, and the importance of motivation and morale in the work place. Motivation theories are presented to lay the groundwork for a discussion on motivation.

Chapter 4, "Budgeting as a Function of HIM," provides entry-level managers the basics on budgeting for HIM and reviewing the budget variances that may occur when managing HIM functions. In this chapter, budgeting is explored as both a planning and controlling function of management. Future managers learn how to differentiate between different types of budgets with the practical end goal of being able to perform budgeting tasks such as computing variances and preparing budgets in a spreadsheet.

Chapter 5, "Change Management in HIM," addresses strategic planning in healthcare organizations and how developing new strategic initiatives is necessary to meet the changing needs of today's healthcare environment. Change management theories and notable change management techniques are also discussed as the ability to successfully manage change is a skill necessary for all HIM professionals. HIM managers also need to understand the critical conversations and conflict management skills required to overcome the resistance evident in a changing environment. Negotiation techniques and the collaborative skills necessary to manage change in a healthcare organization are also covered.

Chapter 6, "Legal Aspects of Healthcare Management," discusses major laws impacting the United States workforce. Understanding the laws that affect the workplace is the responsibility of each HIM manager. This chapter provides a description of workforce legislation and the implications that the laws have on interviewing, counseling, and progressive discipline practices in the workplace. Knowledge of employment law allows a manager to act with confidence and assurance, but should never be a substitute for advice and recommendations from human resources professionals or legal counsel.

Chapter 7, "Job Descriptions and Roles in HIM," outlines the basic components of job analysis and job design such as techniques for assessing job needs, reviewing job analysis methods, and designing jobs that will attract highly-skilled individuals. Job roles and responsibilities are changing at a rapid pace within HIM. HIM professionals are assuming jobs in nontraditional workplaces that require job descriptions reflective of the skills necessary in these new workplaces. The chapter includes a review of the components of job descriptions and job specifications as well as policies and procedures. A section on workflow practices has been added. There is also a discussion of job crafting and job redesign as methods of improving HIM employee job satisfaction and retaining motivated HIM processionals.

Chapter 8, "Recruitment, Selection, and Retention in HIM," examines the recruiting tools available to managers, details the selection process of new employees, and discusses the impact of turnover and retention on the HIM workforce. Recruitment, selection, and retention are basic functions of any HIM manager's responsibilities. As the electronic health record becomes the standard in healthcare organizations, HIM positions continue to change and develop. The need for file clerks disappears, but the need for scanning clerks increases. Voice recognition technology means that transcriptionists do less typing and more editing. Coding personnel develop new skills as they work with physicians and other healthcare providers to improve clinical documentation in the record. Population statistics indicate that the younger workforce is declining, so there will be increased competition among organizations to hire younger workers. An organization must hire and retain qualified individuals as part of any strategic plan. This updated chapter expands the discussion of outsourcing and offshoring. The chapter also includes a detailed discussion of how a candidate's digital footprint may be considered as a selection tool.

Chapter 9, "Performance Management in HIM," discusses the role that the human resource department plays in the performance management process and outlines the components of performance management within healthcare organizations. HIM managers are involved in the performance appraisal process both as recipients and providers of evaluations, so this chapter includes the performance appraisal life cycle and performance management tools. The development of performance standards is discussed in detail as is the rating of employee performance. The assessment of performance in terms of short- and long-term performance variability is delineated along with the contributing factors to performance variability. The chapter discusses the completion of performance appraisal documents and the HIM manager's role in this process. Different appraisal methods that can be adopted, and the advantages and disadvantages of each are also addressed.

Chapter 10, "Training and Development in HIM," provides the fundamentals of staff training and development. As the recent transition from ICD-9-CM to ICD-10-CM/PCS has illustrated, the opportunities for training and developing are plentiful and HIM managers need to assume the teaching role. This chapter covers orientation and training as well as staff development related to continuing education and career development. Training and development may be coordinated organization-wide through an education department, but in an HIM department or work section area the HIM manager is responsible for these activities. HIM managers have the technical expertise, education, and practical experience to carry out necessary training, but they must also possess the skills to perform needs assessments, understand learning styles, and choose appropriate methods of instruction. This chapter discusses all of the necessary components of a training and development program. It has been updated with a discussion of HIM involvement in consumer engagement opportunities.

Chapter 11, "Organizational Structure of HIM," provides guidance in assessing a healthcare organization's landscape in relation to internal and external influences and how these influences impact the HIM department's organizational model. HIM students and practitioners need to keep pace with changes that are significantly impacting the HIM field. HIM managers need to be cognizant of the environmental factors that are impacting the profession and know how to adapt to these changes. HIM managers also need to be aware of the committee structures that exist within healthcare organizations, and how these committees impact the management of HIM departments. This chapter will also discuss the external influences related to government initiatives that impact the management of health information. A review of competitors for HIM roles and how HIM professionals must stay current and relevant in today's competitive healthcare market is provided. The chapter concludes with a summarization of the textbook.

Acknowledgements

Janette R. Kelly, MBA, RHIA

I would like to thank my husband Tom, and daughters Emily and Caroline, for their patience and understanding during the writing and updating of this textbook. I would like to thank my mother, Lois Richard, for introducing me to the profession of health information management during my freshman year in college. Mothers always know best. I would like to thank the many administrators, bosses, peers, and employees who have helped to shape my management style and philosophy over the years. Finally, a special thanks to Pamela S. Greenstone. I could and would have never done this without her!

Pamela S. Greenstone, MEd, RHIA

I would like to thank my partner Steve for his patience and encouragement throughout the many weekends and evening hours that I spent revising this textbook. I am also thankful for all the management experiences that I encountered within my HIM career that allowed me to embark on this writing endeavor. It was wonderful having Janette R. Kelly as a collaborative partner and I would not have done this journey without her.

AHIMA Press

AHIMA Press would like to acknowledge Julie Shay, MBA-HIN, RHIA, for her review of and contributions to this edition of *Management for the Health Information Professional*.

Chapter 1

Theories of Management and Leadership

Learning Objectives

- Identify the theories of management
- Describe the impact of theories of management on health information functions
- Examine the various theories of management demonstrated within healthcare organizations
- Describe the theories of leadership
- List the key functions and skills of leadership theories
- Distinguish between the various theories of leadership exhibited within healthcare organizations

Key Terms

Acceptance view of authority
Administrative management
Authoritarian leader
Authoritarian management
Authority
Autocratic leadership style
Backcasting
Behavioral theories of leadership
Charismatic authority
Collaborative performance appraisals
Consultative leadership
Contemporary management
Contingency approach
Democratic leader
DMAIC approach
Gantt chart
Great man theory
Humanistic management
Job enlargement
Laissez-faire leader
Leadership
Leadership continuum
Lean
Legitimate authority
Management
Management by objectives (MBO)
Management theory
Managerial grid
Maslow's hierarchy of human needs
Normative decision model
Operations management
Participative leadership
Participatory management
Path-goal theory
Rational-legal authority
Scientific management
Servant leadership
Situational leadership theory
Six Sigma
The Iowa Studies
The Michigan Studies
The Ohio State Leadership Studies
Theory X
Theory Y
Traditional authority
Trait theory of leadership
Transactional leadership
Transformational leadership
Value
Values-based leadership
Weber's theory of bureaucratic management
Zone of indifference

Management is an essential component of the health information management (HIM) profession; understanding management from a historical perspective is the precipitating factor behind the creation of this first chapter. Research of management and leadership theories provides a strong foundation for HIM and leadership within today's healthcare environment. Management is the judicious use of means to accomplish an end (Merriam-Webster n.d.). It is also the "organization and coordination of the activities of a business in order to achieve defined objectives" (Business Dictionary n.d.). Management is also the group of those who manage or direct an organization. Within the context of healthcare, the American Health Information Management Association (AHIMA) provides a definition of **management** as the process of planning, organizing, and leading organizational activities. This is the standardized definition for understanding the study of management within this chapter and is the fundamental definition used throughout this text.

The following are a few other terms that must be defined in order to study the history of management theories and leadership styles:

- Manager: An individual who is in charge of a business or department
- Leader: An individual who has commanding authority or influence
- Follower: An individual who is in the service of another
- Employee: An individual who works for another person or for an organization for wages or a salary
- Subordinate: An individual in a position of less power or authority than someone else (Merriam-Webster n.d.)

Management theory is a collection of ideas which set forth general rules on how to manage a business or organization. Management theory addresses how managers and supervisors relate to their organizations in the knowledge of its goals, the implementation of effective means to achieve the set goals, and how to motivate employees to perform to the highest standard (Business Dictionary n.d.). Historical management theories are concepts that made a significant impression on the management practices utilized within healthcare organizations. Discernment of the historical management theories and the correct context in which these theories evolved is an important learning component for HIM professionals. The first section of this chapter outlines the scientific, administrative, humanistic, contemporary, and operations management theorists who impacted the study of management and addresses the management concepts most closely related to each theorist. Figure 1.1 depicts a timeline of management theories and the notable individuals associated with each theory.

The second section of this chapter addresses behavioral, contingency, transformational, values-based, and servant theories that impact the development of leadership practices within organizations.

The final section of this chapter provides a case study that can be utilized by HIM professionals to compare, contrast, and apply the management and leadership theories outlined.

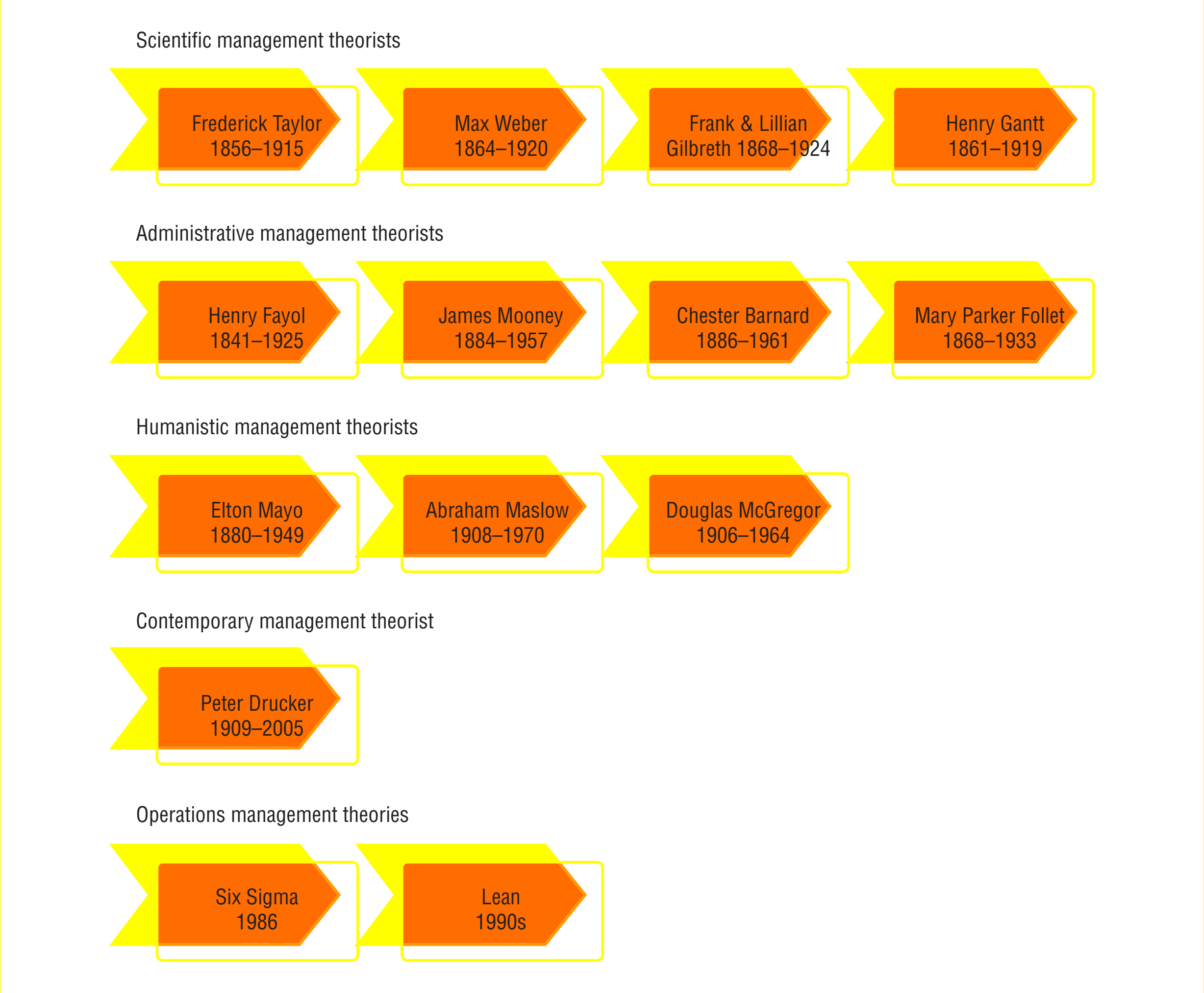
Scientific Management

Early in the twentieth century, scientific management was one of the first-identified forms of management because it is a discipline that can be studied and tested within organizations. Scientific management evolved with the advent of the United States' industrial revolution and is considered one of the classic approaches to understanding the role of management within organizations. **Scientific management** is studying work processes and how they impact workers' productivity (Schachter 2010). Scientific management theory is primarily concerned with improving the efficiency of individual employees in the work environment by assessing the distribution of work, studying time and motion of job tasks as well as measuring work performed (Business Dictionary n.d.). The key players in the development of scientific management theories—Frederick Taylor, Max Weber, Frank and Lillian Gilbreth, and Henry Gantt—are discussed along with their notable scientific management contributions.

Frederick Taylor

Management theorist Frederick Taylor introduced time and motion studies for assessing the efficiency of performed work. Taylor felt managers needed more knowledge about work processes in order to motivate

Figure 1.1. The evolution of management theory


Scientific management theorists
Frederick Taylor 1856–1915
Max Weber 1864–1920
Frank & Lillian Gilbreth 1868–1924
Henry Gantt 1861–1919
Administrative management theorists
Henry Fayol 1841–1925
James Mooney 1884–1957
Chester Barnard 1886–1961
Mary Parker Follet 1868–1933
Humanistic management theorists
Elton Mayo 1880–1949
Abraham Maslow 1908–1970
Douglas McGregor 1906–1964
Contemporary management theorist
Peter Drucker 1909–2005
Operations management theories
Six Sigma 1986
Lean 1990s

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employees to perform well. Taylor published *The Principles of Scientific Management* in 1911, in which he established the Taylor "management style" that believed managers could improve employees' work efficiencies by streamlining work motions and hiring employees who were amenable to performing job tasks utilizing a prescribed motion methodology. Taylor's principles were founded on his research of employees in the workplace and how work performed impacted employees' productivity. Taylor's time and motion studies provided a foundation for managers to understand the time and efforts required to complete a task (Schachter 2010). Taylor has been labeled the father of scientific management, and the four scientific principles outlined as follows are often associated within management circles as *Taylorisms* (Parker and Ritson 2005). The four guiding management principles identified in Taylor's work are to:

- Evaluate work performed utilizing the scientific method in order to determine the most efficient way for workers to complete tasks
- Match employees to their jobs based on capability and motivate and train employees to work at maximum efficiency

- Monitor employee performance and provide instructions and supervision to ensure they use the most efficient ways of working
- Allocate the work between managers and subordinates so managers spend their time on planning and training, allowing subordinates to perform tasks efficiently (Eyre 2015)

The principles identified by Taylor in the early twentieth century can still be applied in a modified fashion to today's workforce. Today, many HIM employees are required to complete their tasks in an efficient manner, utilizing productivity measures outlined by healthcare organizations. For example, release of information (ROI) coordinators who process all requests for electronic and paper health information are required by HIPAA or other state guidelines to meet specific turnaround times for patient requests. ROI coordinators must also adhere to productivity measures as established by the HIM department and federal and state guidelines for releasing protected health information; for example, patient requests for their health information must be responded to within 30 days of the request. Productivity statistics are collected on a weekly basis, and the HIM manager regularly benchmarks each ROI coordinator's performance.

Max Weber

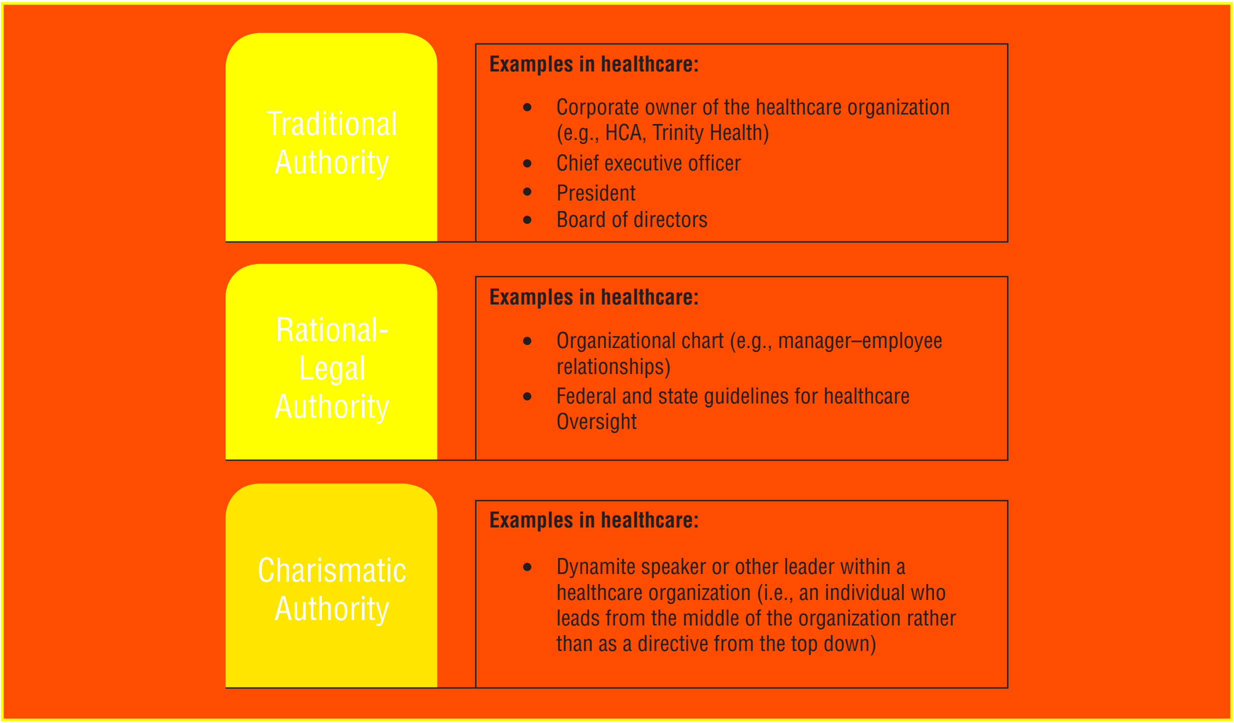
Max Weber, another scientific management theorist, introduced the bureaucracy theory around 1904, although much of his work was not published until after his death in 1920. Weber's theory revolved around concepts of legitimate authority in an organization. **Authority** is the right to make decisions and take actions necessary to carry out assigned tasks. **Legitimate authority** identifies individuals who have the right to demonstrate power over other individuals within a bureaucratic organization (Houghton 2010). **Weber's theory of bureaucratic management** outlined a hierarchical or pyramidal structure to help achieve the most rational and efficient operation at the lowest cost along with providing authority to those who had management positions within the hierarchy. Weber's theory viewed bureaucracy in an organization positively as he attempted to explain management practices within this environment. Weber noted there are two essential components to a bureaucratic organization:

- Organizations are structured into hierarchies arranged at an organizational level of authority as demonstrated in an organizational chart.
- The organization and its workgroup are governed by clearly defined decision-making rules that are outlined in policies and procedures that are managed by levels of authority within an organization (Houghton 2010).

Through his research, Max Weber identified three types of legitimate authority within organizations: traditional, rational-legal, and charismatic authority (see figure 1.2). **Traditional authority** is when authority is inherently understood within an organization or group. Examples of traditional authority are a corporate business owner, tribal chief, or royal monarch like the Queen of England; each is clearly seen as a leader in authoritative command of a group. Traditional authority "rests on the established belief of sanctity of traditions and legitimacy of those exercising authority under them" (Houghton 2010). **Rational-legal authority** is displayed as boundaries outlined within organizations, which rely on the rules and laws imposed by those in authoritative management positions. Examples of rational-legal authority are the president of the United States and the chief executive officer of a healthcare organization. **Charismatic authority** embodies a leader who has the capacity to influence subordinates. Weber saw charismatic authority as valuable and effective during times of instability.

These three types of authority impact management within organizations in both positive and negative ways. Traditional and rational-legal authority bring stability and order to organizations but allow for very little flexibility within organizational management. Within traditional and rational-legal management situations, managers oversee employees utilizing laws and rules that have been established and handed down from generation to generation. Charismatic authority, on the other hand, is perceived as bringing disorder to organizations as sometimes charisma is exhibited by those who are not in traditional management roles and do not necessarily follow the traditional lines of authority. Charismatic authority is necessary for allowing change

Figure 1.2. Types of authority in Max Weber's theory of bureaucratic management



Traditional Authority

Examples in healthcare:

- Corporate owner of the healthcare organization (e.g., HCA, Trinity Health)
- Chief executive officer
- President
- Board of directors

Rational-Legal Authority

Examples in healthcare:

- Organizational chart (e.g., manager–employee relationships)
- Federal and state guidelines for healthcare Oversight

Charismatic Authority

Examples in healthcare:

- Dynamite speaker or other leader within a healthcare organization (i.e., an individual who leads from the middle of the organization rather than as a directive from the top down)

to occur within organizations because it allows those who are willing to change to be role models for those who are not changing (Houghton 2010).

Weber's concepts of authority helped organizations understand the impact of management hierarchy from within, and his thoughts on charismatic authority may do well in managerial applicability for today's changing healthcare environment. With the advent of healthcare information technology, a medical student or resident may readily embrace and utilize the technology when documenting patient encounters. The individual may exhibit some charismatic authority just by being an advocate for the technology, but the medical student or resident most likely does not have any traditional authority within the organization. This charismatic authority will assist the healthcare organization through the change initiative because these individuals will lead the change by example rather than in a traditional authoritative manner.

Frank and Lillian Gilbreth

Frank and Lillian Gilbreth were innovators who followed closely in Taylor's footsteps by continuing scientific management research. However, their perspective on studying work and workers differed from Taylor's. In 1907, Frank Gilbreth performed time and motion studies on workers within the manufacturing industry to assess efficiency of workers' performance. Gilbreth used stopwatch time studies to evaluate how workers performed tasks and how body mechanics impacted the time required to complete tasks. Later in his research, the stopwatch was replaced with recorded motion picture film and called "micromotion study" (Baumgart and Neuhauser 2009). The micromotion study allowed the Gilbreths to film workers completing tasks, review these tasks by playing back the film clips, and then analyze workers' performance for efficiencies that could be obtained by modifying different components of the tasks. Frank Gilbreth introduced new scientific management concepts into the workplace such as "re-organization and improvement of the routing of work, introduction of planning departments, and cost accounting" (Baumgart and Neuhauser 2009). Together in 1916, Frank and Lillian published a paper titled

"Fatigue Study," relaying that the aim of the motion study was to accurately determine fatigue resulting from job tasks, to design the tasks so that unnecessary movements are removed, and to design efficient work stations to decrease worker fatigue (Price 1989).

The Gilbreths introduced standardization into healthcare by placing motion picture cameras within hospital operating rooms where motion studies were performed on filmed operations. Operational tasks performed by physicians were analyzed in order to decrease fatigue within the operating room and to gain efficiencies within operation procedures. The findings of these studies were published in two papers by the Gilbreths, "Scientific Management in the Hospital" in 1914, and "Hospital Efficiency from the Standpoint of the Efficiency Effort" in 1915. The findings documented in these papers recommended standardization of hospital design, medical equipment, and patient records to enhance efficiencies of work and decrease work fatigue among healthcare workers (Baumgart and Neuhauser 2009).

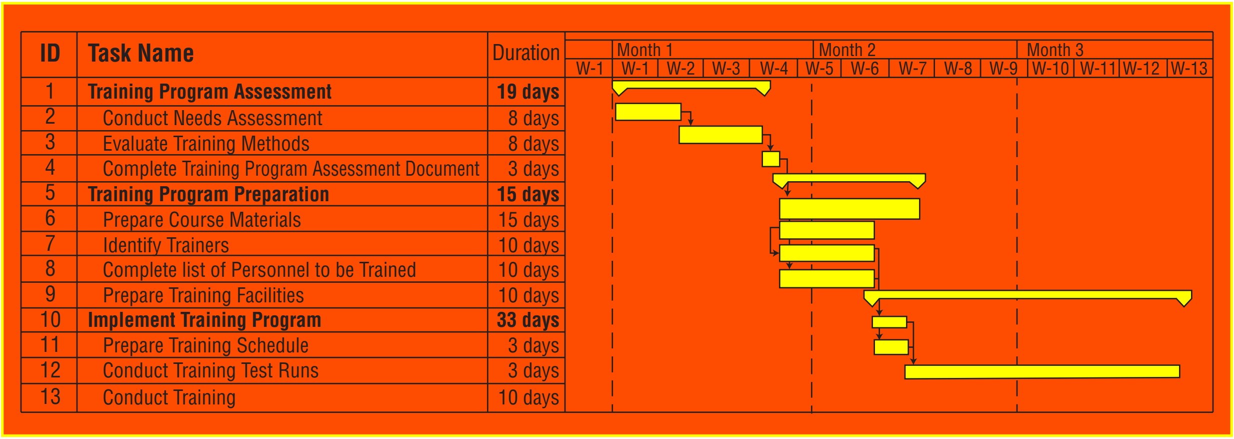
Henry Gantt

Another disciple of Taylor's who worked closely with him in the twentieth century was Henry Gantt, whose legacy is the innovation of the Gantt chart. The **Gantt chart** is a bar chart that allows project managers to plan and control projects at a glance. The Gantt chart defines the steps of a project and the completion dates of each step (Thompson 2015). Figure 1.3 is an example of a Gantt chart. Gantt made three other contributions to the development of scientific management through his research:

- *The task and bonus system.* Gantt found that if workers were given a specific stated reward if they could perform the tasks within the time allotted, and then a further bonus if they could significantly better that time, overall productivity increased immensely within organizations.
- *The perspective of the worker.* Gantt took into account the role the supervisor played in getting subordinates to perform. He encouraged the supervisor to be a "helper and teacher of subordinates" because if all workers met or exceeded the required work standards, the supervisor in turn received a bonus.
- *The social responsibility of business.* "Gantt believed increasingly that management had obligations to the community at large and that the profitable organization had a duty toward the welfare of society" (Witzel 2006).

Gantt's philosophy differed from Taylor's in that Gantt believed work was empowering to workers and managers rather than adversarial. Gantt also identified the technique of **backcasting**, which is the process of deciding on a goal and then working backward to determine from the current state what steps need to be taken to achieve the goal. The Gantt chart is a visual display of the backcasting process (Business Dictionary n.d.).

Figure 1.3. Example of a Gantt chart



ID	Task Name	Duration
1	**Training Program Assessment**	**19 days**
2	Conduct Needs Assessment	8 days
3	Evaluate Training Methods	8 days
4	Complete Training Program Assessment Document	3 days
5	**Training Program Preparation**	**15 days**
6	Prepare Course Materials	15 days
7	Identify Trainers	10 days
8	Complete list of Personnel to be Trained	10 days
9	Prepare Training Facilities	10 days
10	**Implement Training Program**	**33 days**
11	Prepare Training Schedule	3 days
12	Conduct Training Test Runs	3 days
13	Conduct Training	10 days

Source: Seidl 2013.

Administrative Management

Administrative management is another management theory developed in the early twentieth century. It overlaps with the scientific management theory in trying to understand how work is performed, but it incorporates assessing the organization as a whole in relation to the work being performed. Administrative management theory attempts to identify the design of an organization and is associated with the following principles:

- Requires a formalized administrative structure where there are clear lines of authority marked as a hierarchical structure.
- Defines a clear division of labor among workers.
- Reflects delegation of power and authority to upper management (Wren et al. 2002).

The following individuals impacted research on administrative management and provide another layer in the evolution of management theories for organizations.

Henry Fayol

Henry Fayol was the first administrative management theorist; his theory focuses on 14 principles of management. Fayol identified five key managerial functions: forecasting and planning, organization, commanding, coordinating, and controlling the work of the organization (Parker and Ritson 2005). The five key managerial functions are discussed in detail in chapter 2 of this text. Fayol noted that within the organization, workers performed the technical components and managers performed administrative functions. The differences that Fayol notes between technical and administrative skills for managers are the foundational concepts of administrative management (Wren et al. 2002). Henry Fayol is credited for developing the 14 principles of management for structure and organization that were designed to fit all organizations (Parker and Ritson 2005). Table 1.1 depicts Fayol's 14 principles of management.

Fayol appreciated that an employee's motivation to participate in the workplace included additional factors beyond just the need for payment of services. Like Taylor, Fayol assumed that management concepts could be applied universally and that the practice of management should be exhibited only by upper level executives within an organization (Parker and Ritson 2005). Fayol's traditional principles of management functions still hold true for certain components of a manager's tasks, but twenty-first-century management must also incorporate other management and leadership skills described within this chapter.

James D. Mooney

James D. Mooney was employed by the General Motors Car Company and is most noted for his unpublished paper "The Science of Industrial Organization." Mooney's paper suggests six principles of organization:

- Division of duties: A natural division of labor occurs because some individuals are better at certain tasks than other tasks.
- Coordination of effort: Because of the natural division of labor, coordination must occur to achieve the objective of work efforts.
- Leadership: Authority resides in formal positions of responsibility such as management roles; thus, leadership within these roles provides guidance for the coordination of efforts.
- Delegation of duties: The responsibility of completing work efforts requires delegation of duties by management roles to employees within an organization.
- The functional definition of duties: Because of the coordination and delegation of work required in day-to-day operations, a vertical division of labor outlining authority and responsibility within the organization is necessary.
- Line-and-staff principle: Makes a distinction between the line managers who make work decisions and the staff managers who provide advice about how work is to be performed (Wren 2013).

Table 1.1. Fayol's 14 principles of management

Principal	Relevance to Healthcare Organizations
Division of labor or work	Understanding how tasks are distributed within a department and who is responsible for the completion of what tasks.
Authority	The right to make decisions and take actions necessary to carry out assigned tasks.
Discipline	Self-control employees display within the context of the work environment, which results in an orderly pattern of work behavior.
Unity of command	A principle that assumes each employee reports to only one specific management position. (Business Dictionary n.d.)
Unity of direction	The actions of employees are related and are pointing toward the same path or outcome.
Subordination of the individual to the common good	Each individual employee is subject to the well-being of the entire organization.
Remuneration	Employees are rewarded for performing work which includes monetary or nonmonetary rewards.
Centralization	The power and authority of an organization is concentrated within a core management group.
Scalar chain	Uninterrupted lines of management are evident within the organization and these lines reflect directly linked reporting mechanisms for employees.
Order	Relates to the structure and the authoritative direction throughout the organization. Everything has its place and there is a semblance of uniformity.
Equity	Relates to the fairness and impartiality toward all employees within an organization. (Business Dictionary n.d.)
Stability	The ability of an organization to remain constant and provide the perception of balance and security to employees.
Initiative	A trait exhibited by employees who perform a task without being directed to do so by management.
Esprit de corps	Employees' feelings of loyalty, enthusiasm, and devotion to a group among others who are members of an organization.

Mooney theorized that these six concepts impacted the management functions within an organization and different management styles were needed to manage diverse organizations. Mooney incorporated the line-and-staff principles of management of operations because staff managers had the authority for creation of ideas and line managers had the authority to carry out the ideas based on their hierarchical positions within the organization. Mooney utilized an organizational chart to depict the hierarchical management structure within GM's overseas operations (Wren 2013). An organizational chart is described in chapter 11 along with graphic ways to reflect hierarchical management structures within an organization.

Chester Barnard

Chester Barnard developed his management theories while working for AT&T (formerly the American Telephone and Telegraph Company). Throughout the mid-1900s, Barnard provided a management foundation that not only addressed organizational structure but also considered the managerial skills required to obtain cooperation from subordinates within the organization (Malcom and Hartley 2010). Barnard assessed that organizations contained a social entity and not just an organizational chart. He noted that goals within an organization could be achieved by:

- Cooperative attitudes between units
- Cross-training of personnel
- Interdepartmental instruction
- Organizational efficiency and effectiveness
- Creating authentic and realistic goals for the organization
- Developing trust throughout all levels of the organization between employees and management
- Personal responsibility
- Leadership flexibility and balance

Barnard not only published his administrative management theories, he also strived to practice the theories while working at AT&T for 40 years. He was successful as a manager and teacher within the workplace and his ability to persuade others to perform within their jobs allowed him to move up within the company (Malcom and Hartley 2010).

Two management concepts associated with Barnard are the acceptance view of authority and the zone of indifference. The **acceptance view of authority** is evident in organizations when an employee considers a request by the manager to be in the best interest of the group, to be understandable, and to meet the employee's personal interests. In addition, the request from the manager must not be outside of the employee's mental and physical abilities for compliance (Malcom and Hartley 2010). The **zone of indifference** proves a manager's concept of power; this is the range in which a manager's orders will be perceived as legitimate and the employee will act on or perform the request without a great deal of thought. Managers strive to expand the zone of indifference by being knowledgeable about their workgroup, making requests that fall within an acceptable range of employee expectation, and maximizing requests from employees for which cooperation is most expected (Malcom and Hartley 2010). Both of these theories are dependent on the communication skills of the manager and his or her ability to facilitate cooperation within the workgroup.

Mary Parker Follett

Mary Parker Follett was the first theorist within the administrative management group to be concerned with the psychosocial approach to industry and organizational management rather than a more scientific approach to management. Her early-twentieth-century writings and research centered on the philosophical and psychological foundations of workers and the interdisciplinary approach workers contribute to an organization. The management terms most associated with Follett's work are *togetherness* and *group thinking*. Follett's theory revolved around productive management practices where the manager exercised power *with* others rather than *over* others. She favored a management style where managers worked with subordinates to get work done rather than managers dictating the work to be accomplished by subordinates (Parker and Ritson 2005).

Humanistic Management

Humanistic management was a shift from the scientific management theories in that individual human needs and human values were considered within the management of an organization. For a management style to be considered humanistic, three key dimensions must be considered: (1) human dignity is the key element of consideration, (2) ethical complexities are evaluated, and (3) all stakeholders must be involved in the decision-making process (Humanistic Management Center 2014). The following individuals impacted the study of humanistic management.

Elton Mayo

In 1927, Elton Mayo began his research in human relations management at the Hawthorne plant of Western Electric in Cicero, Illinois. Mayo's thoughts differed from Taylor's scientific management theory in that he assumed employees were not only interested in receiving remuneration for services but also wanted to be considered unique individuals with goals and aspirations that match those of the organization (Bruce 2006). The "Hawthorne studies" examined productivity and work conditions for a group of female workers at the Hawthorne plant for almost a year. The study parameters evaluated were the impact of change to hours, wages, rest periods, lighting conditions, organization and degree of supervision, and what specific conditions impacted the group's work performance and productivity (Encyclopedia Britannica 2014). There are four general conclusions that resulted from the Hawthorne studies in regard to management of individuals within an organization:

- The aptitudes of individuals (as measured by industrial psychologists) are imperfect predictors of job performance.
- Informal organization affects productivity.
- Workgroup norms affect productivity.
- The workplace is a social system (Encyclopedia Britannica 2014).

Based on the Hawthorne investigations, Mayo suggested that collaboration rather than competition was important to workers. Mayo's Hawthorne findings labeled him as the founder of the human relations movement in management (Bruce 2006).

Abraham Maslow

Abraham Harold Maslow, psychologist and researcher, provides a theory to the management body of knowledge that addresses employees' motivation in terms of human relations. Maslow's management research addressed a behavioral-scientific approach to employee motivation and motivational theory (Ozguner and Ozguner 2014). The theory, known as **Maslow's hierarchy of human needs**, strived to understand the needs of people at work and what motivated employees to perform within an organization. In this theory, an employee's needs are arranged in hierarchy from low-level psychological needs such as staying alive and being safe to the highest level of needs for self-actualization, such as self-fulfillment and achievement (Stum 2001). Maslow's theory enlightened the ways that managers evaluated employees needs and required managers to assess what they could do for the employees to succeed rather than what can the employees do for management.

Douglas McGregor

Douglas McGregor was a management theorist concerned with the observation of managers' behaviors in real work situations. His original writing "The Human Side of Enterprise," published in 1960, addressed the X and Y theories of management (Burke 2011). McGregor simplistically noted that management concepts can be divided into two categories: Theory X and Theory Y. **Theory X** is a management style that is based on a set of assumptions that managers have about employees and leans toward a more authoritarian style of management. Theory X managers assume that most employees do not like to work and that they must have direct oversight in order to perform their jobs. **Authoritarian management** is a management style in which the "leader dictates policies and procedures, decides what goals are to be achieved, and directs and controls all activities without any meaningful participation by the subordinates" (Business Dictionary n.d.). **Theory Y** is the opposite of Theory X in that managers assume employees enjoy working and that they are self-motivated in completing their job tasks. Theory Y managers lean toward a more participatory management style. **Participatory management** is a style in which management allows employees to take an active role in decision-making processes that relate directly to their jobs (McQuerrey 2015). Both of these theories provide insight into group dynamics within an organization and provide rationale for behaviors exhibited by managers and subordinates (Burke 2011). Figure 1.4 outlines the beliefs of Theory X and Theory Y managers regarding employees. McGregor's Theory Y concepts and management ideas provide a view into the impact of different management styles on organizational development (Head 2011).

Additionally, two distinct management concepts addressed by McGregor include job enlargement and collaborative performance appraisals between managers and employees. **Job enlargement** is the concept that adding a variety of job tasks to an individual's job will decrease job monotony and thereby allow more job flexibility. McGregor's research reflected that employees may perform better in an environment where jobs offer

Figure 1.4. McGregor's X and Y management theory

McGregor's Humanistic Management Theory

Theory X managers believe employees are:	Theory Y managers believe employees are:
• Lazy	• Motivated
• Resist change	• Open to change
• Do not like responsibility	• Can handle responsibility
• Need incentives or threats	• Prefer rewards over threats
• Disloyal	• Loyal

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a variety of tasks and where evaluations for performance of the tasks are completed by a variety of individuals. **Collaborative performance appraisals** engage employees within the process of evaluating work performed. Collaborative performance appraisals require managers to solicit input from employees about actual work performance. McGregor built his research on the basic premises of Maslow's hierarchy of needs, reflecting that individuals will perform in association with how their needs are being met within the organization and that with job enlargement and collaborative performance appraisals these individuals will perform above and beyond the minimum requirements (Head 2011).

Operations Management

The next wave of management study focused on **operations management**, which is "management that deals with the design and management of products, processes, services, and supply chains. It considers the acquisition, development, and utilization of resources that firms need to deliver the goods and services clients want" (Barrow 2013). Operations management evaluates tools that are needed to manage processes of interrelated activities. Operations managers need to focus on forecasting, planning, scheduling, managing inventories, assuring quality, and motivating employees so as to guide the organization in decision-making (Barrow 2013).

Two operations management theories that assist management with improving processes within an organization are Six Sigma and lean. These theories are utilized by organizations (and recently by healthcare organizations) for improving the quality and streamlining operations.

Six Sigma

Created in 1986 by the Motorola Company, **Six Sigma** is a set of techniques and tools utilized to improve the capability of organizational business processes. Six Sigma was created to identify defects as a result of manufacturing processes and improve the variability of product outcomes upon implementation of process improvement initiatives. Both quantitative and qualitative techniques are utilized to improve quality through process improvement. Examples of techniques that are utilized to map out current processes that will be evaluated during a Six Sigma project are *control charts* and *process mapping*. The Six Sigma problem-solving framework is called the **DMAIC approach**. DMAIC is an acronym that stands for: define the opportunity for improvement, measure current performance, analyze the opportunity, improve the opportunity, and control performance after improvements are made. The DMAIC approach is led by a Six Sigma trainer for processes being studied for performance improvement. Organizations may elect either to contract Six Sigma consultants or to have key individuals attend Six Sigma training to become certified trainers (Liberatore 2013).

In healthcare, Six Sigma is most frequently associated with focusing on application of the DMAIC problem-solving framework and process changes as a result of utilizing the framework; outcome and metrics are a result of the process changes, and cost and revenue improves as a result of utilizing the Six Sigma method (Liberatore 2013). A study in 2011 comprehensively assessed Six Sigma within the healthcare industry and the results indicated the following:

- A significant number of healthcare organizations are utilizing Six Sigma and the DMAIC approach for quality improvement initiatives.
- Outcomes from utilizing the Six Sigma approach need to be embraced by healthcare staff, and change management techniques need to be incorporated into the process (Liberatore 2013).

Lean

Lean is a management strategy that utilizes less to do more and is a process improvement strategy that can be utilized in any type of organization. Lean thinking is derived from the Japanese auto industry and process improvement initiatives that took place within the Toyota Production System in the 1990s. The basic concept behind lean management is to create more value for customers while utilizing fewer resources. Lean thinking requires management to strategically assess all work processes and eliminate as much waste as possible in terms of human effort, space, capital, and time while still delivering a quality product (Lean Enterprise Institute 2015). Lean thinking requires that managers change their practices and behaviors by committing to the tools and thought processes required to develop a "lean" organization. A lean management strategy necessitates that all levels of leadership be involved in the process in order for the strategy to be effective (Institute for Healthcare Improvement 2005).

Lean management differs from traditional management practices. It is a high-maintenance approach that requires leaders to review actual work, assess best practices, and provide accountability for streamlining work as necessary. Value-added jobs within an organization are established when workers and managers spend 100 percent of their time on standardized processes that are directly related to assigned job tasks. Healthcare organizations are embracing lean strategies more frequently to reduce costs, reduce duplicity of work, and enhance patient safety initiatives (Institute for Healthcare Improvement 2005). Healthcare organizations implementing lean management practices evaluate the management structure required to most effectively provide services to patient populations and eliminate redundancy in job roles and tasks as necessitated to become more efficient or "lean" in providing these services.

Contemporary Management

Contemporary management uses current practices to plan, organize, and control individuals within an organization. Given their complexity, today's healthcare organizations rely on managers who can assess an organization's culture and utilize the best of the best managerial skills to lead within the organization. One of the most notable theorists associated with contemporary management research is Peter Drucker.

Peter Drucker

Peter Drucker was an author, teacher, writer, and management consultant and was nicknamed the "father of modern management" (Business Dictionary n.d.). Drucker spent many years studying a variety of topics associated with management. Drucker's philosophy of management noted that a business is not only an economic organization but a human social organization as well. He believed that it was up to management to maintain a positive work environment in order for employees to stay motivated to perform (Kurzynski 2009).

Drucker originally introduced **management by objectives (MBO)** within an early writing entitled "The Practice of Management" in 1954 (Fernandez 2009). MBO is a management style in which the objectives of an organization are agreed upon by management and employees so that everyone is working toward common goals (Business Dictionary n.d.). MBO is a very structured approach whereby objectives are written from the top down within an organization and each manager has a set of prescribed performance objectives. The manager works with his or her employees to create performance objectives that roll up under the manager's objectives.

Drucker was concerned with the concepts of business management and structure and he focused primarily on two key elements of an organization: the employee as a whole (referred to as a knowledge worker) and the organization as a whole. Drucker believed that management is concerned with individuals who are working interdependently toward common goals and values. Management should provide the right structure, training, and development so employees can succeed at their jobs. In MBO, managers must challenge themselves and their teams to achieve goals by utilizing self-control and self-discipline. Managers must have a vision and lead responsibly. The knowledge worker within an MBO organization is concerned with self-directed productivity and the quality of work performed (Kurzynski 2009).

Drucker was also an advocate for understanding and valuing diversity within the workplace. He examined how managerial and diversity issues affected countries, industries, organizations, and individuals. From these studies, Drucker provided extensive prescriptions for understanding the changing demographics of the United States workforce to assist organizations in leveraging diversity among staff (Oyler and Pryor 2009). Many of Drucker's management concepts have been incorporated into the management of healthcare organizations at some point in time. Many departments within healthcare organizations utilize MBO to achieve strategic goals throughout the year. Diversity is an important management concept when hiring staff within healthcare organizations, and Drucker's research provides excellent guidance for improving the workforce diversity within an organization.

Check Your **Understanding**

1. What management theorist is coined the "father of modern management"?
2. Describe two characteristics that differentiate administrative management theories from scientific management theories.
3. Describe the three types of legitimate authority within organizations as outlined by Max Weber's theory of bureaucratic management.
4. Identify the first scientific manager(s) that assessed work fatigue within healthcare.
5. Name the graphic tool that was developed by Henry Gantt and how this tool is utilized today.

Leadership

The second part of this chapter addresses the evolution of leadership theories and the individuals or theories that have served to provide a basis for leadership practices. Although leadership is delineated as one of the attributes of management, it has been studied by scholars as a significant singular contribution to the overall workings of an organization. **Leadership** is the activity of guiding a group of people to a definite result. Many theorists feel that leadership is not a skill that can be taught to individuals but, rather, is an innate quality that appears within individuals. In most organizations, management is the formal structure of the organization and people in management have the authority to ensure tasks are accomplished by employees' efforts. Leadership can be an inherent component of management but also can be exhibited both formally and informally within a healthcare organization. No matter what level of leadership, leaders need cooperation with the assistance of others within the organization in order to obtain extraordinary results.

Classic theories of leadership include:

- Trait theories of leadership
- Behavioral theories of leadership
- Contingency theories of leadership
- Transformational theory of leadership
- Values-based leadership
- Servant leadership

Figure 1.5. Evolution of leadership theories

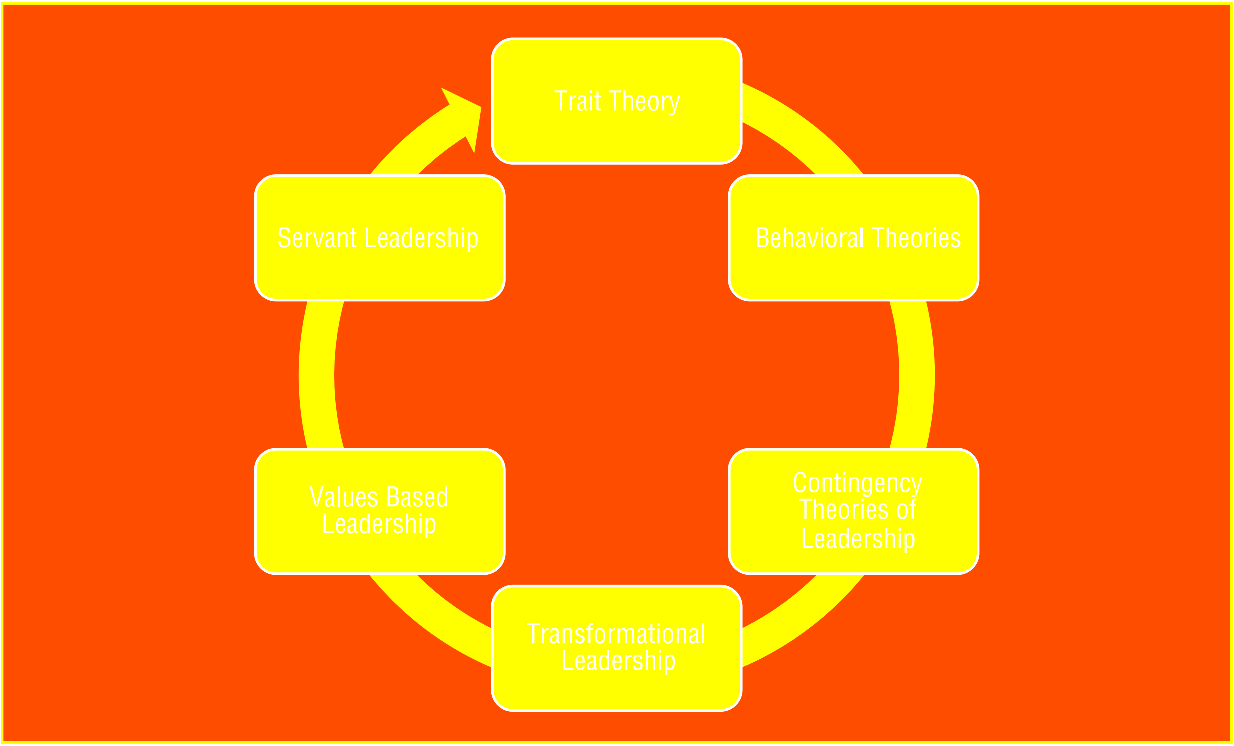

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Figure 1.5 reflects the evolution of leadership theories. This diagram suggests that each leadership theory builds upon the last and no distinct leadership style fits all management situations within an organization.

Trait Theory of Leadership

Trait theory of leadership attempts to define the general qualities or traits that need to be present within an individual to be a leader. The **great man theory** is the most documented trait theory and notes that certain traits within individuals can be identified as predictors for effective leadership and that by studying great historical leaders, individual traits can clearly be identified as keys for success in leadership. Although traits do seem to play a role in effective leadership, the great man theory has proven to be too simplistic of an explanation for effective leadership in today's society (Ronald 2014).

Behavioral Theories of Leadership

Behavioral theories of leadership focus on the study of specific behaviors of leaders as opposed to leadership traits. In this section, the following studies and leadership theorists that have developed behavioral leadership theories are discussed: The Iowa Studies, The Ohio State Leadership Studies, The Michigan Studies, Theory X and Y, the continuum of leader behavior, and the managerial grid (Ronald 2014).

The Iowa Studies

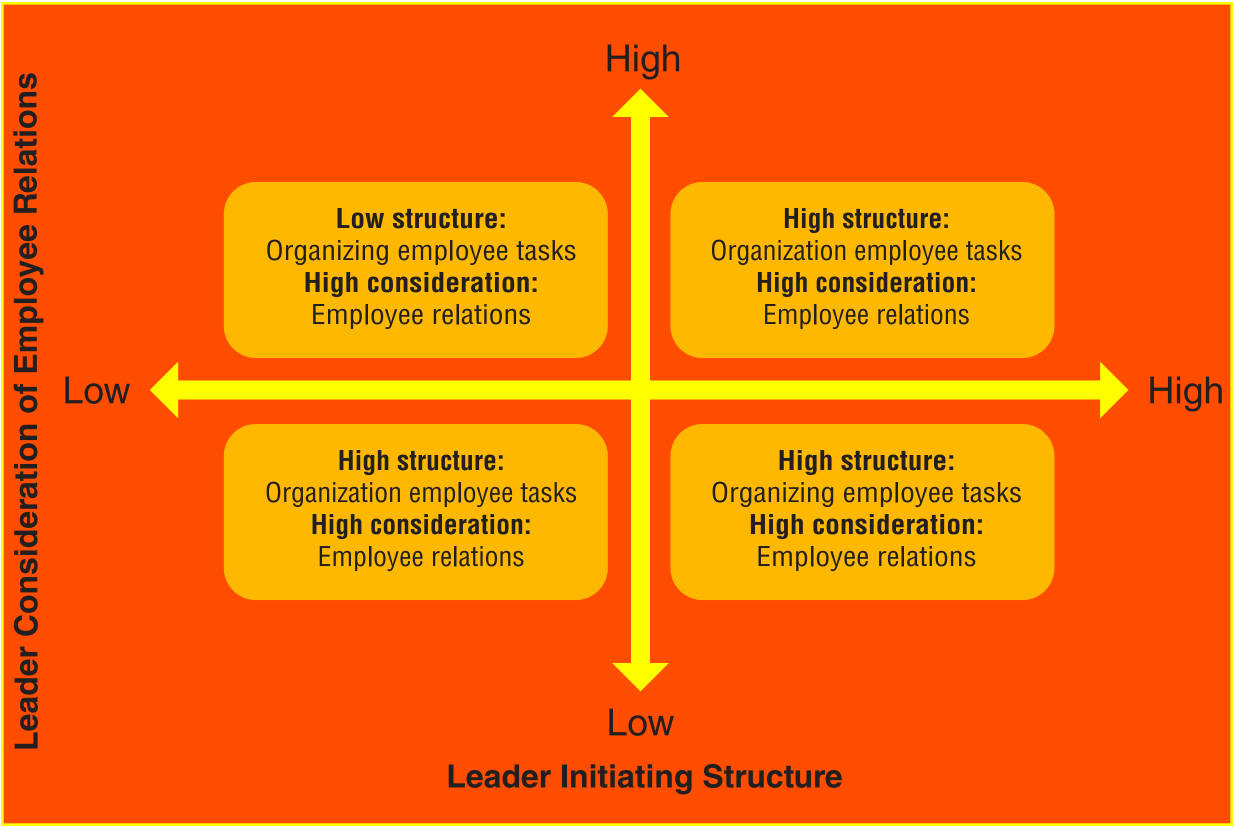
The Iowa Studies were conducted in 1939 at the Child Welfare Research Station within Iowa State University by Kurt Lewin, Ronald Lippitt, and Ralph K. White—all notable researchers from the Iowa University (Lewin et al. 1939). The Iowa Studies were one of the first behavioral research studies focusing on leadership roles rather than the traits exhibited by leaders. These experimental research studies identified three leadership styles that are representative of the relations between leaders and the individuals being led: authoritarian, democratic, and laissez-faire.

The **authoritarian leader** dictates activities to the workgroup but does not participate in the completion of the activities. The authoritarian is very critical of the team's results. The **democratic leader** assists and encourages the workgroup, allows the workgroup to select activities to be completed as a group, and praises the group at completion of the work. The **laissez-faire leader** does not participate in the selection of the group activities and does not provide praise or criticism to the workgroup. The laissez-faire leader provides the resources for the group's activities but does not interfere with how the group performs. The three representative styles of leadership denoted by The Iowa Studies are still evident in today's business environment (Ronald 2014).

The Ohio State Leadership Studies

In the 1950s and 1960s, **The Ohio State Leadership Studies** were conducted by the researchers who were a part of the personnel research board at The Ohio State University (Shartle 1979). This research delineated a two-dimensional theory of leadership behavior and assessed the dimensions of leadership concern over the task objectives (job tasks to be completed by followers) and the concern for relationship objectives (the relationship between leader and follower). A leader behavior description questionnaire was deployed by researchers from The Ohio State University to leaders within actual workplaces. This questionnaire was used to determine the two dimensions of leadership exhibited by leaders within actual workplaces. Figure 1.6 depicts a leader's low or high ability for initiating structure for employee job tasks and a leader's low or high ability to consider employee relations when initiating low or high structure for employees' task completion. For example, a leader exhibiting both high structure and high consideration would provide employees a strong task organization while at the same time taking into consideration employees' thoughts and feelings regarding the tasks. The two main limitations of this research were that situational and contextual factors of leadership were not considered within the research and that the two leadership behaviors defined in this study were not proven to positively correlate with effective leadership (Ronald 2014).

Figure 1.6. The Ohio State Leadership Studies matrix


High
Leader Consideration of Employee Relations
Low structure:
Organizing employee tasks
High consideration:
Employee relations
High structure:
Organization employee tasks
High consideration:
Employee relations
Low
High
High structure:
Organization employee tasks
High consideration:
Employee relations
High structure:
Organizing employee tasks
High consideration:
Employee relations
Low
Leader Initiating Structure

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The Michigan Studies

The Michigan Studies were undertaken in the early 1950s by researchers from the University of Michigan interested in understanding leadership behaviors in actual workplaces. The Michigan Studies built on the Ohio Studies in terms of determining leadership behaviors that impact employee productivity and enhance employee job satisfaction. The Michigan Studies were more of a one-dimensional theory in that employee-centered leadership and job-centered leadership are opposing leadership styles and leaders are not able to focus on production and employees at the same time. The Michigan Studies did not take into effect situational variances that may impact leadership styles. These studies also noted that effective leaders utilized a participatory style of leadership where the leader involved a team of workers in decision-making and problem-solving in regard to work decisions (Ronald 2014).

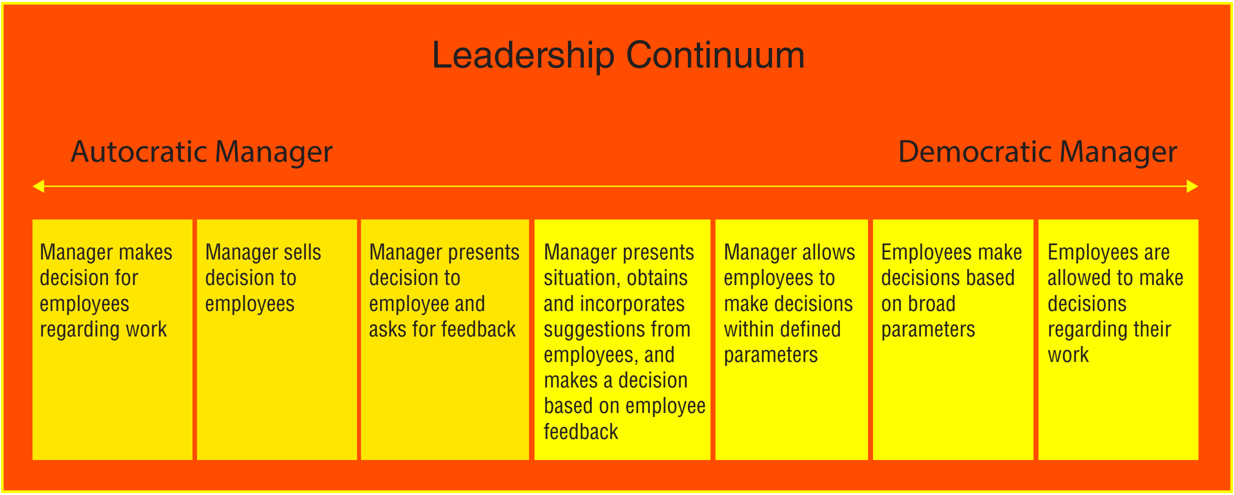
McGregor's X and Y Theories as Behavioral Theories

While McGregor's X and Y theories are more closely related to the study of human relationship management addressed earlier in this chapter, they can also be linked to leadership. McGregor's opinion of an employee's basic motivation to be led can be identified by either Theory X, where employees are only motivated to perform through rewards or sanctions, or Theory Y, where employees are motivated to perform through self-control and self-direction (Ronald 2014).

The Leadership Continuum

The **leadership continuum** is another behavioral theory of leadership that made a significant impact on leadership research within the United States. In 1958, a leadership theory was developed by Robert Tannenbaum and Warren Schmidt based on the earlier Iowa Studies (Ronald 2014). The leadership continuum assumed that leadership behavior can be explained in seven steps of behavioral styles ranging from authority (boss-centered leadership) to delegation (team-centered leadership). This theory noted that leadership styles depend on the characteristics of leaders and followers within a situational context (Ronald 2014). Figure 1.7 depicts the one-dimensional continuum of leadership behavior. The leadership behaviors associated within this continuum are divided into seven categories as noted within the figure, and the behaviors range from styles associated with an autocratic manager to those of a democratic manager. An autocratic manager has total control and authority over decision-making and essentially micromanages the work performed by the employees. A democratic manager is at the other end of the continuum and allows employees to participate in decision-making regarding work outcomes.

Figure 1.7. Continuum of leadership behavior



Leadership Continuum

Autocratic Manager ↔ Democratic Manager

Manager makes decision for employees regarding work	Manager sells decision to employees	Manager presents decision to employee and asks for feedback	Manager presents situation, obtains and incorporates suggestions from employees, and makes a decision based on employee feedback	Manager allows employees to make decisions within defined parameters	Employees make decisions based on broad parameters	Employees are allowed to make decisions regarding their work

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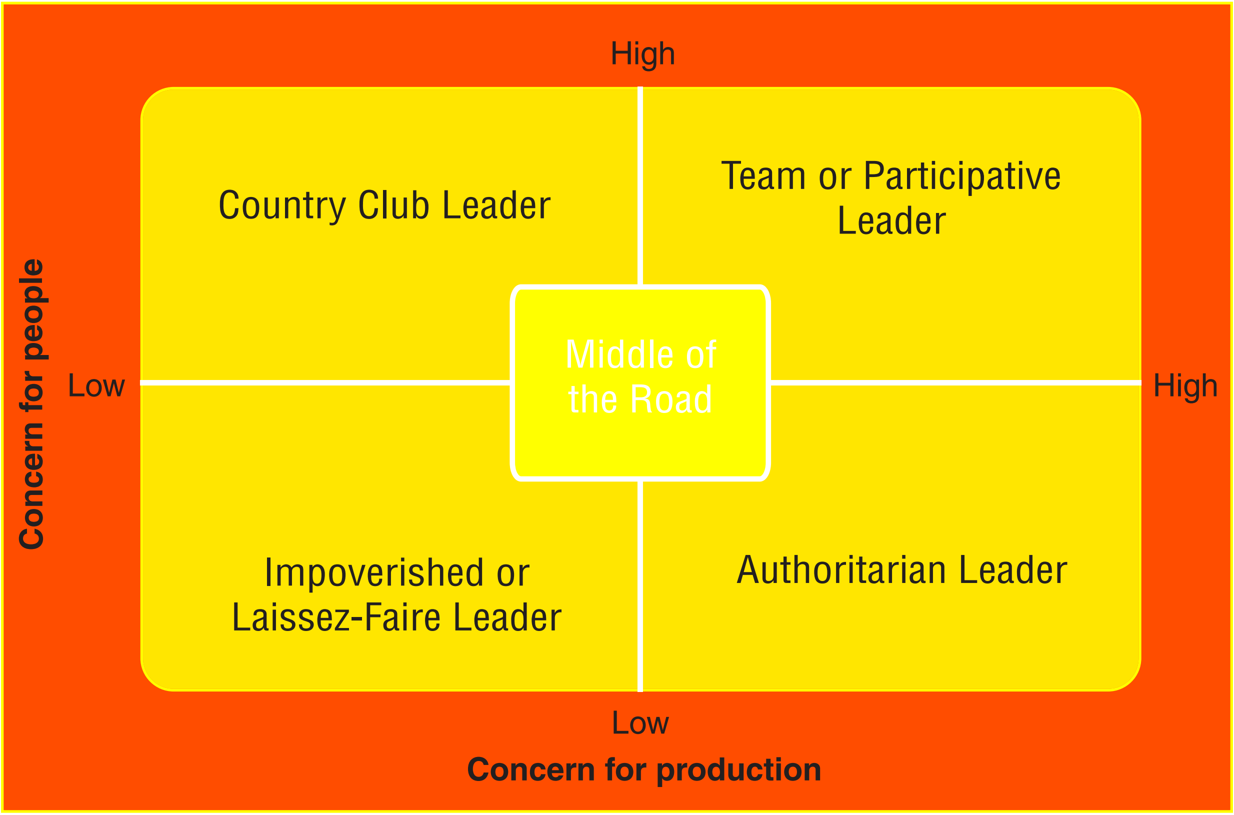
The Managerial Grid

The **managerial grid** is a behavioral theory that offers a two-dimensional behavioral approach that assists individuals with identification of an appropriate leadership style through the concern for people (people-oriented) or tasks (production-oriented). The objective of the managerial grid is to analyze and identify the type of leadership skills exhibited by the leader.

There are four distinct quadrants within the grid (figure 1.8). Based on the leader's answer to pre-determined questions, the leader is assigned a score that fits into one of the quadrants. The four leadership quadrants describe the following types of leaders:

- Team or participative leader: An individual who likes to work in teams and participates actively to get the work done. This individual scores highly for both people and for production.
- Country club leader: An individual who wants to include everyone in the process and wants to make sure everyone is getting along and having fun rather than getting the work done. This individual displays a high level of concern for people and a low level of concern for production.
- Authoritarian leader: An individual who just wants to get the job done and does not really care what the others think. This individual corresponds to a high degree of concern for production and low degree of concern for people.
- Impoverished (or laissez-faire) leader: An individual who does not really take initiative to lead and does not participate in getting the work done. This individual is characterized by low scores for both people and production.

Figure 1.8. The managerial grid


High
Country Club Leader
Team or Participative Leader
Concern for people
Low
Middle of the Road
High
Impoverished or Laissez-Faire Leader
Authoritarian Leader
Low
Concern for production

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There is a type of leader who may fall centrally into the scoring, encompassing both people and production, and is noted within the middle of figure 1.8 as a middle-of-the-road leader (Busse 2014). Many leaders cannot be categorized within one side or the other but are a blend of the two approaches.

Contingency Approach to Leadership

"Contingency theories hold that leadership effectiveness is related to the interplay of a leader's traits or behaviors and situational factors" (Seyranian 2009). The **contingency approach** to effective leadership is dependent on matching the leader's style to the workplace situation. Among the most popular contingency approaches of the twentieth century are Fiedler's contingency model, the path-goal theory, the normative decision model, and the situational theory.

Frederick Fiedler's Contingency Model

Frederick Fiedler studied group performance by utilizing the contingency theory of leadership effectiveness, which he coined in the early 1960s. The theory is dependent on the leader's task or relationship motivational style and situational control. Fiedler identified two styles of leadership: task-motivated, in which a leader is more focused on the workers' tasks, and relationship-motivated, in which a leader is more focused on the relationships associated with workers. Fiedler utilized the "least preferred coworker scale" to identify the relationship between a leader's orientation or style and the group performance under differing situational conditions. The findings from Fiedler's work proposed a concept known as "situational favorability," which asserts that task or relationship motivations are contingent on whether the leader can control and predict a group's outcome (Seyranian 2009). Fiedler's theory has been tested by a number of researchers over the years and his theory has held up well in terms of predicting group outcomes based on the assessment of leadership styles.

The Path-Goal Theory

The **path-goal theory** was originally developed by Martin Evans in 1970 and was further expanded upon by Robert House in 1971. It suggests that a leader should develop a path for followers to achieve group goals. The leadership effectiveness in this model depends on the leader's behaviors, the follower's expectations, and the organizational situation. There are four different leadership styles identified in the path-goal theory:

- Directive leaders provide specific instructions to followers.
- Supportive leaders provide emotional support to followers.
- Participative leaders allow followers to participate in decision-making processes associated with their work.
- Achievement-oriented leaders set goals for their followers and assist followers in achieving their goals.

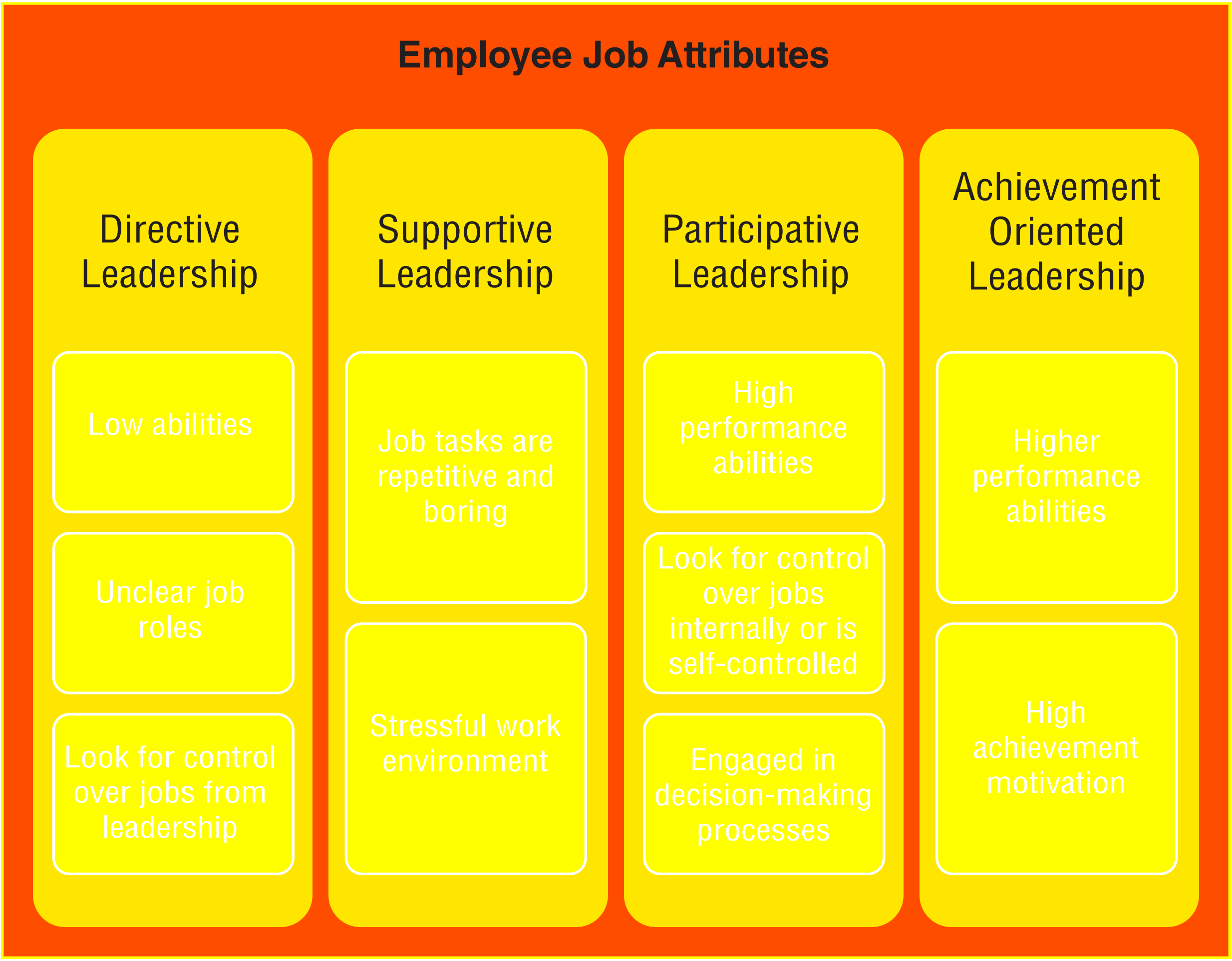
The effectiveness of the leader is dependent on the characteristics of the followers within the workgroup and how closely the followers' characteristics match those of the leader (Seyranian 2009). Figure 1.9 depicts the employee situations or employee expectations along with the appropriate leadership style within the path-goal theory.

The path-goal theory has not been analytically tested by researchers, and many leadership theorists feel that developing a path based on a group's expectations is highly complex and that there are too many individual variables to actually make any predictions on group outcomes (Ronald 2014).

Normative Decision Model

In 1973, Victor Vroom and Phillip Yetton developed the **normative decision model**, which focuses on situational factors rather than leadership behaviors and guides managers through the decision-making process depending on the type of problem encountered. The model attempts to provide leadership style prescriptions to optimize a leader's decision-making based on five different methods (Seyranian 2009). The five different methods vary in the degree to

Figure 1.9. Employee job attributes within the path-goal theory


Employee Job Attributes
Directive Leadership
Low abilities
Unclear job roles
Look for control over jobs from leadership
Supportive Leadership
Job tasks are repetitive and boring
Stressful work environment
Participative Leadership
High performance abilities
Look for control over jobs internally or is self-controlled
Engaged in decision-making processes
Achievement Oriented Leadership
Higher performance abilities
High achievement motivation

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which the decision strategy permits subordinates to participate in the decision-making process. The five methods are described as follows:

- An **autocratic leadership style** is characterized by leader control over all decisions with no or very little input from the workgroup. This style is beneficial when decisions need to be made quickly by the leader. Vroom and Yetton prescribe two levels of autocratic leadership: Authority I and Authority II. Authority I level permits no subordinate involvement in the decision-making process. Authority II permits subordinates to respond to specific requests for information from the leader or decision maker (Jago and Vroom 1980).
- **Consultative leadership** is task-oriented and focuses on getting input from those who perform the tasks; the ultimate decisions for the group are still made by the leader, but this leadership style takes into account the feedback provided by individual workers (Gill 2013). Vroom and Yetton prescribe two levels of consultative leadership within the normative decision model: Consultative I and Consultative II. Consultative I level demonstrates one-on-one consultation from the leader with individual subordinates prior to the decision being made. Consultative II describes the process when group consultation is performed prior to the final decision (Jago and Vroom 1980).
- **Participative leadership**, also called collaborative leadership, is a style in which the leader allows the workers to provide input and make decisions about their work (Seyranian 2009).

Within the normative decision model, leaders utilize a complex decision tree, answering eight different questions about the management situation in order to select a leadership style that most closely fits the situation. The precept behind the normative decision model is that the leader's style relies heavily on the situation and it is beneficial to utilize a systematic method for assessing the situation before deploying a leadership style (Ronald 2014).

Situational Leadership Theory

Paul Hershey and Ken Blanchard developed the **situational leadership theory** in 1969, which proposed that leadership effectiveness depends on the leader's ability to change his or her behavior to meet the demands of the situation. This theory also takes into account the maturity of the followers in terms of their job ability and psychological willingness to work. The behavior of the leader fluctuates depending on the level of maturity exhibited by the follower, and the leader adjusts his or her leadership style based on this maturity. For example, if a follower has a low task ability or maturity, the leader would have to utilize a more directive leadership style and provide more instruction on how to complete the task. A follower with a higher level of task maturity would be able to complete the work with very little direction from the leader (Ronald 2014).

Transformational and Transactional Theories of Leadership

In the 1970s, James MacGregor Burns performed descriptive research on political leaders and their leadership styles. Burns noted that two different styles of leadership were inherent: transformational and transactional. **Transformational leadership** is the act of changing or transforming from one current state to another state. It focuses on leaders' attempts to motivate followers to achieve at a higher level or to perform at a level beyond expectations. Leaders and followers in a transformational model bring one another to higher levels of motivation and morality. The leader creates an environment of trust and therefore followers feel "safe" within their work environment (Kendrick 2011).

There are four important components of transformational leadership that must be considered in order for a change or transformation to take place within an organization.

- The first component is idealized influence in which the leaders are role models for followers. Charisma is a personal quality of leadership arousing popular loyalty or enthusiasm and charisma is often a characteristic seen within those leaders who provide idealized influence over followers (Merriam-Webster n.d.).
- The second component is inspirational motivation in which the leader encourages followers to achieve at higher levels based on high expectations. The leader creates a shared organizational vision that motivates followers to perform at a higher level.
- The third component is intellectual stimulation through which a leader allows followers to participate in problem-solving and decision-making activities within the organization.
- The fourth factor is individualized consideration, which allows followers to develop new skills and enables them to act through collaboration with others to improve performance. This last factor of transformational leadership connects with Maslow's management theory (Avolio and Bass 1995).

Research has shown that transformational leadership styles have a positive effect on followers' work performance and job satisfaction. Transformational leadership behaviors can be developed through training. A research study indicated that psychological and behavioral changes will be exhibited by a leader who participates in transformational leadership training. This is an important finding in that transformational leadership training should include development interventions that address both aspects of psychological and behavioral leadership functions (Mason et al. 2014).

Burns also addressed **transactional leadership**, which is performed through structure and process. There is a hierarchy within the organization wherein leaders clarify goals and objectives for followers and followers receive some kind of reward in exchange for performing work satisfactorily. The types of rewards elicited within this leadership model are items such as a promotion, pay raise, or personal recognition. The model of transactional leadership is very similar to McGregor's X and Y theories of management (Lowe et al. 1996).

Bernard Bass was a distinguished professor of management and leadership studies who performed research, conducted workshops, and lectured on leadership throughout the country. Bass was inspired by Burns to study transformational leadership and the abilities of transformational leaders. He characterized transactional leaders as those who avoid risk and attempt to work within the system by maintaining status quo. Bass then characterized transformational leaders as those who seek new or innovative ways to perform work, are willing to take risks, and do not like the status quo. Bass notes that effective leaders are both transactional and transformational rather than polar opposites as identified by Burns. The *multifactor leadership questionnaire* is a tool utilized to measure the components of transactional and transformation leadership, and Bass and his colleagues utilized this tool within their research to further assess different leadership styles more accurately. Many scholars have utilized and continue to utilize the tool as a basis for assessing leadership styles (Lowe et al. 1996).

Values-Based Leadership

Values-based leadership is a style of leadership built on a foundation of personal values, principles, or ethics. Values are a key component of effective leadership. A **value** is a principle or ideal intrinsically valuable or desirable (Merriam-Webster n.d.). Values-based leadership makes certain that leaders effectively communicate values of integrity and responsibility to employees within the organization (Snell 2010). In order for values-based leadership to take hold within an organization, leaders should be motivated and committed to the values of the organization. This is particularly true in healthcare, where all leaders should embrace the values included within the mission and vision of the organization (Graber and Kilpatrick 2008). Leaders must work on the following elements in order to represent a values-based leadership style:

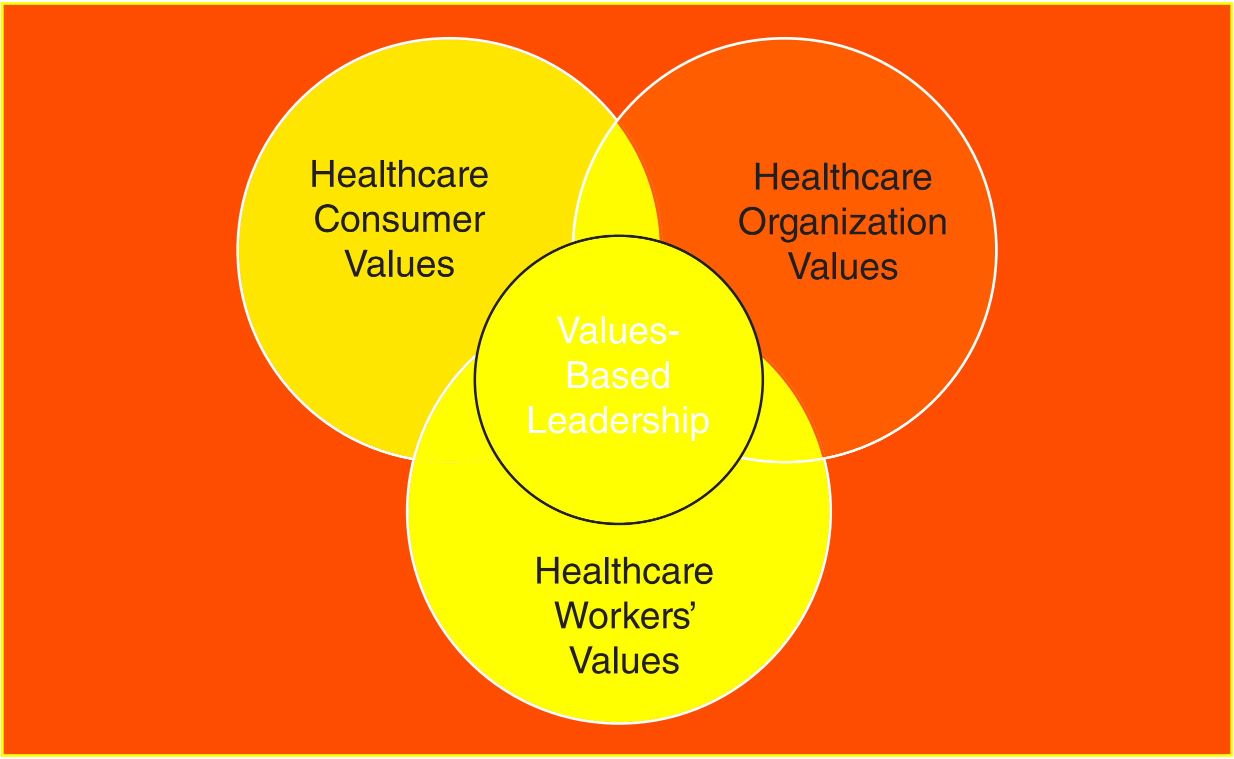
- Self-reflection: A leader should reflect on his or her personal and professional values and incorporate these values into his or her leadership style.
- Organizational balance: A leader should embrace the values represented by the organization and reflect these values within his or her sphere of influence.
- Values of a team of followers: A leader should take note of the values of the individuals within his or her team and incorporate these values within his or her leadership style.
- Commitment to values-based leadership: A leader must commit to the values-based leadership style (Kraemer 2011).

Values-based leadership takes commitment from all management and leadership roles within an organization. This type of leadership style is inherent to all stakeholders when it is practiced on a regular basis within organizations. Values-based leadership requires leaders to stand by the organization's values and not compromise personal values if conflict occurs among leaders when values collide (Frost 2014). Figure 1.10 reflects the overlay of values that a health information manager needs to assess in order to become an effective values-based leader.

Servant Leadership

Robert Greenleaf was employed at AT&T for 28 years and provided many management contributions to the organization. Throughout Greenleaf's work life at AT&T, he realized that organizations that thrive have able leadership that provides support to employees and serves both the employees and the organization (Spears 1996). In 1970, Greenleaf defined **servant leadership** as a philosophy and set of practices that enriches the lives of individuals, builds better organizations, and ultimately creates a more just and caring world (Spears 1996). Servant leaders, unlike traditional leaders, share the power of leadership with those they serve.

Figure 1.10. Values-based leadership model


Healthcare Consumer Values
Healthcare Organization Values
Values-Based Leadership
Healthcare Workers' Values

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Servant-leadership emphasizes increased service to others, a holistic approach to work, promoting a sense of community, and the sharing of power in decision-making (Spears 1996). There are 10 characteristics associated with successful servant leaders:

- Listening
- Empathy
- Awareness
- Stewardship
- Commitment to people
- Persuasion
- Foresight
- Healing
- Conceptualization
- Community building (Gill 2013)

The philosophy of servant leadership fits well with a healthcare environment as caregivers must put the needs of whom they serve first. Although this is a leadership style that theoretically fits within healthcare, it is a difficult style to embrace and most healthcare leaders utilize other leadership skills and characteristics when developing within a healthcare organization.

Check Your **Understanding**

1. Delineate the four different leadership styles in the path-goal theory of leadership.
2. Compare and contrast values-based leadership versus servant leadership.
3. Identify the three major studies that impacted the development of behavioral leadership theories.
4. Delineate the characteristics of a transformational leader versus a transactional leader.

Case Study

Objectives

- Assess a variety of management theories to identify solutions for improving the management of operations within an HIM department
- Assess a variety of leadership theories to identify solutions for improving the management of operations within an HIM department
- Create a manager or leader improvement plan, given a template

Instructions

Review the following case study and answer the questions for the scenario by creating a manager or leader improvement plan. Use the template in figure 1.11 to complete this manager or leader plan.

Scenario

Jamie was recently hired as the director of HIM operations within a 500-bed teaching facility. Jamie is a recent graduate of an online HIM bachelor's program and she successfully obtained her registered health information administrator (RHIA) certification within the last month. The director of HIM operations is responsible for the following functions within the HIM department as well as managing the 25 employees that perform these functions:

- Release of information (ROI)
- Management of outsourced transcription
- Patient education for the use and access to patient portals

The management issues present within the operations workgroup that Jamie will be managing are:

- High employee turnover rate
- Lack of standardized training programs for new employees
- Distrust of previous management by employees
- Turnaround times for ROI requests exceed the required benchmarks
- Job descriptions for the employees are outdated
- Customer service skills are not optimal as evidenced by the number of complaints received by the senior director of HIM

Figure 1.11. Manager or leader plan template

Manager or Leader Plan Template

Manager: [Last name, First name]

Management or Leader Goal: [Identify two management or leadership theories that Jamie will utilize to manage the operations workgroup over the next year and explain how Jamie will utilize these theories to motivate her team toward the improvement goals]

Operations workgroup area	Improvement goals	Management or leadership theory [Provide support by identifying an appropriate management or leadership theory]	Projected date of completion
Release of information	1.		
	2.		
	3.		
Outsourced transcription	1.		
	2.		
	3.		
Patient portals	1.		
	2.		
	3.		

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Assumptions

- The director of HIM operations reports to the senior director of HIM. The senior director of HIM has a very hands-off management style and allows her management team to function independently.
- Jamie has four years of HIM work experience as an inpatient and outpatient coder for this same healthcare organization.
- The manager or leader plan will include goals that incorporate a variety of management and leadership theories.
- Benchmarking data will be collected upon Jamie's hire and improvement must be shown within the goals for each area of the operations workgroup (including transcription, ROI, and patient portals) after one year. If improvements are not noted, Jamie's role as director will be reassessed (note that creation of benchmarks is not an objective of this manager or leader plan).

Deliverables

Create a one-year manager or leader plan for Jamie to utilize as she improves the deficiencies as noted within her workgroup. The plan should include three improvement goals for each area that reports to her and should incorporate improvements for the items that are noted as deficiencies for the operations workgroup. The improvement goals should include support from a variety of management and leadership theories outlined within the chapter. The goals should also include realistic time frames for completion.

Components of the plan should include the following:

1. One example of how a scientific management theory can be utilized to improve the management of ROI turnaround times within this scenario.
2. One example of how a humanistic management theory can be utilized to improve the employee relations within this scenario.
3. Identification of a leadership theory that Jamie should embrace in order to effectively lead her team.

Review Questions

1. ______________________ is identified as the "father of scientific management."
   a. Henry Fayol
   b. Henry Gantt
   c. Frederick Taylor
   d. Max Weber

2. This management theory is identified by a formalized hierarchical structure with a clear division between workers and management.
   a. Scientific management
   b. Operations management
   c. Humanistic management
   d. Administrative management

3. This management theory includes three key dimensions: human dignity is an important element, ethical complexities are evaluated, and all stakeholders (managers and employees) are involved in the decision-making process.
   a. Humanistic management
   b. Operations management
   c. Administrative management
   d. Scientific management

4. Time and motion studies were utilized in this researcher's work to recommend standardization of hospital design and operations to enhance efficiencies of work for healthcare workers as well as decreasing work fatigue.
   a. Frederick Taylor
   b. Elton Mayo
   c. Frank and Lillian Gilbreth
   d. Abraham Maslow

5. ______________________ performed human relations management research that was geared toward a behavioral scientific approach in regard to employee motivation.
   a. Abraham Maslow
   b. Frank Gilbreth
   c. Mary Parker Follett
   d. Elton Mayo

6. ______________________ is a method that provides organizations tools to improve the capability of their business processes and some examples of these techniques are control charts, failure mode, effects analysis, and process mapping.

   a. Lean
   b. Six Sigma
   c. Management by objectives (MBO)
   d. Servant leadership

7. This is a leadership theory that is associated with matching the leader's style to the situation.

   a. Contingency theory
   b. Behavioral theory
   c. Trait theory
   d. Transactional leadership

8. The ______________________ theory proposed that leadership effectiveness depends on the leader's ability to change his or her behavior to meet the demands of the situation. This theory also takes into account the maturity of the followers in terms of their job ability and psychological willingness to work.

   a. Contingency leadership
   b. Trait leadership
   c. Situational leadership
   d. Behavioral leadership

9. A ______________________ is defined as a principle or ideal intrinsically valuable or desirable (human rather than material) and is embraced within ______________________ leadership.

   a. Trait, great man theory
   b. Value, values-based
   c. Service, servant
   d. Behavior, behavioral

10. Transformational leaders are those who:

    a. Avoid risk
    b. Attempt to work within the system by maintaining status quo
    c. Focus on the act of changing from one current state to another
    d. Never want to change

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Chapter 2

The Management Functions of Health Information Management

Learning Objectives

- Explain the management functions of planning, organizing, leading, and controlling in relation to a health information management (HIM) manager's job responsibilities
- Identify the levels of management most exhibited in healthcare organizations
- Identify the types of leadership power
- Differentiate between delegation and authority
- Discuss the use of dashboards and scorecards as controlling tools for managers
- Discuss ethical concerns in regard to HIM management

Key Terms

Authority
C-suite
Coercive power
Controlling
Dashboard
Delegation
Downward communication
Environmental scan
Ethics
Expert power
Informational power
Key indicators
Leading
Legitimate power
Operational plans
Organizational chart
Organizing
Planning
Referent power
Reward power
Scorecard
Social power
Staffing
Strategic plan
SWOT analysis
Tactical plans
Upward communication

Health information managers spend their days in the practice of management. Chapters in this textbook discuss the various functions of management activities, but this chapter presents these activities together for a focused discussion. Also covered are the levels of management most seen in healthcare organizations. The chapter concludes with a discussion of the ethical aspects of health information management (HIM) in healthcare organizations.

Functions of Management

The functions, or general principles, of management as identified by Henry Fayol were briefly presented in chapter 1. There are now variations on what the functions are called, but most sources refer to the four functions of management as planning, organizing, leading, and controlling. These are functions all managers perform, regardless of their business or industry. Each function has a set of independent skills and competencies, but when they are all brought together, they form the structure for a manager's core roles and responsibilities. Throughout this text, the skills and competencies successful managers must possess are reviewed, and the actions and processes included in each management function are looked at in detail. It is important for new managers to have a firm understanding of how the four functions of management combine to define the manager's role in order to move into a managerial or other leadership position.

Planning

Planning is an examination of the future and preparation of action plans to attain goals. Of the four traditional management functions, planning must be done first; it is the foundation on which the other functions operate. Planning is done at all levels within healthcare organizations but starts at the top. Effective leadership requires that the plan for the future be known. The organization's board of trustees, with the help of senior administration, is responsible for putting together a **strategic plan** for the entire organization. This process starts with the development of the organization's mission and vision statements and communication of these to all employees. The organization's overall mission, vision, and goals set the long-term direction of the organization (see chapter 5). Strategic plans are generally in place for three to five years, with annual evaluations performed by the board of trustees to ensure that the plan is still relevant.

Once the strategic plan for the organization is in place, departments create their own plans using the strategic plan as a guide. **Tactical plans** are shorter-term strategic plans with a focus of one to three years. Once the overall tactical plans are in place for each department, **operational plans** are developed to cover daily operations. Operational plans are in place for a year, at which time they are revised for the next year. Operational plans are further broken down by supervisors as they plan and set goals for their functional areas. Finally, individual employees work on their own performance goals using the organizational and departmental plans as their basis for action. For example, an organizational strategic plan may call for the use of technology to support patient care operations. This translates into an HIM department tactical plan to implement a computer-assisted coding (CAC) program. Short-term operational plans that support the department plan may include researching CAC vendors and upgrading hardware. An individual employee would then set a performance goal to enroll in a data analytics course, which supports the tactical and operational plans of the department.

Regardless of whether the planning is done at a strategic, tactical, or operational level, there are activities and tools that contribute to the success of any plan. Planning tools such as environmental scans, policies, procedures, and budgets are then used to carry out the plan successfully.

Environmental Scanning

A planning activity essential in any organization is an environmental scan. An **environmental scan** is a systematic and continuous effort to search for important cues about how the world is changing outside and inside the organization. An environmental scan is an activity that is done at any level; it should be done early in the planning process to gather data that will impact the creation of a plan. With knowledge obtained through a scan, goals and objectives can be developed that focus on how the organization will meet the challenges of the proposed changes. Environmental scanning should be performed at both organizational and departmental levels. One way to perform environmental scanning is a SWOT analysis. A **SWOT analysis** looks at the internal strengths and weaknesses of an organization (or department), and the external opportunities and threats. Internally, the elements over which the organization has control are examined; and externally, the elements examined are those over which the organization has little, if any, control. External elements pertain to the industry rather than the organization and may also include market analysis and trends. A SWOT analysis is not a task list of things to do but rather a description of the factors that will impact a plan or project. A SWOT analysis should be done with input from all internal and external stakeholders. The implementation of computer-assisted coding (CAC) is an example that helps illustrate the SWOT concept.

Examples in **HIM**

SWOT in Healthcare

Ruth is the HIM director at Memorial Hospital, a 400-bed community teaching hospital. Ruth and her manager, the chief financial officer, began discussing the implementation of CAC, and he requested that Ruth put together an implementation plan for her department. Ruth knows that one of the first steps is to do an environmental scan so she and her staff can focus their planning efforts appropriately. Ruth meets with supervisors and lead personnel to perform a SWOT analysis. Some of their results are listed as follows.

Strengths: the internal elements (specific to Memorial Hospital) in place over which the HIM department has control and that will help with the CAC implementation

- All coders are HIM-credentialed and complete continuing education requirements to maintain their credentials
- The inpatient and outpatient coding accuracy rates are greater than 96 percent
- The coding manager and lead coder are seasoned employees with coding expertise and strong supervisory skills
- The electronic health record (EHR) is in place and all coders are proficient at working with the EHR
- There is a positive working relationship with the information technology (IT) department

Weaknesses: the internal elements (specific to Memorial Hospital) in place over which the HIM department has some control, and need to be addressed prior to the implementation of CAC

- Four of the best coders are over the age of 60 and may choose to retire rather than learn CAC
- One coder continually mentions that CAC will put coders out of jobs
- Implementation and training costs for CAC will be more than what was budgeted
- Physician documentation is not at the level needed for CAC to read their documents

Opportunities: the external elements (outside of Memorial Hospital) in place over which the HIM department has little, if any, control, but should help with the CAC implementation

- Vendors report increased productivity gains with CAC implementation
- Vendors report possible increases in case-mix indices
- Vendors report possible decreases in claim denials through the use of CAC
- Computer-assisted coding technology is always improving

Threats: the external elements (outside of Memorial Hospital) in place over which the HIM department has little, if any, control, and could affect the CAC implementation in a negative way

- The CAC product may not produce the desired productivity gains
- Potential laws or regulations that might hinder the effectiveness of computer-assisted coding
- Computer-assisted coding vendors may go out of business and no longer support their product

Planning Tools

Once the environmental scan is complete, results are used to develop goals and objectives to lead the work of the organization. Organizational goals and objectives are communicated to all levels so that departments and work areas can use them as a foundation to develop their internal goals and objectives. Goals and objectives are written using the SMART method, which requires that they be specific, measurable, attainable, realistic, and timely. The SMART method is further detailed in chapter 9. Once the goals and objectives are written, it becomes the manager's responsibility to create plans to meet them.

Additional tools used by managers to set plans in action are policies, procedures, and budgets. Policies and procedures are introduced and defined in chapter 6 and discussed in greater detail in chapter 7. A policy translates goals into comprehensible and practical terms. Policies are intended to be overall guidelines that set the boundaries for action.

They pre-decide issues so that situations that occur repeatedly are handled consistently. Policies should consider legal, accrediting, and certification mandates as well as any other requirements imposed by external and internal authorities or sources. A procedure is a series of related steps given in chronological order that details the prescribed manner of performing work. Job procedures are very specific and bring departmental plans down to the level of how and by whom the actual task is carried out. Procedures are developed for repetitive work in order to provide uniformity of practice, to facilitate personnel training, and to permit the development of checks and controls in the workflow. A budget is a plan that converts the organization's goals and objectives into targets for revenue and spending. The budget gives the HIM manager a fiscal path to follow when it comes to accessing the organization's resources. Most budget procedures require that departments submit an annual budget to senior administration for approval. Once approved, the budget becomes less of a plan and more of a control tool. Budgets are examined in more detail in chapter 4.

Organizing

Once the planning function is complete, the HIM manager becomes responsible for organizing the resources to meet the goals and objectives. **Organizing** is the coordinating of the activities of multiple people to achieve a common purpose or goal. An organization decides how best to accomplish its work and divides labor accordingly. A common division of labor in healthcare is departmentalization by function: nursing, emergency room, respiratory services, HIM, housekeeping, maintenance, and patient financial services. Division of labor by function allows for specialization among employees, which leads to efficiency and quality of patient care. Traditionally, HIM departments are also structured by function (such as coding, release of information, transcription, and chart completion), although chapter 11 discusses the emerging concept of "HIM without walls."

Organizational structure is determined by senior management and illustrated by an **organizational chart**, which is a visual representation of an organization's formal reporting structure. Departmental structure is based on the overall organizational chart but is more detailed. Sample departmental organizational charts are shown in figures 11.1 and 11.2 in chapter 11. Organizational charts also show the reporting lines within a department. They give a visual description of to whom each employee directly reports and the chain of command that should be followed when questions or grievances arise. Typically, an HIM department's organizational chart lists job titles without employee names. Employee names are not used so the organizational chart does not have to be changed whenever someone leaves a position.

An organizational chart also helps to illustrate the span of control for an HIM manager. Chapter 11 defines *span of control*, which is used to determine how many employees report to a single manager. There is no ideal number of direct reports for an HIM manager, but there are factors that should be taken into consideration when determining an appropriate span of control:

- *Skills and abilities of the manager and his or her employees*. When a manager demonstrates greater competence in their role, they are able to take on a larger span of control. In addition, when employees are more competent or have specialized skills, this allows a manager to have a larger span of control. Employees with specialized skills know more about their jobs and require less intervention from a manager.
- *Geographical proximity of employees to each other and the manager*. When employees are located in close proximity to one another, it is easier for the manager to oversee the work being done. Employees that are physically close to each other can ask questions and rely on each other, and less on the manager. This allows the manager to have a greater span of control. Geographical proximity becomes an issue when dealing with remote employees. The ability for a manager to be in contact with remote employees will impact the size of the span of control.
- *Presence of procedures, rules, and guidelines*. When there are up-to-date policy and procedure manuals, rules, and clear guidelines for employees to follow, they are less likely to need the help of a manager. This allows the manager to have a larger span of control.
- *Similarity of supervised tasks*. When employees are all performing similar tasks such as scanning or coding, it is easier for a manager to oversee more employees. The problems associated with work processes will be the same, requiring less of the manager's time.
- *Complexity of supervised tasks*. Conversely, when the tasks being performed by employees are complex or varied, it requires more of the manager's time, and they cannot manage as many employees at one time. The span of control is smaller.

- *Frequency of interaction between managers and their employees*. When a manager must interact frequently with employees, they are more limited in the number of employees they can oversee. This leads to a smaller span of control. However, if technology is available to aid in the communication process, the span of control may increase.

Span of control is linked to the concept of delegation. **Delegation** is the process by which managers distribute work to others along with the authority to make decisions and take action. Delegation is a skill that managers must develop, or they will end up doing most of the work of the department by themselves. Managers over-delegate when their time management skills are weak or when they are unsure of their own ability to complete a task; managers under-delegate when they do not trust their employees to complete a task because of lack of ability or lack of time; and managers improperly delegate when they choose the wrong person, time, or reason for delegating a task (Greenberg 2011). When delegating a task or project, an HIM manager must be careful to also delegate the authority that accompanies the task. **Authority** is the right to make decisions and take actions necessary to carry out assigned tasks. An individual cannot be expected to complete a task without having the correct level of authority. Granting authority is important regardless of whether the employee is working alone or must enlist the help of others in completing the job. Five steps to effective delegation are:

1. *Select the right person*. Match the person to the job, not the job to the person. The individual must have the correct skill set and desire to perform the task.
2. *Specify the desired result*. Communicate clearly whether in person, email, or other media. The outcomes must be specific so that there is no question as to whether the job was carried out correctly.
3. *Set a deadline*. A time frame is necessary so everyone knows when the project is due. If priorities change, it must be communicated to everyone involved. It may be helpful for both parties to determine a realistic schedule.
4. *Determine authority*. The manager decides what level of authority is given to the employee. However, once authority is granted, the manager must step back and let the individual proceed.
5. *Track progress and results*. Even though authority has been granted, the manager should monitor the progress of the task and provide guidance if necessary or requested (Boomer 2013).

Organizing consists of other activities that are sometimes considered to be a subset of organizing called staffing. **Staffing** is a managerial function concerned with determining the most appropriate and cost-effective mix of individuals necessary to complete the job functions in a department. Staffing includes recruiting, selection, compensation (chapter 8), evaluation of employees (chapter 9), and training and development (chapter 10). Committees (chapter 11) and teams (chapter 3) also are part of the organizing function.

Leading

Following planning and organizing is leading. **Leading** is the management function in which people are directed and motivated to achieve goals. Leading is sometimes referred to as actuating, directing, or influencing. Key concepts of the leading function are change management (chapter 5), conflict resolution (chapter 5), motivation and morale (chapter 3), disciplinary action (chapter 6), and leadership styles (chapter 1). An HIM professional must understand the leading function in order to influence employees to accomplish the goals and objectives created during planning and coordinated during organizing. Managers must address leadership power, communication, and barriers to communication.

Leadership Power

Leaders have the power to influence their employees and should know the source of their power. This is referred to as **social power**, which is "the potential or ability of an agent [in this case, a manager] to bring change in attitudes, behavior, or belief by using resources available to him or her" (Pierro et al. 2013). Six sources of social power can be found in an organization:

- **Legitimate power:** This is a type of formal power that is granted to an individual based on the position they hold in an organization. For example, the director of an HIM department has the power to influence the behavior and tasks of the people that report to her because she is their boss. Her employees will do as she requests because her position requires it, and their positions require they listen to her. If she should leave the position, she no longer has legitimate power over the members of the HIM department.

- **Reward power:** This is another type of formal power granted to an individual who has the ability to reward employees for doing what is requested of them. The reward may come in the form of a raise, promotion, time off, or other positive measure. For example, an HIM manager may implement an "employee of the month" award that comes with a small financial reward and public recognition in the organization's newsletter. The supervisor decides each month who will receive the award. Although positive in nature, this type of power may weaken over time if the rewards lose their appeal.
- **Coercive power:** This is almost the opposite of reward power. This type of formal power is granted to an individual who has the ability to punish employees for not doing what was requested of them. Punishment may come in the form of a demotion, poor performance appraisal, or an undesirable work assignment. A coding supervisor may threaten a coder with losing remote working privileges if productivity does not improve. Coercive power is negative and usually leads to other problems, such as low morale and increased turnover.
- **Expert power:** This is a type of personal power in which, regardless of their position, power is perceived in an individual who is a subject matter expert. Others recognize his knowledge, skills, and experience in a particular field and look to him to be a leader. For example, a coder with many years of experience and continuing education may be consulted by other coders about difficult charts. His knowledge is respected, and he may be an informal leader with a degree of influence in the coding section.
- **Referent power:** This is another type of personal power. These leaders possess personal characteristics that make others want to be like them, to follow them, and to want to be associated with them. Leaders who have referent power do not necessarily do anything to earn their power; it is more about personality traits. The leader may be smart, fair, trustworthy, kind, or have other qualities that make coworkers want to be around him or her. For example, an HIM manager may have a reputation for always being fair with employees, and this respect influences employees to follow the manager's lead.
- **Informational power:** This type of power is based on the leader possessing information. The information may be about a project, future plan, or new development in the organization. Informational power is based on the content of the message; once the information has been shared, the power is gone. This is short-term power and does not allow for continuing influence (Pierro et al. 2013).

Legitimate, reward, and coercive power all depend on the manager's position. Once they leave the position, the power disappears. Expert and referent power are personal in nature; neither depends on the person's position within an organization. Informational power is entirely based on content, with no position or personality traits involved as the power rests with the information. If information is desired, the owner of the information has power; if no one wants information, the owner has no power. An HIM professional may possess multiple types of power at one time. A manager may have been an expert coder or audit technician and been promoted to a management position. In this case, the expert power combines with legitimate power. A manager should be able to examine a situation and apply the type of power base that is needed. For example, when speaking to a group of physicians regarding documentation issues, an HIM director must apply expert power as a subject matter expert with more knowledge on this topic than anyone else in the room. An HIM director must apply coercive power when dealing with an employee who has caused a breach of patient confidentiality. The most effective managers are those who demonstrate expert and referent power in their leadership positions.

Communication

Power and leadership influence others to accomplish the goals and objectives set forth by an organization or department, but another skill needed for effective leadership is communication. Communication as used in change management is defined in chapter 5, but effective communication is "the ability to both send and receive information, as well as convey and understand thoughts, feelings, and attitudes" (Anderson and Pulich 2002). Communication is always two-way, with both a sender and a receiver. Even if it appears that communication is one-way (a lecture, a voice message left on a phone), there must be someone on the other end to receive the information for communication to take place. Communication consists of oral, written, and visual information.

Oral (or verbal) communication can be in person or over the telephone. An HIM manager uses oral communication to give directions, complete performance appraisals, and deliver disciplinary action. The benefits to oral communication include the availability of immediate feedback, the ability to read nonverbal cues such as voice tone and body language, and the opportunity to use the cues to adjust the message if necessary. If a sender notices the puzzled look on the receiver's face, he or she automatically knows the message was not understood. Oral communication, especially face-to-face contact, is faster and more efficient than writing a memo or email, but there is no permanent record kept of the communication. When speaking to others, the speaker should be upbeat and confident, honest and sincere, and follow these suggested best practices:

- Speak loudly enough so all can hear, especially when addressing a group.
- The message should be clear and concise. Do not add words simply to add length to the message.
- Make use of hands and facial expressions to emphasize key points in the message.
- Use eye contact to capture the attention of listeners.
- Stand up straight and erect to put force behind the message.
- Be careful not to use sounds such as "um" and "er" that distract from the message. It is best to pause when speaking for time to gather your thoughts.
- Keep the focus on finding solutions when discussing problems (Brounstein 2002).

Written communication is another skill that an HIM manager needs to develop in order to effectively communicate in the workplace. Written communication may occur in the form of a memo or an email, a policy or procedure, an employee performance appraisal, or a budget justification. Written communication lacks the immediate feedback of oral communication but does leave a permanent record that can be referred to later. This is especially helpful when using procedures to train new employees. Initial training may be verbal, but when a written procedure is also provided, an employee can study it later and refer to it as a quick reference for questions. There are best practices for written communication that an HIM professional should follow:

- Be concise—try to keep emails to no more than five or six sentences and memos to no more than one page.
- Maintain a friendly yet professional tone when writing emails and memos.
- Proofread carefully—all word processing applications have grammar and spell-checking features.
- Use simple language to convey meaning instead of impressive or flowery words.
- Explain all abbreviations and unfamiliar terms the first time you use them; for example, not everyone knows CMS stands for the Centers for Medicare and Medicaid Services or that HIM means health information management.
- Do not send an email or memo when angry or upset—let it sit until emotions have cooled. Then consider whether a phone call or an in-person meeting would be a better method of handling the situation.
- If a document is especially important (a budget justification or a report to the board of trustees), check for understanding by reading it out loud or letting it sit for a day or two and then re-reading it with fresh eyes; if possible, have someone else read the document.

Visual communication consists of media such as PowerPoint presentations or the use of graphs and charts in written reports. HIM managers may present to a local HIM association meeting or give a career talk to an HIM class at a local community college. Visual aids enhance a presentation by making it more interesting and helping the visual learners in the group to understand the material better. A report with appropriate graphs or charts helps the reader to visualize statistics or data that may be difficult to put into words. Visual communication uses many of the same best practices as oral and written communication—being concise, proofreading for spelling or grammar errors, and using plain language. The use of color and labeling of data displays are important to enhancing meaning.

An HIM manager will communicate daily with bosses, peers, and employees. There are two components to communicating with the boss:

- Understanding the boss's expectations
- Upward communication (Anderson and Pulich 2002)

It is the HIM manager's job to meet the boss's expectations by making sure the organization's goals and objectives are met through the activity of the HIM department so that time is not wasted on unnecessary tasks. Priorities must be understood so that all parties involved are working toward the same goal. Effective communication with the boss is enhanced when the manager practices active listening (chapter 5) by asking questions for clarification and gathering the correct data for future use in meeting goals and objectives. **Upward communication** occurs when information moves from the lower levels in an organization to the upper levels (Business Dictionary n.d.). An example is communication from the HIM manager to the chief financial officer, initiated by the HIM manager. Successful managers are "able to make judgments about what the boss *needs* to know, what the boss *should* know, *when* information should be communicated, and *what* is the most appropriate medium for communication" (Anderson and Pulich 2002).

The boss needs to know about issues that could escalate into bigger problems. It is better to be open and honest with a boss about a problem than to wait for the boss to be blindsided with the problem and subsequently ask for clarification. When presenting a need-to-know situation, it helps if the manager has a solution or two prepared for consideration. Even if the solutions are not acted on, the boss will appreciate the problem-solving process started at the manager's level.

What the boss should know is more difficult to judge. If the boss made expectations clear, regular updates or progress reports are part of what a boss should know. When receiving verbal updates or reading reports, most bosses are not interested in long conversations or multiple-page memos or reports. The best practice is to be concise with both written and oral communication unless your boss indicates otherwise.

When information should be communicated to the boss concerns timing. Most managers have regular weekly, biweekly, or monthly meetings with their boss to cover routine organizational and departmental matters. If an issue has the potential to escalate into a problem, a manager should not delay in communicating the situation. A manager should respect their boss's schedule and not present issues on the day before he or she is to leave on vacation or at four o'clock on a Friday afternoon unless it is unavoidable.

The decision about what medium to use (face-to-face, email, or phone) will depend on the nature of the situation. Routine updates can be accomplished by email, while more complex issues require a face-to-face meeting or telephone call. Again, if expectations have been communicated clearly, it is easier to know what medium to use. It is always good practice to ask a boss what the preferred method of communication is for specific situations.

From the employee's perspective, communication with the manager is upward if initiated by the employee. However, from the HIM manager's perspective, communication with employees is downward. **Downward communication** occurs when information moves from the upper levels of an organization to the lower levels (Business Dictionary n.d.). This happens in situations such as when the HIM manager meets with coders to review annual coding updates, or with the entire HIM department to review an implementation strategy for an EHR upgrade. Downward communication also includes training and mentoring (chapter 10). Sharing information with employees helps to ensure all levels of the organization know and understand the goals and objectives as well as necessary policies and procedures. Rumors can be addressed and put to rest, and problems can be solved at a lower level before they grow to include upper levels of management.

Communication with peers, subordinate employees in other departments, or upper management happens either laterally (horizontally) or diagonally as depicted on the organizational chart (chapter 11). The director of HIM communicates laterally with the director of IT over new scheduled down-time procedures, or with the HR director over missing employee performance appraisals. Lateral communication occurs when there is a need to coordinate activity between departments or to work on committees (chapter 11) or cross-functional teams (chapter 3). Diagonal communication occurs when the director of HIM communicates with the vice president of nursing services about a possible security breach, or with the chief financial officer about new reimbursement regulations for Medicaid patients. Diagonal communication may also occur when an HIM director reminds a staff nurse about the importance of maintaining patient confidentiality when an inappropriate conversation is overheard in an elevator. Diagonal communication does not follow the traditional top–down, bottom–up, or horizontal lines of organizational structure. An HIM director must be careful to avoid the appearance of neglecting the traditional lines of communication. This can be done by including those not directly involved with copies or courtesy calls. Regardless, effective communication needs to occur so problems can be solved.

Communication Barriers

An HIM manager must also deal with barriers to communication. Some of these barriers are physical, such as geography, noise, and office layout. Managers who have employees who work remotely must deal with communication occurring via phone, text messaging, or email. This means there is a loss of the nonverbal cues that would be present in face-to-face communication. Even using video conference technology (chapter 10) can be a problem if connections are not ideal.

Diversity and cultural differences can also be barriers to communication. People who speak English as a second language may have trouble finding the right word or understanding what someone else is saying. Cultural issues such as personal space and gender roles can impact transmission from sender to receiver. Status within an organization can lead to barriers when different positions communicate with each other. Employees may feel uncomfortable with those on a higher level or lower level than themselves. Feelings of inequality may be present and hinder the ability to both send and receive messages.

Finally, words themselves can be barriers to communication. Healthcare as a field has unique terminology that not everyone understands. Pronunciation for certain words differs depending on the region of the country, and those that work in dermatology, for example, may be unfamiliar with terms related to obstetrics and gynecology. Poor word choices, wrong word choices, and using a complex word when a simple one will do can also lead to confusion and misunderstanding between senders and receivers.

Controlling

Planning and organizing lead directly to the controlling, or evaluating, function of management. **Controlling** is the monitoring and correcting of organizational, departmental, and individual performance so goals and objectives are met. Controlling is dependent on goals, objectives, and key indicators being set during the planning phase. **Key indicators** are quantifiable measures used over time to determine whether some structure, process, or outcome supports high-quality performance measured against best-practice criteria. On an organizational or departmental level, the progress toward a goal is monitored with key indicators to make sure tasks and activities necessary to meet the goal stay on course. Should performance slip, corrective action is taken to adjust and even change performance standards. The following example illustrates the use of key indicators to control progress toward a goal.

Examples in **HIM**

Key Indicators

Emily is the HIM manager overseeing the coding and release of information functions at Memorial Hospital. During a department planning retreat, Emily, the HIM department head, and other department managers set an HIM department goal to increase customer satisfaction by 3 percent by the year's end.

Following the planning retreat, Emily worked with her staff to create operational goals in their functional areas of answering the telephone, releasing record requests, and physician queries. The operational goals support the department goal using key indicators. The indicators are the number of telephone courtesy complaints, release of information request turnaround time, and number of completed physician queries. A plan is devised to improve telephone skills through training for the reception area, reduce turnaround time for record requests by allowing records to be sent via email, and have coders spend one-on-one time with physicians answering queries. In order to monitor progress toward the goal, throughout the year random customers (patients, physicians, and patient accounts employees) will be given customer satisfaction surveys, and each quarter the results will be tallied and shared with employees in the department.

At the end of the first quarter, there was no progress toward reducing telephone courtesy complaints or the number of physician queries; however, the record release turnaround time improved as a result of the change in procedure. At that time, Emily decided to extend telephone training to all department employees. The procedure to send records via email was made permanent, and coders continued to work personally with physicians to reduce queries. Monitoring continued in Emily's areas, and at the end of the fourth quarter, final customer satisfaction surveys showed an overall improvement of 3.2 percent. The department goal was met due to the telephone training and change in record release procedures. However, the number of physician coding queries remained the same. In the coming year, Emily will continue to monitor all the key indicators in order to hold the gains realized by the two key indicators and continue to reduce the number of physician inquiries.