

Management for the Health Information Professional

Second Edition

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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 professionals.

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.

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Janette R. Kelly, MBA, RHIA

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Pamela S. Greenstone, MEd, RHIA

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

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.

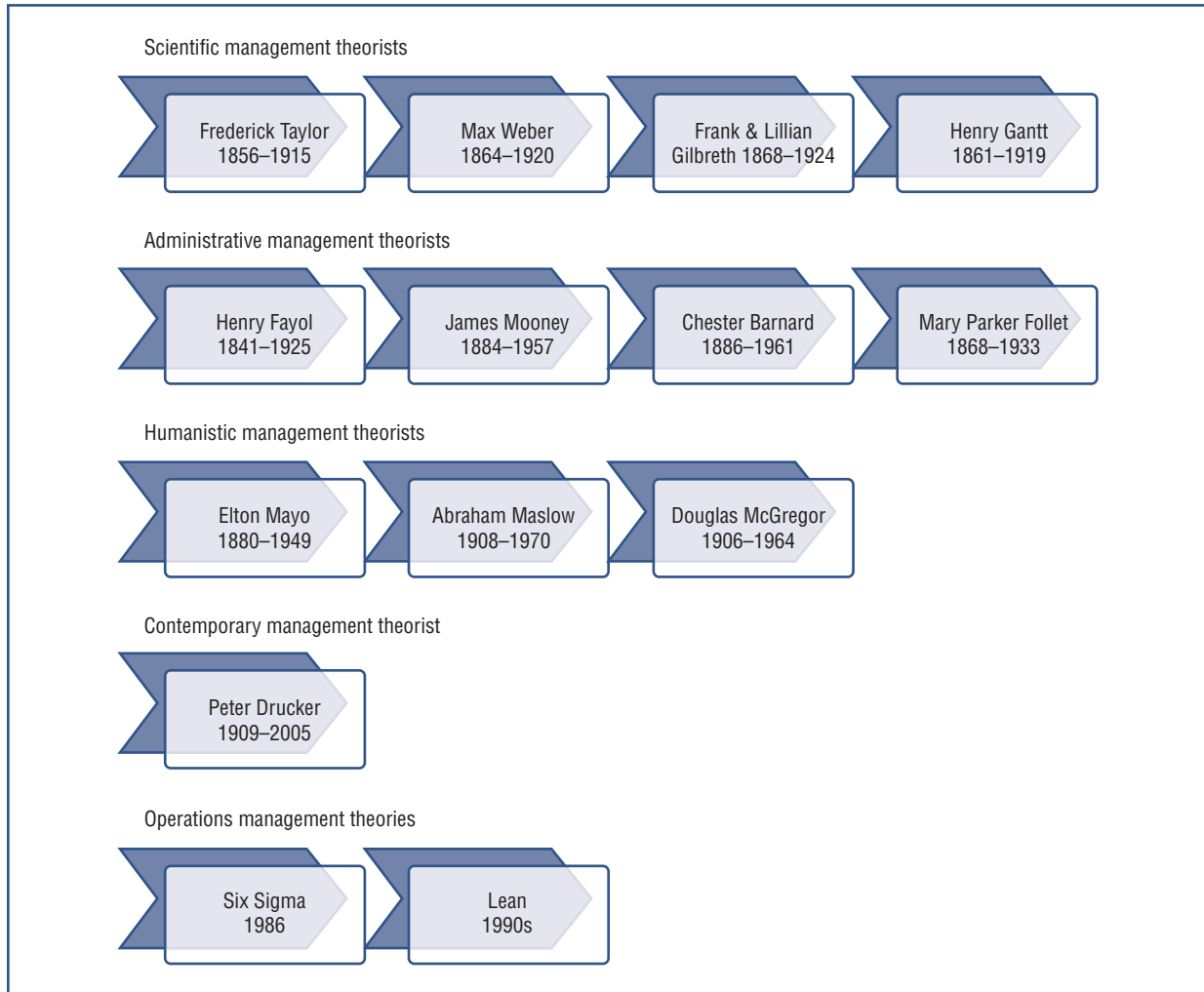
Scientific Management

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



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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

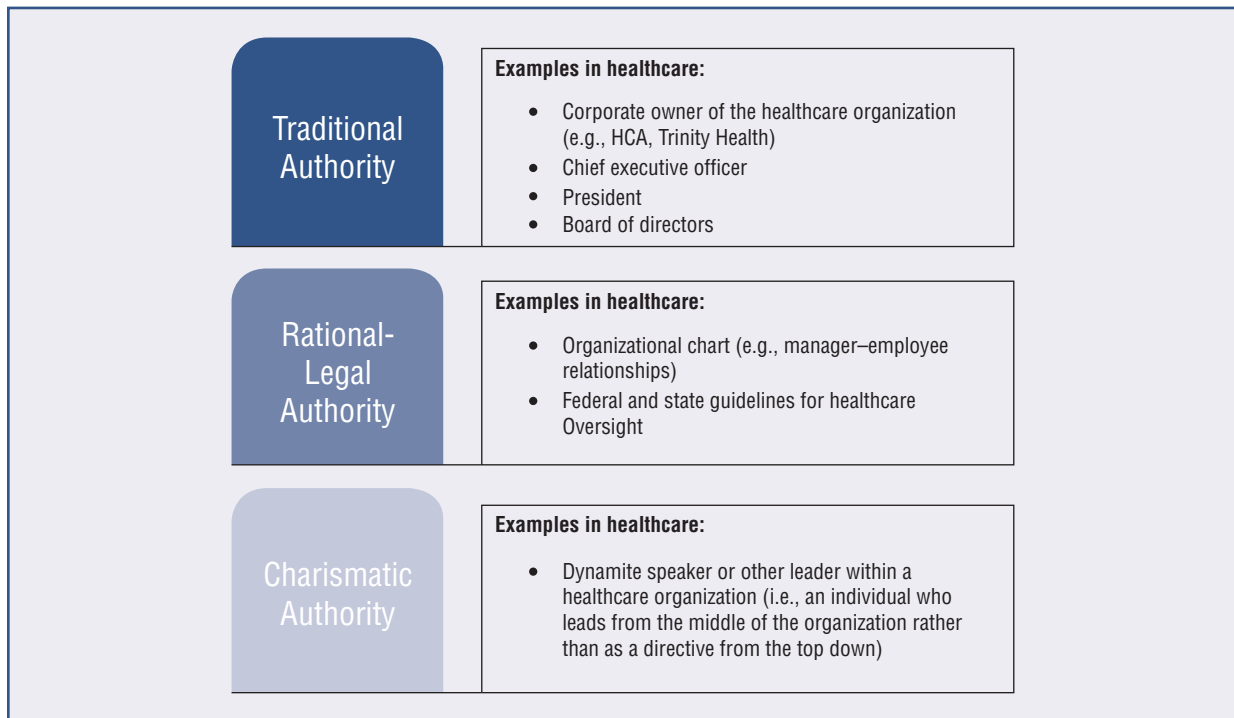
Max Weber, another scientific management theorist, introduced the bureaucracy theory around 1904, although much of his work was not published until after his death in 1920. Weber's theory revolved around concepts of legitimate authority in an organization. **Authority** is the right to make decisions 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



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 Neuhaser 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,” relating 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).

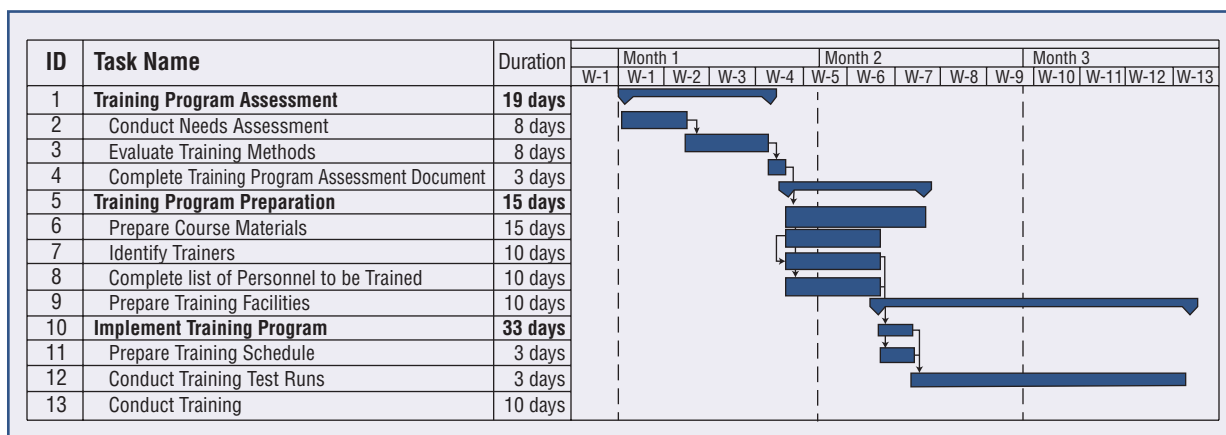
Henry Gantt

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



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).