

Chapter One

Background and introduction


1.1 Why have a guide on performance management

The management of performance is a challenge in the Public Service generally and in the delivery of health services in particular. Recently, the performance of hospitals has come under the spotlight and has placed enormous pressure on both practitioners and policy makers to do something about the deteriorating health services. Several factors have been cited as the cause for the decline in health services. The Hospital Strategy Report (1997) cited declining real budget, demoralisation of staff, inability to replace some categories of professionals, the increased demand for services and loss of public confidence in the system as some of the reasons contributing to this negative decline.

It would be difficult for departments of health to improve performance without performance improving at the service delivery unit, including a hospital or clinic. A performance management system is an approach which, when correctly implemented, might result in increased performance without an accompanying increase in input.

Government's intention to improve performance and public productivity cannot be doubted especially when considering the number of policy initiatives that focus on performance as an issue. The following are some of the prescripts where the importance of performance management, measurement, efficiency, and effectiveness are stressed:

- (a) Constitution, (1996; (s195)) especially s1(b) refers to the need for efficiency, effectiveness and economy when delivering government services while ensuring accountability (1(f)).
- (b) White Paper on Reconstruction and Development, (1994; (s5.7.1)) where it is envisaged that productivity gains will be achieved through the introduction of a system of performance measurement.
- (c) White Paper on the Transformation of the Public Service, (1995; (s11.4)) refers to a need to set appropriate standards, define output and targets and performance indicators.
- (d) White Paper on Transforming Public Service Delivery, (1997; (s3)) introduces the eight service delivery principles, especially setting service standards directed at improving services.
- (e) Public Service Regulations, (1999 (sB1)) requires Public Service organisations to set goals and measurable targets.

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- (f) Public Finance Management Act, (1999); and its accompanying Treasury Regulations, (2002 (s5.2 and 5.3)) require that objectives set be measurable while performance is monitored, with corrective action taken where necessary.

The White Paper on Transforming Public Service Delivery further recognises the importance of the service delivery from a client point of view. The other mechanisms do not directly refer to this although it is mostly implied in the aggregated high level and strategic plans.

Successful organisations manage and measure their performance in order to know how well they are performing, and identify and take action to improve performance. In support, Osborne and Gaebler (1992) state that:

“if you don't measure results you can't tell success from failure; if you can't see success, you can't reward it; if you can't reward success, you are probably rewarding failure; if you can't see success you can't learn from it; if you can't recognise failure you can't correct it; and what gets measured gets done”.

1.2 Aims of the Guide on Organisational Performance Management for Hospital Managers

This Guide on Organisational Performance Management for Hospital Managers (the Guide) was developed by the Public Service Commission in collaboration with the National and Provincial Departments of Health. It is a practical and user-friendly resource to assist hospital managers and make them effective, efficient and accountable through planning, implementing, monitoring, and improving organisational performance.

The aim is to operationalise strategic plans through tracking performance from the strategy to the service delivery point while providing what is considered good practice in performance management in the delivery of health care. An organisation like a hospital can improve its performance substantially by introducing basic management systems and embedding them in the culture of the organisation.

This Guide also deals with the performance gap and creates a balance between human resources performance systems and the organisational effectiveness. Currently the Public Service has a number of individually directed performance management systems that do not take into consideration organisational performance. This Guide may further *assist managers to decide what needs to be achieved and to make sure that what is planned is actually achieved* and it may also:

- (i) provide knowledge about how a hospital and its components are performing,
- (ii) improve patient service,

- (iii) lead to consistency of purpose and alignment where employees share the same values,
- (iv) lead to the reward system being based on evidence of performance, and
- (v) improve communication.

1.3 Who is this Guide targeting

This Guide is intended for use by hospital managers and supervisors charged with the delivery of health care. It will enable them to develop, implement, and maintain performance management systems in a hospital. Operational and front line personnel will also find the Guide useful in performing their jobs. The Guide should be used in conjunction with other departmental policies, directives, and prescripts and is not intended to undermine any other initiatives internal to the departments of health. For performance management to work, it must be aligned with the strategic plans of the departments and the hospital.

1.4 Operationalising performance management

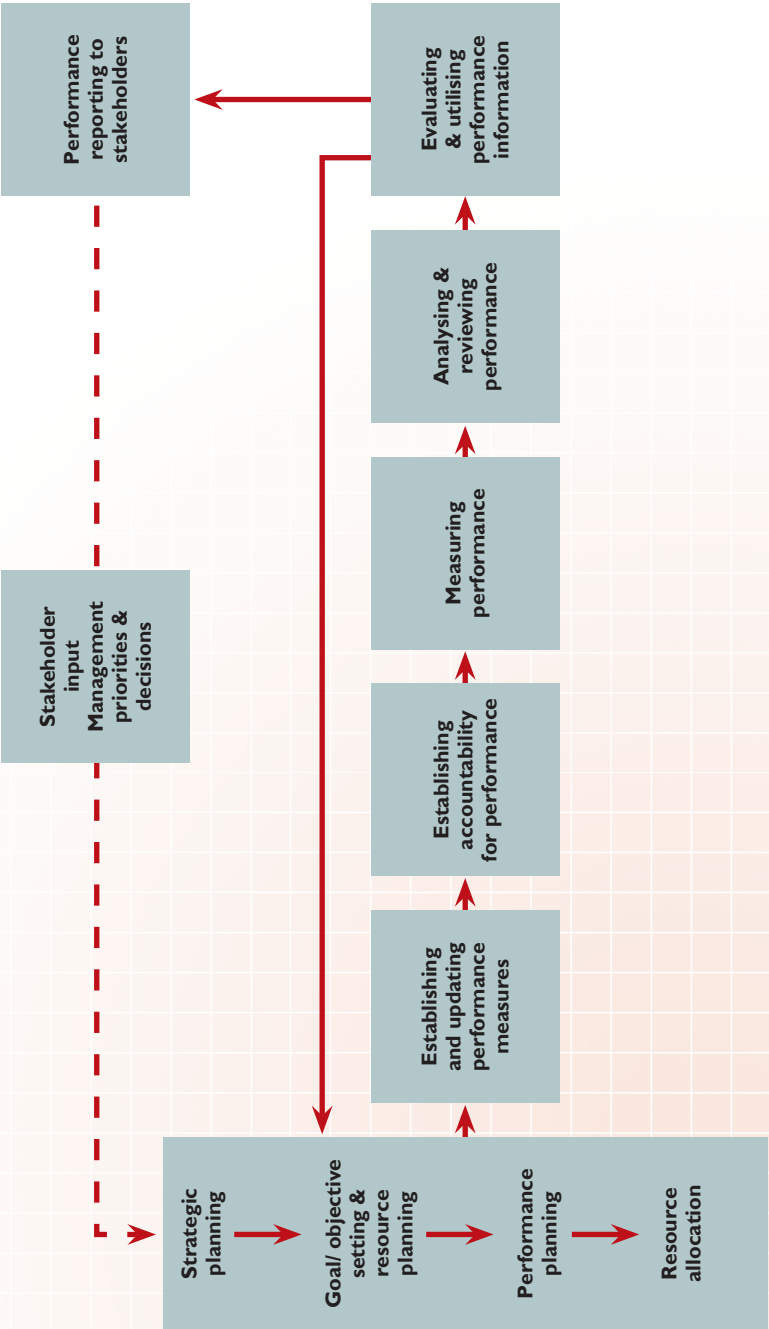
At the core of performance management is a routine and systematic set of activities which, when followed, result in the realisation of the intended output. The basis of this is the *Plan-Do-Check-Adjust* management process. These activities, while directed at improving service delivery, also point to where performance problems are, if and when they exist, or are experienced.

In this Guide, the basic performance management processes are explained and a few good examples provided for each step in the process. While key aspects of hospital management are covered, this is a guide and therefore flexible to accommodate individual hospital needs as determined by circumstances from time to time. It remains the task of the hospital manager(s) to apply performance management principles and decide what is important, what needs to be measured, and how to arrange reporting and review the process and performance.

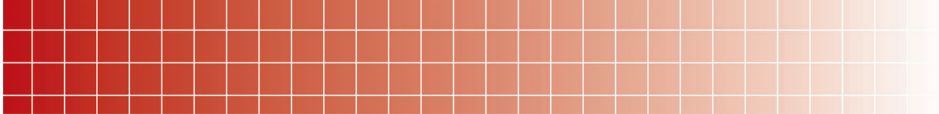
1.5 Structure of the Guide on Performance Management for Hospital Managers

This Guide adopts a performance model that provides steps for measuring performance and the ability to correct where the system is not producing the intended results. The following is the performance management and measurement model for hospital services:

Figure I: Hospital Performance Management and Measurement Process Model



Adapted from the Department of Energy (United States of America (USA), (2001). The Performance-Based Management Handbook (Vol 2); Establishing an Integrated Performance Measurement System.



From the model above the different phases of developing and implementing a performance management system are clear. The Guide unpacks the different stages and is divided into the following chapters:

Chapter 1 introduces the Guide, establishes the importance of it, and creates a link between the Guide and other government policies and prescripts.

Chapter 2 sets the scene for a performance management system.

Chapter 3 deals with accountability for and measuring of performance.

Chapter 4 is about reporting and reviewing performance.

Chapter 5 considers strategies for implementation and other enabling issues that need consideration.