Part 1

Introduction

1

Concepts of leadership and management in health services

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Learning objectives

How do I:
- define management and leadership in healthcare organisations?
- distinguish between the functions of top-level, middle-level and first-line managers?
- understand the concept of power and how it is used in management and leadership?
- determine the skills I would need for effective running of healthcare facilities?

Introduction

Intense debate surrounds the differences between the roles, functions and even superiority of leadership and management (Lease, 2006). Leadership is not something wholly different from management; indeed, it is a component of management and a responsibility of management, especially for senior managers. The present situation in health systems suggests that effective managers need to be effective leaders, and that the most effective leaders are also good managers.

Definitions

Most people think they know what management is. However, if they are asked to explain or describe the term management, they will give different answers. Some of them will say that it is a science; others will argue that it is an art; still others will vote for its being a practice. In addition to these answers, they will give examples of successful entrepreneurs like Jack Welch or world-class companies like Apple. It is also tough to explain differences between management and leadership. In many non-English-speaking countries,

there is no term for leadership. This suggests that common words like management and leadership could have confused meaning for many of us. Therefore, it is important to discuss the definitions and functions of management and leadership.

Organisations

Why do we need management? Let's say that someone has been asked to prepare a health promotion project highlighting the dangers of skin cancer. If they decide to do everything by themselves, most likely they will not need to think about planning, organising and controlling. However, the situation changes if five or six fellow staff members join them. They will need to plan activities and organise their colleagues, to monitor the process. In this case, they become a manager. The second situation differs from the first because there is an **organisation**. The management function normally appears only within organisations.

> **Organisation**
> A group of individuals who interact with each other to achieve a common goal

Researchers have identified many different types of organisations (McKenna, 1998). The term organisation includes a hunting tribe in Papua New Guinea, a primary healthcare unit somewhere in the Northern Territory, a university in New Zealand, a sophisticated cancer research institute in France and the World Health Organization itself. What do these organisations have in common? First, they have one or more objectives. This means that their activity has a direction and purpose. The French institute tries to better understand cancer and its treatment. The tribe has a mission to hunt for food and to survive. The university exists to train new specialists and health professionals. Second, all of these organisations have two or more members within them. Third, all of these members are organised. The primary healthcare centre has a doctor (or several doctors), a nurse (or several nurses), a receptionist and a practice manager. All these people have different responsibilities, but all these activities are targeted at achieving a common goal. The World Health Organization has a more sophisticated organisational structure, with different specialists and functions. Therefore, an organisation could be described as a group of individuals who interact with each other in an interdependent relationship towards achieving a common goal or goals.

Organisations are platforms for management. For a better understanding of this, we need to discuss the structure of organisations. All organisations (from primeval tribes to international corporations) have certain similar structures, presented in Figure 1.1. All organisations are targeted to achieve a series of agreed goals. This means that all organisations produce results, or outcomes. For example, results for a tribe will be hunted game; for a hospital, healthy patients; for a pharmaceutical company, a new drug against hypertension. However, we cannot expect these desired results to occur without doing something. Therefore, we always have to develop some process before seeing results. Processes for a hospital may be the examination, treatment and rehabilitation of patients;
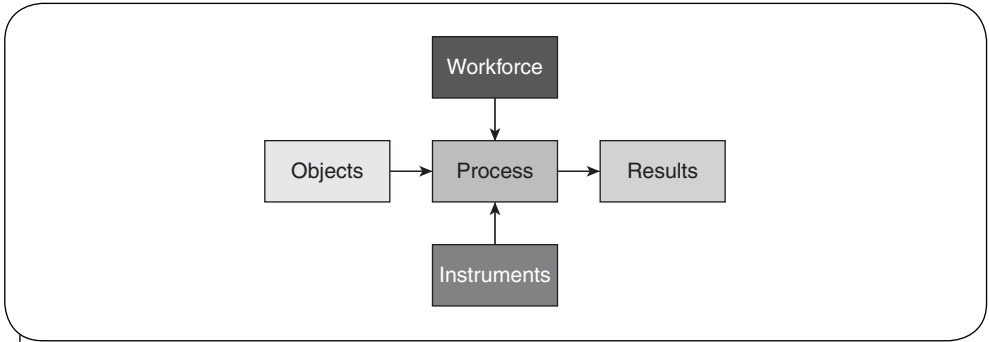
Figure 1.1 Structure of an organisation

for a university, the teaching of students; and for a non-governmental organisation, running a project against smoking.

These processes (a core of any organisation) are possible if we have objects, people and tools. A hospital will stop functioning if it does not have patients admitted with health issues. We can define these patients as objects. Little will happen to these patients if there are no health specialists, which we define as the workforce. The workforce ensures a process within the organisation. In this case, doctors, nurses and other allied health specialists take care of the patients. However, for most of the processes we need tools, or instruments. Doctors and nurses would not be able to do much without facilities, technologies and drugs. All these instruments help the workforce in the process towards achieving the common goals or outcomes.

A disorganised group of people will not be able to achieve their organisation's goals. If we want a group to work effectively and in one direction, we need to have adequate management.

Management

As we have already seen, there are many definitions of **management**. Literally every author provides their own definition; however, the main principle is the same in all definitions and lies in the classic works of French mining engineer Henri Fayol, known for his theory on the fundamental functions of management. According to Fayol (1917), every manager plans, organises, commands (or leads), coordinates and controls. This definition of management is generic: it should be suitable for all industry sectors. Can it be applied to the healthcare sector?

Management happens in organisations, so **health management** happens in health organisations. According to the World Health Organization (2000), all the organisations, institutions and resources that are

> **Management**
> Planning, organising, leading and controlling resources in order to achieve an organisation's goals
>
> **Health management**
> Planning, organising, leading and controlling resources in order to promote, restore or maintain health

devoted to producing health actions are components of a **health system**. Based on this, we can define health management as planning, organising, leading and controlling resources in order to promote, restore or maintain health. It is noteworthy that some authors use the terms healthcare management and health services management; these emphasise the focus on the organisation and delivery of services (Fulop, Allen, Clarke & Black, 2001). Health management covers management and organisation of the health system and its various subsystems and components (Hunter & Brown, 2007).

> **Health system**
> Combined activities whose primary purpose is to promote, restore or maintain health

However, health management has an unfortunate reputation. It is often regarded as an unnecessary activity that at best diverts resources from the real frontline activities of providing healthcare or preventing ill health (Green, Collins & Mirzoev, 2012). Nevertheless, scientific data oppose this. A recent systemic review has proven clear positive correlation between the performance of healthcare systems and their organisation and management practices, leadership and manager characteristics (Lega, Prenestini & Spurgeon, 2013).

Health management is a social process and reflects national social, political and cultural values. It cannot be transferred easily from one country to another. Most likely, successful health management practices in New Zealand will not work in Tajikistan. This is not because of any ineffectiveness in New Zealand's principles; simply, these two countries have different histories of development.

What kinds of managers do health systems need?

The World Health Organization's (1999) regional office for Europe has identified the most crucial functions for public health managers. Although these principles are targeted at the European region, they are relevant in the Australasian context.

> Essentially what is needed are public health managers, with the skills to manage partnerships and coordinated multisectoral action within alliances. They must … be trained in population-based analysis of health problems, be grounded in the approaches to deal with problems of lifestyles, the environment and health care, and be capable of the advocacy and networking needed to bring many partners together. They must also be skilled in creating excellent public health information for the general public, professionals and politicians.
>
> Within the health service itself they must be trained in policy and programme planning, including target-setting, outcome measurement and evaluation, and instrumental in shaping the pattern of services provided. They must be able to help plan, monitor and evaluate broad health development programmes, defined by disease category or client group, making scientifically informed judgements about the balance to be struck … between health promotion, disease prevention, therapy and rehabilitation.

Organisations, then, need management. Therefore, all organisations have formal managerial positions – for example, chief executive officer, director, president, vice-chancellor and director of nursing. A 2011 survey found that 22 400 managers were employed in all health services in Australia (Martins & Isouard, 2014), and this number had increased by 15.6 per cent since 2006.

For many years, there was a common understanding that all management functions should be delegated to formal managers with the power to manage organisations, and their departments and units. However, new approaches suggest that these responsibilities should not be concentrated in formal positions but shared within the organisation (for example, see Czabanowska, Smith, Stankunas, Avery & Otok, 2013). This means that more people in organisations should have a chance to participate in decision-making in and the running of organisations.

Leadership

This has inspired a discussion on the importance of leadership. According to the classic work of Abraham Zaleznik (1977), managers are reactive, and while they are willing to work with people to solve problems, they do so with minimal emotional involvement. On the other hand, leaders are emotionally involved and seek to shape ideas instead of reacting to others' ideas.

Moreover, leadership is not locked to formal positions in organisations. This means that everybody can be a leader, and there can be more than one leader in an organisation. Many academics and managers emphasise the growing importance of leadership in the healthcare sector (Beaglehole, Bonita, Horton, Adams & McKee, 2004; Simpson & Calman, 2000). According to the literature, every public health and healthcare organisation should be engaged in developing leaders at every level and creating collaborative organisational cultures (Czabanowska et al., 2013).

What it is **leadership**? Researchers mostly define it according to their individual perspectives and the aspects of the phenomenon of most interest to them (Yukl, 2013), leading to many and varied views. Ralph Stogdill (1974, p. 7) reviewed over 3000 studies directly related to leadership and suggests that there are almost as 'many different definitions of leadership as there are persons who have attempted to define the concept'. In this text, we use the definition of leadership devised by Peter Northouse (2007, p. 3): 'a process whereby an individual influences a group of individuals to achieve a common goal'. This definition emphasises the main elements of leadership: it is a process, it entails influence, it occurs within a group setting or context, and it involves achieving goals that reflect a common vision.

> **Leadership**
> 'A process whereby an individual influences a group of individuals to achieve a common goal' (Northouse, 2013, p. 5)

According to Rowitz (2003, as cited in Stankunas et al., 2012, p. 582), health leadership 'includes commitment to the community and the values it stands for'. Grainger and

Griffiths (1998, as cited in Stankunas et al., 2012, p. 582) argue that 'health leaders differ from leaders in other sectors, as they are required to balance corporate legitimacy, while also existing outside the corporate environment'. Kimberly (2011, as cited in Stankunas et al., 2012, p. 582) suggests that a flatter, 'more distributed and collaborative world will require a new generation of leaders in public health with new mind sets, an appetite for innovation and interdisciplinary collaboration and a strong dose of political savvy'. Koh (2009, as cited in Stankunas et al., 2012, p. 582) believes that a health leader 'must be the transcendent, collaborative "servant leader" who knits and aligns disparate voices together behind a common mission, pinpoints passion and compassion, promotes servant leadership, acknowledges the unfamiliarity, ambiguity, and paradox, communicates succinctly to reframe, and help understand the "public" part of public health leadership'. Another study emphasises that health leaders must be 'exceptional "networker–connectors" capable of "putting the pieces of the jigsaw together"; they combine administrative excellence with a strong sense of professional welfare and actively develop the profession, articulate its shared values and build for the future' (Day et al., as cited in Stankunas et al., 2012, p. 582).

This short discussion of health leadership reveals that most authors agree on the presence of Northouse's (2007, p. 3) leadership elements in health leadership. However, they also emphasise health leadership's specific characteristics, such as a servant leader approach with community and specific orientation to public health values, which make it unique and important in the health sector (Stankunas et al., 2012, p. 582).

Challenges

The specificity of the health sector creates many challenges for leadership. According to McAlearney (2006), there are two main challenges to developing leadership in healthcare settings: environment and organisation. Environmental challenges arise because healthcare organisations are faced with a myriad of regulatory influences, some largely out of their control. Therefore, provider organisations rarely have much power or influence over some areas – for example, reimbursement for hospital and doctor services.

McAlearney (2006, p. 968) suggests that 'multiple hierarchies of professionals, on both the clinical and administrative sides of the organization, generate special challenges for directing the organization and coordination of work in healthcare. Often noted is the cultural chasm between administrators and clinicians'. McAlearney also says that the healthcare industry is behind other sectors in implementing new leadership and management methods. This suggests a need for competent managers and leaders in healthcare organisations.

Power and skills

Both leadership and management are about influencing people in order to achieve organisational goals. The outcome (effectiveness) of the influence process depends largely on the

power of the leader or manager over their followers or staff. Two major types of power have been identified: positional and personal (Rahim, 1988). Positional power is based on legitimate authority, control over resources, rewards, punishments, information and the physical work environment. Personal power comes from task expertise, friendship and loyalty. Gary Yukl (2010) claims that personal and position power have different subpowers, brief descriptions of which are presented in Table 1.1.

> **Power**
> An agent's ability to influence the target

Table **1.1** Types of powers

Power	Subpower	Description
Position	Legitimate	Formal authority and the right to set rules and directions for followers
	Reward	The right to control resources and give rewards to followers
	Coercive	The right to enforce punishments, penalties and sanctions
	Information	The right to control important information
	Ecological	The right to control the physical environment and organisation of work
Personal	Referent	Control through followers' positive feelings about the leader
	Expert	Control through competency in the particular field

Source: Adapted from G. Yukl (2010). *Leadership in organizations* (7th ed., pp. 201–211). Upper Saddle River, NJ: Pearson / Prentice Hall.

Power studies suggest that expert and referent power are more effective (for example, see Schriesheim, Hinkin & Podsakoff, 1991). However, other powers do not show any positive correlation with followers' satisfaction and performance. It could be concluded that leaders use more expert and referent power to influence followers, while managers use more position power (see Figure 1.2).

How much power do managers and leaders need? The most common answer would be 'as much as possible'. However, more power is not always better. More power is necessary in organisations where major change is required. On the other hand, managers with too much position power may be tempted to rely on it instead of developing personal power and using other approaches (for example, consultation or coalitions).

It is important to have the skills necessary to use available power. These can reduce the need to have a lot of power. Robert Katz (1955) suggests effective management is based on three types of skills. Technical skills come from specific knowledge in a particular area of work, human skills involve working and communicating with people, and conceptual skills help in developing ideas and vision, and in understanding economical principles.

Three levels of management can be identified in healthcare organisations, and this classification presents the most common hierarchical management structure found in organisations (see Figure 1.3). Top-level (executive or senior) managers are responsible for the performance of all departments and the organisation (for
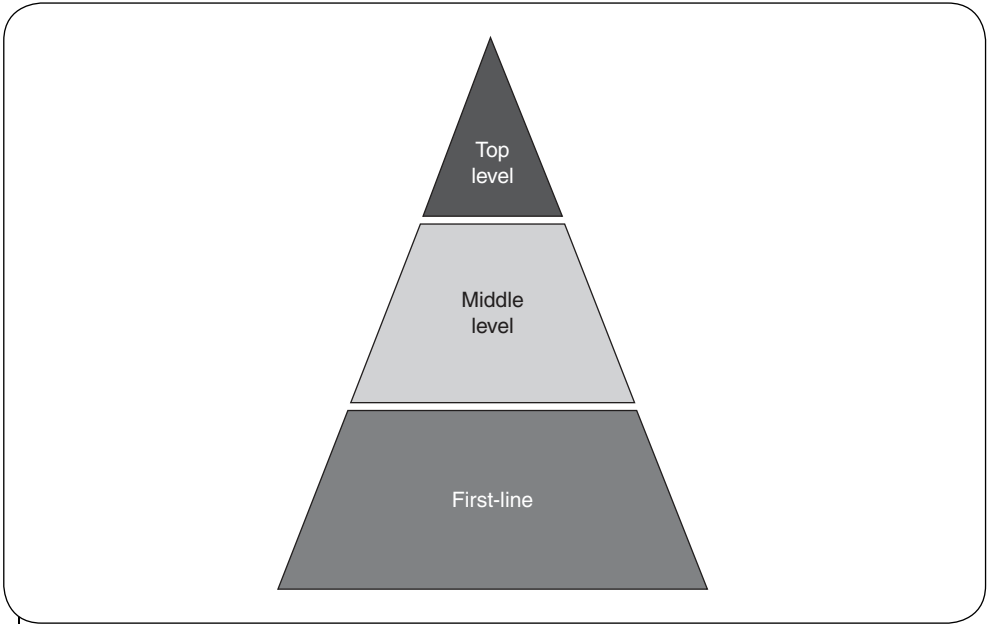
Figure 1.2 Power distribution between managers and leaders

example, chief executive officer). Middle-level managers supervise first-line man-gers and non-managerial employees (for example, director of obstetrics and gynae-cology). Finally, first-line managers are responsible for the daily supervision of the non-managerial employees (for example, the nurse manager in the obstetrics department).
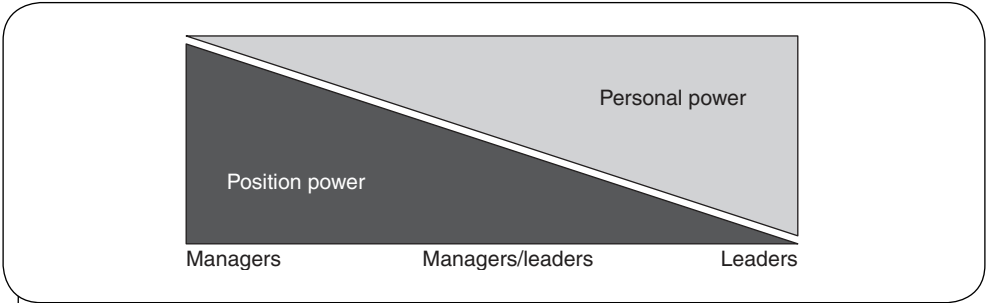

Figure 1.3 Levels of management within an organisation

Liang and Howard (2010) identify four tiers of top-level managers in the health sector in New South Wales: director-general, deputy directors-general, department of health division directors and chief executive officers of an area health service. The Australian Bureau of Statistics (2013) uses another classification, identifying a different four groups of managers in the health sector: chief executive officers and general managers, specialist

managers (who work in specialist areas such as finance, human resources, information technology, medical and other clinical services, nursing and allied health services), service managers (who are concerned with catering, cleaning, maintenance and other support services), and managers not further defined. Australian census 2011 data show that 12.3 per cent of all health managers in Australia are chief executive officers and general managers, 68.3 per cent are specialist managers, 15.2 per cent are service managers, and 4.1 per cent are not defined.

The management skills identified earlier are required in different proportions depending on the manager's position within the organisation (see Figure 1.4). First-line managers need more technical skills, while top-level managers need more conceptual skills. However, human skills have the same importance for all levels.
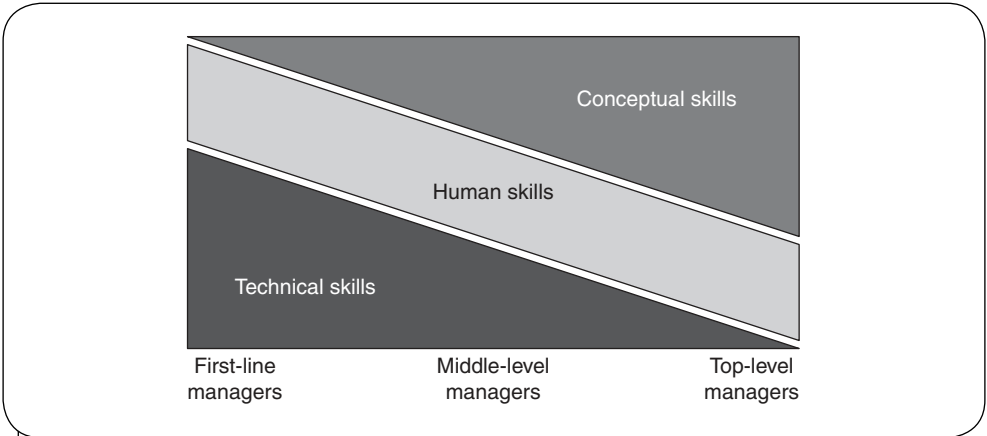

Figure 1.4 Katz's three-skills approach to management in relation to management level. Adapted from R. L. Katz (1955). Skills of an effective administrator. *Harvard Business Review*, *33*(1), 33–42.

In an alternative approach, Mumford, Campion & Morgeson (2007) identify four types of management skills: cognitive, interpersonal, business and strategic. This work reinforces Katz's (1955) theory that management skills are important for all leaders and managers but in different proportions. According to Mumford et al. (2007), different management skill requirements emerge at different organisational levels, and jobs at higher levels of an organisation require higher levels of all of the skills. Certain cognitive skills are important across organisational levels, while certain strategic skill requirements fully emerge only at the highest levels in an organisation.

Functions

As mentioned earlier, one of the essential components of an organisation is the people, or workforce (see Figure 1.1). The group of staff that works directly with patients – such as doctors, nurses and other allied health specialists – is called the