

Chapter 35

Performance Measurement Systems for Healthcare Organisations

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ABSTRACT

This chapter deals with the performance measurement systems (PMS) for healthcare organisations topic. PMS have been proved to be a widely used management tool to control, monitor and manage performance and, extensively, organisations. However, most of the developed works have focused on industrial organisations, being the application of this topic to health organisations not fully exploited. This chapter brings, based on scientific literature, some sound reviews that could be the starting point for researching activities in this topic. Then, it shows an overview of performance measurement elements applied to healthcare organisations from different optics such as efficacy, quality, adequateness, use of ICT and sustainability at both intra and inter-organisational contexts.

INTRODUCTION

Performance measurement systems (PMS) have been widely treated and studied within the scientific literature in the last decades, especially at the industry context. PMS are management systems that help decision makers to better control, monitor and manage their organisations. Then, a PMS is a homogeneous group of both financial and non-financial measures able to successfully cope with the complexity

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inherent to any organisation. It is a tool derived from strategy and able to impulse and foster performance measurement from the strategic until the operational level. The development of a new PMS should be seen as a strategic investment and it should then be carefully designed, as it is any other strategic action in an organisation. In the last 25 years, many PMS frameworks have appeared, trying to establish, with higher or lower degree of success, effective PMS to better manage organisations. From a general point of view, performance measures should:

- Be derived from strategy;
- Be developed for the different activities and business processes;
- Be dynamic, adaptive to changes and, therefore, useful in the long-term;
- Be realistic and logical.

These PMS came up to be initially applied to the industrial organisations, and it is in this context where more frameworks have been developed and applied.

However, in the last years PMS are being also adopted by service organisations and, extensively, by healthcare organisations, which seeks for a high level in terms of efficiency, efficacy and productivity with the constrain of being a pretty complex system, with many important stakeholders such as community, government and patients who interact among themselves and require to meet certain criteria in order to achieve the stipulated goals.

In order to measure the efficacy of any organization, it is necessary to understand both the exogenous or environmental factors as well as the endogenous or internal ones. Only then it will be possible to define and propose changes in order to reach the desired performance levels. At the healthcare organisation context, it is possible to affirm that the main efforts have been in developing and applying performance measurement elements regarding the internal level.

Currently, healthcare organisations have demonstrated to have a good experience in defining key performance indicators (KPIs) and make decisions relying on the values of such KPIs. Performance measurement through the usage of KPIs is an important step in the process of assessing performance in any organisation (Vitale & Mavrincac, 1995). Additionally, it is of key importance to relate these KPIs to the organisation's strategy in order to evidence both the advances and improvements achieves and being, therefore, able to make better decisions. At the healthcare organisations context, there are many KPIs and large amounts of data gathered in many years of maintaining these KPIs. However, they usually lack of having strategic objectives linked to these KPIs and derived from strategy. In other words, the traditional industry-based approach of firstly defining strategic objectives coming from stating strategic lines after having taken into account the organizational philosophic elements (mission, vision, values) and secondly defining KPIs associated to these strategic objectives is not followed in healthcare organisations. Alike this traditional and rational approach, healthcare organisations manage and make decisions based on only KPIs and, if defined, strategic objectives that are usually stated after taking into account the KPIs. In other words, the classic top-down definition process is here substituted by a bottom-up one. This may lead to a dysfunctional process and to a loss of efficiency regarding the results of the PMS, which should be properly addressed and treated in future research works.

To sum up, there is a crescent interest on measuring the performance of healthcare organisations, as they need of great investments and their results are usually controlled following some standard KPIs instead of applying a solid and robust PMS. Whereas at the industry context there are lot of performance measurement frameworks and application of these, at the healthcare organization level there is, com-

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