

# Development of a Return on Investment Tool for Healthcare Leadership Development

## **KEY MESSAGES**

1. Effective leaders are known for their optimism, transparency, high ethical standards, and their ability to inspire and motivate their followers – this leads to improved outcomes and better quality healthcare.
2. Poor leadership (including toxic, abusive or passive-avoidant styles) is associated with poor quality of care and high staff turnover.
3. Current evidence on healthcare leadership development programs is variable but consistently associated with enhanced leadership skills among participants and improved outcomes in their organizations.
4. A set of common indicators and financial metrics for assessing return on investment exist that can be used to develop a new ROI evaluative tool.

## **Background**

Canadians see a need for improvement in how healthcare is legislated, financed, organized and delivered<sup>1</sup>. Many provincial governments are seeking patient-centred change; a shift that requires strong leadership and staff engagement through proper development and coaching<sup>1-3</sup>.

To facilitate this patient-centred change, leaders need to be developed based on key competencies and these programs must be evaluated<sup>4-6</sup>.

This brief summarizes the current evidence from a systematic scoping review on healthcare outcomes / return on investment (ROI) indicators and metrics associated with leadership quality, leadership development programs, or existing evaluative tools used in healthcare organizations. This evidence will support the design of a ROI evaluative tool to assess the impact of leadership in healthcare organizations across Canada.

## Leadership quality in healthcare establishments

- Authentic leaders are optimistic and transparent with high ethical standards<sup>7-8</sup>. Similarly, transformational leaders are known for their ability to inspire and raise the morale of their followers and motivate them towards greater achievements<sup>9</sup>.
- Passive-avoidant leadership styles, such as laissez-faire leadership, should be avoided<sup>10, 11</sup>. Additionally, toxic leadership styles, such as abusive leadership or managerial exclusion, can harm an organization or its followers.
- Current evidence assesses leadership quality using patient-oriented outcomes (e.g. patient satisfaction, patient adverse events, patient mortality, and infection rates), staff-related outcomes (e.g. job satisfaction, turnover intention, burn-out, organizational commitment, work effectiveness and effective team work), and organizational outcomes (e.g. patient care quality, patient safety, work and safety climate, reduction in medical errors, organizational productivity and effectiveness, and patient complaints). Good leadership styles are linked to better healthcare outcomes and quality of care in healthcare establishments. Toxic leadership styles are linked to poorer quality of care and intention to leave the healthcare organization.

## Leadership development programs in healthcare establishments

- Current evidence on healthcare leadership development programs shows wide variability in these programs due to differences in the duration and quality of the programs offered.
- Despite this wide variability, healthcare leadership development programs are consistently associated with enhanced leadership skills among participants and improved outcomes in their organization.
- Current evidence demonstrated that leadership development programs have been evaluated using both healthcare outcomes (e.g. patient and nurse satisfaction, hospital length of stay, staff turnover rate) and leadership skills (e.g. communication, self-awareness, personal qualities, conflict resolution, confidence, team work, assertiveness, negotiation skills, and decision-making skills).

## Existing ROI evaluative tools in healthcare establishments

- Evidence from 12 studies shows a set of common indicators and financial metrics for assessing return on investment. These include indicators such as emergency department arrival to initial nurse assessment, emergency wait times, hospital length of stay, operating room usage, radiology procedures per time period, infection control outcomes, diabetes measures, and asthma measures.
- Two of the 12 studies used Lean<sup>12,13</sup>, one study used Improving Performance in Practice (IPIP)<sup>14</sup> and another study used the Mentored Implementation (MI) program<sup>15</sup> as their intervention strategy.

## Conclusions and Recommendations

Effective leaders are known for their optimism, transparency, high ethical standards, and ability to inspire and motivate their followers. Current evidence suggests effective leaders can have a strong impact on healthcare outcomes and the quality of care provided by healthcare organizations. The development of leaders is an important step in creating an effective leadership structure – yet these education programs must be evaluated in order to regularly assess their impact on healthcare organizations.

Using common indicators and measures for assessing return on investment, we will design an evaluative tool to assess the impact of leadership development in healthcare organizations across Canada as a part of overall healthcare transformation. However, because healthcare organizations differ in scale, structure, culture, programs and priorities, the tool must be flexible and adaptable. Additionally, the effectiveness of the tool will need to be evaluated on a timely basis to ensure its success and identify opportunities for further refinement.

*CHLNet, February 2017*

## ENDNOTES

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