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Experiences related to the role of a cost centre manager in a public hospital in Limpopo Province, South Africa

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Abstract

A cost centre in a hospital setting is an identifiable department, for example a nursing care unit, which has been practically assigned an account number in the hospital accounting system. The purpose of a cost centre is to control clinical and administrative costs, as well as accumulated expenses by that identified department. A qualitative, descriptive, exploratory and contextual research design was used for this study. Homogenous purposive sampling was conducted from a population of 36 nurse managers appointed as cost centre managers. One focus group discussion comprising nine cost centre managers and 12 cost centre managers participated in unstructured one-on-one interviews until data saturation was reached. Data were analysed qualitatively using Teschs' open coding method. The findings revealed there are dominant stories of perceived constraints related to the role of a cost centre manager resulting in personal and professional suffering and a need for a decentralised cost centre management for enhancement of cost centre managers' knowledge and skills. It was recommended that a training programme for cost centre managers be conducted as a process/procedure during which information will be disseminated about cost centre management including problem solving in the team, business plan, business cost planning and overall accountability of people involved. The goal of the training programme should be to clarify roles and values, create a safe environment for cost centre managers and build trusting relationships among all role players.

Keywords*:* Experiences, role, cost centre manager, public hospital.

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Introduction

Cost centres at health care organisations are identified service locations to which costs are assigned and they are allocated managers, called overheads, to manage the cost centres (Cleverley & Cameron, 2003). The Cost Centre Manager (CCM) is accountable for the expenses which are under his/her control. All costs are controlled at different management levels, which are determined by the accountant of the institution, who allocates costs to different departments for control and management purposes. All identified CCMs are provided with financial and accounting specialists who orientate them towards the management of their cost centres (Drury, 2004).

Riewpaiboon, Malajore and Kongsawatt (2007) reported that at Thailand hospitals, funds are directly received from the National Health Security office for private employees and funds for civil servants are received from Universal Coverage of the Health Care Scheme. Riewpaiboon, Malaroje and Kongsawatt (2007:557) further elaborated that in order for funds to be allocated to the hospitals in Thailand, costing and management of cost methods have to be standardised. This ensures the National Office that there are managers who would be able to account for all the costs.

In South Africa, clinical Cost Centre Management (CCMT) in the healthcare environment concentrates on cutting costs on clinical material resources by health professionals in order to decrease hospital costs. The responsibility of reducing the clinical costs of the hospital is delegated to managers of all units, including nursing care units in which the nurse managers are allocated such a responsibility (http://www.deloitte.com/about). Gordon (2000) explains that, in order to manage costs in the public hospitals of South Africa with regard to management of waste, the responsibility has been awarded to private contractors. The analysis has been carried out from the perspective of the government, costs were assumed equal to the price and/or costs by provincial health authorities. This anomaly informed the decision by government to introduce CCMT. Furthermore, Basavanthappa (2009) describes the importance of CCMT in healthcare as follows:

- Improves health services; especially nursing care provided by expecting customers, patients and clients to pay for services provided. Improved healthcare can also lead to patients and clients marketing the service which has been provided.
- Patients and clients end up realising that if quality care is provided, it has a monetary value and it assists them to comprehend the costs of the hospital by paying for the services rendered.
- Hospitals will generate revenue for the quality service they provide.
- Nursing care will also be viewed as a revenue generating service in the hospital as opposed to a cost.
- Costing out nursing services encourages productivity which enhances effective utilisation of human resources and cost containment.
- The use of a cost accounting system to assess and change the nursing services assists with the establishment of a reputation for innovation and leadership in the nursing profession.

At the tertiary hospital complex in Limpopo Province, nurse managers are appointed with a role of being a CCM whilst it is also expected of them to ensure provision of quality care to patients in the nursing care units since the inception

of CCMT in the 2004/2005 financial year. In 2012, the same practice still being followed.

According to the Constitution of the Republic of South Africa (1996) and Public Finance Management Act (No 1 of 1999), the South African Government Departments receive funds from the National Revenue Fund. It is stated in the Constitution (1996) that after funds have been allocated to the different Government Departments,it remains the responsibility of the South African National Treasury to prescribe measures of ensuring transparency and expenditure control. The South African National Treasury also prescribes measures to ensure that transparency and expenditure should be accounted for by the appointed accounting officer as stipulated in the Public Finance Management Act No 1 of 1999, Section 38. At the tertiary hospital complex, accounting officers are the appointed CCMs. They are also nurse managers who manage nursing care units.

In the (2004/2005), Strategic Plan the General Manager of the tertiary hospital complex included the introduction of CCMT as an objective that addressed finance and procurement of all material resources. It was stated in the strategic plan that the existing strengths available for the implementation of CCMT was, inter alia, that nurse managers in each nursing care unit would be given the responsibility of performing the duties of a CCM. Nurse Managers who had applied for posts and who were appointed in those posts, were called CCMs because it was one of the responsibilities of the post.

It was expected that a cost centre accounting system ought to be in place, for example, commitment registers, where all applied funds were being recorded. It was expressed that cost centres were expected to spend according to their allocation after budget capturing and expenditure. Cost centres expenditure was expected to be within the allocated budget (Finance Manager Work Plan, 2005/2006).

The implementation process of CCMT at the tertiary hospital complex included the acceptance and signing of agreements by the nurse managers to assume the responsibilities as CCMs.

During the appointment of nurse managers as CCMs, due consideration was not given to the dual role of the nurse managers to facilitate the execution of quality nursing care by the nursing personnel under their supervision, while running a cost centre at the same time. Therefore this study was aimed at determining the experiences of nurse managers serving as cost centre managers (CCMs) in a public hospital of the Limpopo Province.

Methodology

Design

In this study, a qualitative, descriptive, exploratory and contextual design was used.

Population and sample

Homogenous purposive sampling was conducted from a population of thirty six (36) nurse managers appointed as cost centre managers.

Data collection

A focus group interview session in which nine cost centre managers participated and 12 cost centre managers participated in one-on-one unstructured interviews were conducted until saturation of data was reached. The central question posed was: "How do you see yourself as a cost centre manager in your nursing care unit?"Participants were given an opportunity to describe their experiences about being appointed as cost centre managers in their work environment and while providing care to patients.

Data analysis

This study was conducted according to Tesch's open method of qualitative analysis as outlined in Botman, Greeff, Mulaudzi and Wright (2010). The data analysis involved categorizing, ordering, manipulating and summarizing the data and describing them in meaningful terms until themes and sub-themes emerged based on the verbatim transcripts were written after listening to the voice recordings. Two themes emerged during data analysis. The results were presented in a narrative format.

Trustworthiness

Trustworthiness was maintained by using Guba's (De Vos et al., 2006; Babbie & Mouton, 2009) model criteria, i.e. credibility, transferability, confirmability and dependability. Credibility was ensured by prolonged engagement in the study field. Data where collected over two month's period. It was further ensured by using voice recorder and the independent coder. Dependability was ensured by the use of the independent coder during data analysis. Transferability was ensured through a complete description of the research design and methodology. Confirmability was ensured by the use of independent coder who is considered an expert in the field of qualitative research.

Ethical clearance and procedures

Ethical clearance was obtained from the University of Johannesburg Research Ethics Committee. Permission to collect data was obtained from Limpopo Provincial Department of Health and Social Development and from the tertiary hospital's Chief Executive Officer. A written consent form was obtained after the participants were informed about the purpose and objectives of this study. Principles of beneficence, justice, human respect and dignity, confidentiality, privacy and anonymity were maintained.

Result and Discussion

Two themes emerged from the analysis of the data during the focus group interview and one-to-one unstructured interviews sessions. An overview of themes and sub-themes are presented in Table 1.

Table 1: Themes and sub-themes reflecting the experiences related the role of being a cost centre manager.

Themes	Sub-Themes
1. Perceived constraints related to the role as a cost centre manager.	1.1 An account of the cost centre management process 1.2 Constraints related to the role of a cost centre manager 1.3 Unsafe external environment that reflected attitudes of distrust 1.4 Personal and professional "suffering"
2. Needs for decentralised cost centre management (knowledge and skills)	2.1 Decentralisation of the budgetary process 2.2 Accessibility of available funds 2.3 Availability of resources 2.4 Support from management 2.5 Team work

The discussion during interview sessions reflected the experiences of participants about their duties as CCMs with a dual role at a public hospital in the Limpopo Province. The finding revealed that participants shared paradoxical experiences about being CCMs. This is fundamental to the CCMT process and also ensures the provision of quality care to patients. The dual role created tension on numerous levels. The negative experiences included a perceived constraints related to the role of a CCM, thus creating personal and professional "suffering". The positive experiences and reflect empowering a potential CCM, thus ensuring personal and professional growth.

The paradoxical nature of the participants' experiences was evident in the dynamics of both the focus group interview and the unstructured individual interviews. During the focus group interview and in the presence of the Manager of Nursing Section, most participants initially sounded nervous and chose to

focus more on the positive outcomes. However, CCMs interacted effectively when indicating their needs in terms of aspects that could be included in the training programme.

Theme 1: Perceived constraints related to the role of a CCM resulting in personal and professional suffering

The participants described the constraints related to the role of CCMs and ensuring the provision of quality care to patients. During the unstructured one-on-one interviews, participants expanded on their experiences with specific reference to the perceived constraints embedded in the role of a CCM resulting to personal and professional "suffering", while a focus group interview reflected the positive experiences. The findings also showed that the CCM experienced unusually unpleasant experiences during the simultaneous management of the CCMT and provision of quality care to patients. This led to the CCMs developing a negative attitude towards their role. According to Coulson, Goldstone, Ntuli and Pillay (2010), community care givers who experienced stress during their daily working life suffered personally and professionally.

Sub-theme 1.1: An account of the CCMT process

The finding portrayed cost centre management in a public hospital setting as a operation with complex realities of ensuring successful CCMT and provision of quality care to patients. These realities created a context of suffering, as expressed in the following excerpts: "*We were not comfortable when it was introduced, Hmm! You know the issue of CCMT it was first taken as a mountain*" [in the past].

Uncertainty was related to "not knowing what was expected of them". The participant continued her excitement by saying: "*what made us to be excited was the empowerment and the control which was included and thinking that if you want to advertise [a] post as a manager, having identified a short fall in terms of the equipment and staff shortage in the ward, you will do like that. But it was the opposite...*" Uncertainty was reflected in the comments such as: "*Then, as a nurse, you become confused because even now I am still confused as I don't know where I must start and what should I do and not do*". Autonomous, in this context, meant the conditions which enabled a CCM to set their own performance goals related to control, right to make choices, decision making and management of finances, evaluate their own performances and modify their behaviour, during the CCMT process (Basavanthappa, 2009; Muller, 2010).

Sub-theme 1.2: Constraints related to the role of a CCM

The findings revealed that the CCMs were confused due to the lack of power and control during the CCMT process. Confusion resulted from the fact that

managers from other units outside the nursing services were still performing CCMT duties for the nursing care unit cost centres. Lack of control and power are indicated in the following quotes: *"You have to do inventory in the ward and in whatever way or another, is very confusing because we still have an asset manager, financial manager and HR manager who are doing everything that we are doing now. Then, as a nurse you become confused because even now, I am still confused as I don't know where I must start and what should I do and not do"*.

Another participant described the lack of control and power as follows: "*What is happening is that if you have the gap in the ward, someone is doing that for you. Like when that nurse is appointed for your unit, the nurse will not be placed in your unit, but you will hear that the nurse is patching somewhere. So it is not yet a cost centre because we still do not have control and independence about issues that affects our units*".

In support of the present findings, Prados-Torres, Caldern-Larraňaga, Sicras-Mainar, March-Llull and Olivăn-Blăzquez (2009) reported that pharmaceutical CCMT in primary health care generated tension and confusion during execution of CCMT duties between health administrators and healthcare professionals, because there were no clear role descriptions.

Sub-theme 1.3: Unsafe external environment that reflects the attitude of distrust

The findings depicted that there was an unsafe external environment that reflected distrust, which was attributed to lack of resources, lack of support from management and a negative attitude of staff members.

A perception prevailed that the other stakeholders did not trust the care provided by nurses [CCMs] and they were subsequently blamed in the process. It was revealed by the following statement: "*And with us nurses, is hard because the doctor is on top of you as a manger. The Senior Nurse Manager, Colleagues, other Hospital Staff Members, the Clients and the entire Community are expecting a lot from you. They will even say ohh! You are working in that eye ward? We want better care. And you know sometimes I become so mad and you have burden because of all the expectations"*.

In addition to the lack of trust, the following excerpts were also collected from participants: "*Because people do not do things as expected; not necessary that they do not want but because an appreciation is not shown to them by the management and the patients"*.

In the work environment, there was a need for building a relationship of trust between colleagues who worked together towards accomplishment of a goal as this will promote honesty, fairness and positive interpersonal relationships (Werner, 2010; Basavanthappa, 2009).

Sub-theme: 1.4 Personal and professional suffering

The narratives from collected data reflect that the CCMs experienced personal suffering, which led to emotional consequences mainly related to the dominant feelings of frustration, tension, strain, and stress. They also experienced disappointment; because the initial expectations were not met and this also manifested in an intense fear of failure. The following quotes support this finding:

Dominant feelings of frustration, tension, strain and stresswere pointed out: "*Yes, it causes stress but I am not sure with the other units but with us it is like that. Mmm, and the other issue is that human nature is also causing strains as a manager in the unit because there is shortage of staff*'. The dominant feelings were further outlined by another participant who said: "*Mmm! As you know, you will feel hurt emotionally, but even if you are hurt, you have to continue working. There is nothing you can do*". The disappointments, which the CCMs came across during the process of CCMT and ensuring the provision of quality care to patients, resulted in stress, strain and hurt first feelings while they were experiencing despair. However, they continued to execute their delegated duties.

In support of the CCMs' feelings and possible solutions, Galer, Vriesendorp and Ellis (2005) suggested that when managers experienced obstacles in achieving goals, they should look for opportunities that would assist them to move towards desired results and think creatively about how to overcome the obstacles.

Theme 2: Needs for decentralised CCMT (knowledge and skills)

During the interview sessions, the participants' contradictory experiences with regard to the decentralisation of the system were discernible amongst the CCMs. CCMs were given the powers to manage the cost centre without interference, but with guidance from the hospital management at the initial stage of CCMT implementation. However, the reality about the CCMT process reflected that some activities were still centralised. Five sub-themes emerged during data analysis under this theme.

Sub-theme: 2.1 Decentralisation of the budgetary process

The idea of decentralisation, which was conveyed during the introduction of CCMT, was confirmed in the following experience: "*The excitement was that we are going to take part in the budget of the hospital because we know what we want and every section was excited because they knew that they will have control over the sections' budget*". Another participant, who shared the same view about the handling of allocated funds and ordering of material resources indicated, *"You have to prioritise the things you will need in the ward and consider your budget when you order items for your unit. You further have to check the steps*

that need to be considered to avoid overspending your unit budget, and function within the allocated budget".

According to Rose and Lawton (1999) decentralisation of the budgetary process means that financial activities ought to be administered at functional level because it promotes equity and local participation which were more efficient as functions would be carried out effectively as opposed to top managers who were dictating to them what to do. At the same time, the levels of tension would be reduced.

Sub-theme: 2.2 Accessibility of available funds

The participants conveyed different views in terms of accessibility of available funds to the identified cost centres. The participants expressed with great concern that they should be given all the powers to utilise the allocated funds so that the responsibility is not be given to a person outside the identified cost centre. A participant stated her concern: *"The CCMT should be left as an independent function of a professional nurse. As an appointed as CCM you should be left to manage all the funds and or the hard cash that is allocated in your unit. You should control it on your own, for us it is not happening"*. Accessibility implied that allocated funds to the cost centre ought to be available for enabling the CCMs to execute their dual role at the tertiary hospital complex (Muller, 2010).

Sub-theme 2.3: Availability of resources

The CCMs provided explanations in terms of the procurement processes which were not transparent and further indicated that cost centres did not receive the material and human resourcesthat they had indicated in their business plan. It was difficult to access material resources because some items like grocery and cooking utensils were ordered by other sections, even though they were utilised in the nursing care units' cost centres. The participant confirmed the frustrating process of accessing material resources as follows: "*Like with the crockery, you have to tell the food service manager to buy that for you and you know you have to beg her to provide it for you for the patient's sake. And there is also the laundry manager and if you ask her linen, she tells you linen is not there. Then, what can you do? You know, it's just frustrating"*. It was confirmed again that the existing process for ordering materials was frustrating to the CCMs: "*For the equipment, the nurse manager will always tell you that you must not order alone we should order as nursing section. You must order as all the hospital nursing care units. Then after you have ordered, when the equipment arrive you are not given the equipment that you have ordered. In one way or another, you do not know where the equipment is*". Availability of resources in the health care institutions resulted in the effective execution of the delegated duties by professional health care workers while limited resources compelled the nurse

managers to motivate their subordinates in order to increase productivity despite the situation they were facing (Booyens, 2008).

Sub-theme 2.4: Support from the management

The findings of this study revealed that the presence of management support during the CCMT process led to professional and personal growth, while some participants indicated that there was a lack of management support. The lack of support from the management was indicated thus: "*It is demoralizing but you have to conform with everything that they* [management] *tell you. It is really hard I must tell you! There is no support from management*".

It was also indicated: "*The management must give support to their subordinates. If they want people to do things, then they must be there to offer support when subordinates encounter problems in the process. Then people really need support*". Some CCMs indicated that they were receiving management support: "*My manager coached me on CCMT in such a way that I should learn to know how to run my cost centre. She assisted me and said I need to look in all what I need for my unit and prioritise. She coached me to look at the objectives and also to check the strategic goal of nursing*". Another participant shared the same point of view: "*She* [meaning the manager in charge of nursing section] *has supported me throughout because we used to see monitoring and evaluation as a tool identifying mistakes all the time, but with coaching is different*".

Lack of management support discouraged CCMs to work to their full potential, because they were not given any direction about performing cost centres' activities; but when they executed the tasks as they understood them, management criticised their initiatives. Healthcare service managers should promote a positive work climate for their subordinates in order to facilitate achievement of set objectives in an organisation. It would further facilitate team work amongst employees by building strong work relations amongst employees (Galer et al., 2005).

Sub-theme 2.5: Team work

Team work reflected the establishment of a positive work climate which resulted in workers having a positive working relationship (Jooste, 2010). A CCM described how the CCMs were working as a team to realise certain objectives: "*Partially in the sense that because initially units were allocated a budget, at the moment the overall budget is for the whole nursing as a department and we work together as a team at the nurse manager's office*". The idea of working as a team was expressed: "*Then we come as all sections in nursing and consolidate our budget as a team. We do have similar things, and then we write all the similar items under similar things and totals. The nursing budget is consolidated by the team of CCMs*".

Lewallen and Kello (2009) indicated that team work should be encouraged when dealing with medical care issues, because workers had to be encouraged to work as a team in order to achieve set objectives.

Recommendations

The following recommendations are made based on the study results and are aimed at assisting the CCMs to be able to execute their CCMT roles efficiently and effectively:

- An initial, timely training programme for CCMs as a process/procedure during which information will be supplied about CCMT and amongst other things, problem solving in the team, business planning, business cost planning and overall accountability of people involved. The goal of a training programme should be to clarify roles and values, create a safe environment for CCMs and build trusting relationship between all role players.
- The training programme should further focus on empowering CCMs (recipients) with information and skills so that they are autonomous, accountable empowered to execute their duties.
- Interactive facilitation of the training programme should be promoted as this would bridge the constraints that exist during CCMT and address the role clarification of the CCMs and other role players involved.
- In order to address the failing procurement system, an effective transparent procurement system should be implemented and all stakeholders involved should be informed about the process.
- Top management should promote healthy interpersonal relationships by providing managerial support and resources for the CCMs to carry out their duties.
- Adequate resources should be allocated to all cost centres based on approved business plans.
- The management should create a safe external environment and trust to combat distrust resulting from lack of resources, negative attitudes from other staff members who are involved in CCMT and providing of quality care to patients.
- It is important to create a context of empowering the CCMs with self-reflecting skills in the process that will assist them with managing their roles effectively.
- The rules and procedures to be followed in order to access funds should be known to every CCM, to enable them to know what to do when a particular need arises.
- The procurement processes should be transparent because every CCM should know about the availability of resources that could be requested for their cost centres.

Conclusion

The CCMs in the public hospital in the Limpopo Province experience constraints which are related to their role as CCMs and this resulted in personal and professional difficulties while on the other hand some of the CCMs were of the opinion that they were empowered at all levels of their personal and working environment.

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