Chapter II:

HRM and

HRM

IN HEALTH SECTOR
CHAPTER II
HUMAN RESOURCE MANAGEMENT

2.1 INTRODUCTION

Human resource management is the management of people and its purpose is to get the best effort from the labor resource of an organization. This includes getting and retaining the best people for the job and providing and maintaining an environment that will assist people to give their best.

Human resource management as a discipline has developed into a diverse set of theories and practices ranging from motivation and efficiency studies, on the one hand, with practical aspects such as training strategies and recruitment, to employment contracts, on the other.

People are an important resource for any organization because it is through them that organizations get their work completed and make a profit. Moreover salaries and wages are a major operating cost for an organization. The discipline of human resource management recognizes this and assists organizations to achieve success. They do this by providing a nurturing environment in which people can develop their skills and contribute effectively to the growth of organization and also by making the most effective use of the money expended on salaries e.g., by developing good, cost-effective training strategies. An understanding of human behavior is required if this is to be done successfully. How people react to various situations, what motivates people and how organizations can provide the most comfortable environment for people to work are all questions which require answers if organizations are to get the best from their employees.

Human resource management, however, does not just deal with individuals, but with teams and how teams can work together to produce the best team output. It incorporates the management of individuals and groups, the management of tasks for ensuring a successful and motivated workforce, and it deals with the workplace
environment, ensuring that people are able to perform their allocated duties. This chapter includes *HRM* and *HRM in health/hospital sector*.

### 2.2- DEFINITION OF HRM

Human resource management is the utilization of individuals to achieve organizational objectives.\(^1\) As defined by John Bratton and Jeffrey Gold (2003): Human Resource Management is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving sustainable competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices.\(^2\)

According to Fisher: Human resource management involves all management decisions and practices that directly affect or influence the people, or human resources, who work for the organization.\(^3\) Human resource management is a strategic and coherent approach to the management of an organization’s most valued assets—*the people* working there who individually and collectively contribute to the achievement of its goals.\(^4\) As defined by Story (1995): Human resource management is a distinctive approach to employment management which seeks to obtain competitive advantage through the strategic deployment of highly committed and skilled workforce, using an array of cultural, structural and personnel techniques.\(^5\) There is a specific set of HRM policies which are best practice and which lead to high levels of employee performance. This encompasses items such as teamwork, flexibility, quality and organizational commitment.\(^6\)

Human resource management is, therefore, part of the process that helps the organization achieve its objectives. Once the general direction and strategic have been established the next stage is to formulate firm objectives and develop these into action plans. The objectives cannot be attained without the required resources, which of course include people. HRM should be part of the process which determines what people are required, how to use them, how to get them and how to manage them. It should be fully integrated with all the other management processes.
The place of HRM in relation to the organization’s other activities is summarized in figure 2.1.

![Figure 2.1: The human resource management process](image)

In other words; all management decisions and practices that directly affect or influence people—planning, acquiring, retaining (controlling turnover), developing or training, performance appraisal, compensation, safety and health, family and work life. HRM has a wide range of functions and areas of responsibility.

### 2.3 THE IMPORTANCE OF HRM

One of the first questions any reader might be tempted to ask is why ‘human resource management’ rather than ‘personal management’? Is there a difference and, if so, what is it? There are a number of different perceptions of what the two terms mean, with human resource management often being perceived as related more to the strategic management of the organization’s people to achieve business objectives, while personnel management is seen as placing greater emphasis on the
management of personnel systems and procedures. HRM is often viewed as a mechanism for integrating human resource policies and practices into the organizations business strategy; and also as a more up-to-date description, emphasizing as it does that people are a resource to be managed just as much as any of the organization’s other resources and that they are an asset rather than a cost.\\(^7\)

Managing people is the heart and essence of being a manager. It concerns all activities relating to human in the organization. The importance of human resource management has increased these days because management can achieve the organizational objectives only with the co-operation of the people working in the organization. Without the efficient use of human resources, management can never accomplish organizational objectives. Therefore, creating and maintaining a motivated workforce is the central responsibility of management everywhere.\\(^8\)

Management of human resources is a very challenging job. It is not only concerned with managing people at work, but also with managing a social system. It is a challenging job because of dynamic nature of human element. Human resources comprise a large number of individuals of different sex, age group, socio-religious groups and of different educational or literacy standards. These individuals exhibit not only similar behavior patterns and characteristics to certain degree, but also they have many dissimilarities. Each individual who works has his own set of needs, drives, goals, and experiences and also possesses his own physical and psychological traits. A person is not only a product of his biological inheritance but also a result of interactions with his environment. Family relationships, religious influences, racial background, educational accomplishment, and many other environmental factors affect him as he works. Among the environmental factors which influence his work behavior are various organizational elements such as authority relationships; organizational goals, procedures, rules and policies, informal group relationship, the type and manner of supervision received by the employee, etc.\\(^9\)
The quality of an organization is, to large degree determined by the quality of people it employs. Success for most organizations depends on finding the employees with the skills to successfully perform the tasks required to attain the company’s strategic goals, staffing and human resource management decision and methods are critical to ensuring that the organization hires and keeps the right personnel.

### 2.4 GOALS OF HRM

The goal of the human resources management function is to create an environment that fosters staff-development and continued learning to support the organization’s mission. Improvement of the human resources management function focuses on understanding essential processes and revising those processes based on relevant data.

### 2.5 OBJECTIVES OF HRM

The precise objectives of human resource management will vary from organization to organization and will depend on the organization’s stage of development. At one extreme, for example, the human resource specialist will be seen as someone who looks after the administrative side of people management, i.e. preparing contracts of employment, maintaining personnel files and so on. At the other extreme he or she will be seen as an integral and vital part of the business planning process. The objectives of HRM, therefore, are many and various and will at different times include some, if not all, of the following:

- Advising management on the human resource policies required to ensure that the organization has a highly motivated and high performing workforce, has people equipped to cope with change and meets its legal employment obligations.
- Implementing and maintaining all necessary human resource policies and procedures to enable the organization to achieve its objectives.
• Assisting in the development of the organization’s overall direction and strategy, particularly with regard to the human resource implications.
• Providing the support and conditions that will help line managers to achieve their objectives.
• Handling crisis and difficult human relations situations to ensure that they do not get in the way of the organization achieving its objectives.
• Providing a communication links between the workforce and the organization’s management
• Acting as a custodian of organizational standards and values in the management of human resources.\(^{11}\)

2.6 SCOPE OF HRM

The scope of human resource management is very wide. It is concerned with organizing human resources in such a way as to get the maximum output to the enterprise and to develop the talent of the people at work to the fullest individual capacity securing personnel satisfaction. It includes all activities which help the management in getting the work done by the labor force in the organizations. Thus, HRM considers all problems of the people at work, i.e., economic, social, psychological and political.\(^{12}\)

2.7 MANAGEMENT THEORIES AND HRM STRATEGIES

The discipline of human resource management has developed in part from applying theoretical ideas in practice. Some of the more influential management theorists, their contribution to human resource management and its impact are discussed here. Their ideas provide some of the guiding principles for human resource managers and make them more effective. These theorists are grouped into four main streams: people are efficient machines, people work better in structured environment, people need to take control of their own tasks and people need basic comforts to perform efficiently.
2.7.1- People are efficient machines

Fredrick Taylor, who developed his ideas in the late nineteenth century, is one of the most commonly mentioned theorists who subscribed to the idea of people as ‘efficient machines’. Taylor, or more specifically, Taylorism, has become a common by-word in human resource management circles because Taylor tried to develop strategies that would allow the workers to perform their tasks in the best way possible, and so improve workers efficiency and output. What Taylor tried to achieve was a system that would maximize the amount of work a person could do. To do this he observed how people performed tasks, measured how often they did the task or how much they produced and then tried to provide a rationalized system for their respective tasks that would optimize the amount they could produce. This scientific approach to the way people do their work is still evident today, especially in construction projects where durations for construction tasks are estimated using man-hours, i.e., the time it takes a person to complete a particular task. These times are based on how long it would take a competent and trained person to complete the task. Today this approach is commonly called work-study.

Taylor was not the only theorist promoting the idea that people are efficient machines: Frank and Lillian Gilbreth were also working around the same time and they too, were concerned with promoting efficient working practices based on human performance. They recognized that many jobs, e.g., bricklaying, could be standardized. By examining the pattern of repetitive work, the Gilbreths discovered that the time taken for many tasks could be reduced by developing more efficient systems of work. The impact of the Gilbreths’ theories today is mainly seen in the development of the field of ergonomics which has had an influence on the way individuals in the construction industry perform their work. Whilst Taylor and the Gilbreths examined the activities of people, Henri Fayol examined the activities of managers and of management in general. He believed that there were patterns of management practice that could also be systematized and developed methods of management that could be learnt by managers, making them more efficient. He summarized management into various functions such as planning, organizing,
commanding, coordinating and controlling. He believed that if managers were to be efficient they needed to understand these basic management functions. Today, managers still use these basic functional descriptions in describing their managerial roles.

2.7.2-People work better in a structured environment

Whilst Taylor and the Glibreths were working directly on making people more efficient, some other theorists were pursuing the same goal by altering the administrative environment in which they worked.

Barnard and Weber, for instance, examined the management of organizations. Chester Barnard was what is known today as a systems theorist- what he tried to do was to define systems for the promotion of an efficient organization through the co-ordination of the activities of the workforce. One of the ways of doing this was through communication, using supervisors in organizations as messengers in between the various levels of the hierarchy. Barnard believed that communication in the organization between all levels was essential and would promote efficiency.

Max Weber also believed in defining organizational systems that would promote efficiency. He suggested that a bureaucratic system would promote the best worker efficiency as it produced organizations with clear lines of communications and responsibility, where people were given explicit tasks and responsibilities. Weber’s ideas are useful for managers in understanding of structured approaches to the management of the workplace, although today organizations take on many forms other than those modeled on Weber’s bureaucratic systems.

2.7.3- People need to take control of their own tasks

Two theorists, who have influenced human resource management, in that they produced theories that support the idea of worker autonomy leading to better worker efficiency, are Mary Parker Follett and Elton Mayo. Follet advocated a
system in which managers should decide, in collaboration with the work force of an organization, on the best approach for the individual or team to achieve the best output. Any decision-making or policy formulation would then be done through a system of communication between the various levels of the organizations and not by managers alone. This, she believed, would give the workers a feeling of control over their tasks and their working environment.

Mayo also believed that people should be given some autonomy over their working practices. He suggested that when workers are given freedom to control their own working conditions and tasks, efficiency increases. His work involved examining both group behavior and individual behavior, and suggested that where groups existed they influenced efficiency by exerting group control over the individual.

2.7.4 - People need basic comforts to perform efficiently

One of the main areas of human resource management concerns the analysis of the behavior of people and their requirements in order to succeed. Abraham Maslow, Douglas McGregor and Fredrick Hertzburg et al., all produced theories to help with the management of people based on the idea that people need basic comforts to perform efficiently. Maslow and Hertzberg et al. provided frameworks for the analysis of the human behavior and suggested that if people were provided with basic needs then they would work better. Maslow’s framework dealt with motivation based on a hierarchy of human needs. He identified five levels that he believed should be met, in ascending order, for a person to work effectively. He believed that at the most basic level a person requires that their physiological needs, such as hunger and thirst, be met. Further more they require a safe environment, and then the satisfaction of social needs such as friendship, social interaction and a sense of belonging. Finally, the hierarchy led to esteem, translated as confidence, self-respect and recognition, with the last level termed self-actualization or the realization of one’s full potential.
Human resource managers can use the hierarchy to assist with the way in which their organizations provide for their employees’ needs, how they motivate their staff, and what kind of environment they provide. However, human resource managers are just one set of managers among several. They do not usually decide on issues such as the pace of automation but will be fitting the employees to jobs that will usually be set by other factors. Maslow’s hierarchy helps the human resource managers by providing a framework to assist with altering the working environment and not with altering the actual job function.

Hertzberg provided a similar set of factors that can be used as motivators for employees. He suggested that there are two main factors affecting motivation at work: hygiene factors, and motivators. The hygiene factors concern the working environment and need to be managed in order for the employees to feel satisfied. These factors might include working conditions, salary and leadership. The motivators are concerned with the nature of the work and need to be carefully managed so that employees are motivated to work; these factors include achievement, recognition and responsibility. Human resource managers still use these hygiene factors and motivators in order to achieve a satisfied workforce.

Douglas McGregor also considered the idea that people need basic comforts and suggested that managers can have an impact on the satisfaction of their employees and that their style would lead to employees reacting in different ways. He classified managers into theory X or theory Y categories, which basically meant either dictatorial and adversarial (theory X) or inclusive and collaborative (theory Y). He suggested that theory X managers believed that most people need to be carefully controlled whilst performing their tasks, whereas theory Y managers believed people should be allowed to exercise autonomy and responsibility over their work. McGregor believed, as do most human resource managers today, that Theory Y is better route to establishing and maintaining an efficient workforce.\textsuperscript{13}
2.8- ROLES OF HUMAN RESOURCE MANAGEMENT

Human Resource (HR) management has three roles in organizations. The administrative, operational, and strategic. The researcher has explained these three roles as follows:

2.8.1- Administrative role of HR Management

The administrative role of HR Management is heavily oriented to processing and record keeping. Maintaining employee files and HR-related database, processing employee benefits claim, answering questions about tuition and or sick leave policies, and compiling and submitting required state and federal government reports are all examples of the administrative nature of HR Management. These activities must be performed efficiently and promptly. However, this role resulted in HR Management in some organizations getting the reputation of paper shufflers who primarily tell managers and employees what cannot be done. If limited to the administrative role, HR staffs are seen primarily as clerical and lower-level administrative contributors to the organization. In some organizations these administrative functions are being outsourced to external providers, rather than being done inside the HR departments.

2.8.2- Operational role of HRM

Operational activities are tactical in nature. Compliance with equal employment opportunity and other laws must be ensured, employment applications must be processed, current openings must be filled through interviews, supervisors must be trained, safety problems must be resolved, and wages and salaries must be administered. In short, a wide variety of the efforts performed typically are associated with coordinating the management of HR activities with the action of managers and supervisors throughout the organization. This operational emphasis still exists in some organizations, partly because of individual limitations of HR staff members and partly because of top management’s resistance to an expanded HR role.
Typically, the operational role requires HR professionals to identify and implement operational programs and policies in the organization. They are the major implements of HR portion of organizational strategic plans developed by top management, rather being deeply involved in developing those strategic plans.

2.8.3- Strategic role of HRM

The strategic role of HR management emphasizes that the people in an organization are valuable resources representing significant organizational investments. Effective use of people in the organization can provide a competitive advantage, both domestically and abroad. For HR to play a strategic role it must focus on the longer-term implications of HR issues. How changing workforce demographics and workforce shortages will affect the organization, and what means will be used to address the shortages over time, are illustrations of the strategic role. The importance of this role has been the subject of extensive discussion recently in the field, and those discussions have emphasized the need for HR management to become a greater strategic contributor to the success of organizations. The researcher has shown the importance of three roles with the help of following chart (2.2). Therefore HRM plays a several important roles to;

- Apply quality and productivity principles to improve the HRM function.
- Make policies clear, consistent, and complementary or synergistic.
- Facilitate implementation of quality and productivity intervention.
- Pay attention to such functions as staffing, training, appraisal, and compensation to ensure fit with organizations: if goals change, function need to change.
Chart 2.2 HR Management Roles

<table>
<thead>
<tr>
<th>Focus</th>
<th>Administrative processing and record keeping</th>
<th>Operation support</th>
<th>Strategic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timing</td>
<td>Short term (less than 1 year)</td>
<td>Intermediate term (1-2 years)</td>
<td>Longer term (2-5 years)</td>
</tr>
<tr>
<td>Typical Activities</td>
<td>-Administering employee benefits</td>
<td>-Managing compensation programs</td>
<td>-Assessing workforce trends and issues</td>
</tr>
<tr>
<td></td>
<td>-Conducting new employee orientations</td>
<td>-Recruiting and selecting for current opening</td>
<td>-Engaging in community workforce development planning</td>
</tr>
<tr>
<td></td>
<td>-Interpreting HR policies and procedures</td>
<td>-Conducting safety training</td>
<td>-Advising on mergers or acquisitions</td>
</tr>
<tr>
<td></td>
<td>-Preparing equal employment reports</td>
<td>-Resolving employee complaints</td>
<td>-Planning compensation strategies</td>
</tr>
</tbody>
</table>

2.9- MAIN HRM ACTIVITIES.

The main HRM activities which make up the personnel function can be considered in terms of those that apply before, during and after the appointment of employees. To put it another way, HRM relates to the acquisition, management and disposal of resource which in this case happen to consist of people. Managers and supervisors throughout organizations are responsible for the effective use of all the resources available to them. Therefore, effective management of the human resources is integral to any manager’s job, whether as a hospital head nurse, assistant manager in a retail store, director of engineering, or president of a non profit agency.
The central focus for HR management must be on contributing to organizational success. As figure 2.3 depicts, key to enhancing organizational performance is ensuring that the human resources activities support organizational efforts focusing on productivity, quality, and service.

- **Productivity**: As measured by the amount of output per employee, continuous improvement of productivity has become even more important as global competition has increased. The productivity of the human resources in an organization is affected significantly by management efforts, programs, and systems.

- **Quality**: The quality of products and services delivered significantly affects organizational success over the long term. If an organization gains a reputation for providing poor-quality products and services, it reduces its organizational growth and performance. An emphasis on quality requires continuous changes aimed at improving work processes that opens the door for reengineering the organizational work done by people. Customer value received and satisfaction become the bases for judging success, along with more traditional HR measures of performance and efficiency.

- **Service**: Because people frequently produce the products or services offered by an organization, HR management’s considerations must be included when identifying service blockages and redesigning operational processes. Involving all employees, not just managers, in problem solving often requires changes in corporate culture, leadership styles, and HR policies and practices.
To accomplish these goals, HR management is composed of several groups of interlinked activities. However, the performance of the HR activities must be done in the context of the organization, which is represented by the inner rings in figure 2.3. Additionally, all managers with HR responsibilities must consider external environment forces—such as legal, political, economic, social, cultural, and technological ones—when addressing these activities. These external considerations are especially important when HR activities must be managed internationally. The HR activities for which a brief overview follows are:14
2.9.1- HR Planning and Analysis

At the heart of all HR activities is the HR planning or strategy. HR planning and analysis activities have several facets. Through HR planning, managers attempt to anticipate forces that will influence the future supply of and demand for employees. Having adequate human resource information systems (HRIS) to provide accurate and timely information for HR planning is crucial. The importance of human resource in organizational competitiveness must be addressed as well. As part of maintaining organizational competitiveness, HR analysis and assessment of HR effectiveness must occur.

2.9.2- Equal employment opportunity

Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities and is integral to HR Management. For instance, strategic HR plans must ensure sufficient availability of a diversity of individuals to meet affirmative action requirements. In addition, when recruiting, selecting, and training individuals, all managers must be aware of EEO requirements.

2.9.3- Staffing

The aim of staffing is to provide an adequate supply of qualified individuals to fill the jobs in an organization. By studying what workers do, job analysis is the foundation for the staffing functions. From this, job descriptions and job specifications can be prepared to recruit applicants for job openings. The selection process is concerned with choosing the most qualified individuals to fill jobs in the organization.

2.9.4- HR Development

Beginning with the orientation of new employees, HR training and development also includes job-skill training. As jobs evolve and change, ongoing retraining is necessary to accommodate technological changes. Encouraging development of all employees, including supervisors and managers, is necessary to prepare organizations for future challenges. Career planning identifies paths and
activities for individual employees as they develop within the organization. Assessing how employees perform their jobs is the focus of performance management.

2.9.5- Compensation and Benefits

Compensation rewards people for performing organizational work through pay, incentives, and benefits. Employers must develop and refine their basic wage and salary systems. Incentive programs such as gain sharing and productivity rewards are also growing in usage. The rapid increase in the costs of benefits, especially health-care benefits, will continue to be a major issue.

2.9.6- Health, Safety, and Security

The physical and mental health and safety of employees are of vital concerns. The traditional concern for safety has focused on eliminating accidents and injuries at work. Additional concerns are health issues arising from hazardous work with certain chemicals and newer technologies. Through a broader focus on health, HR management can assist employees with substance abuse and other problems through employee assistance programs (EAP) in order to retain otherwise satisfactory employees. Employee wellness programs to promote good health and exercise are becoming more widespread.

Workplace security has grown in importance, in response to the increasing number of acts of workplace violence. HR management must ensure that managers and employees can work in a safe environment.

2.9.7- Employee and Labor/Management Relations

The relationship between managers and their employees must be handled effectively if both the employees and the organization are to prosper together. Whether or not some of the employees are represented by a union, employee rights must be addressed. It is important to develop, communicate, and update HR policies.
and rules so that managers and employees alike know what is expected. In some organizations, union/management relations must be addressed as well.\textsuperscript{16}

2.10- HUMAN RESOURCE MANAGEMENT CHALLENGES

The environment faced by HR management is a challenging one; changes are occurring rapidly across a wide range of issues. A study by the Hudson Institute, entitled \textit{workforce 2020}, has highlighted some of the most important workforce issues.\textsuperscript{17} From this and other sources, it appears that the most prevalent challenges facing HR management are as follows:

- Economic and technological change
- Workforce availability and quality
- Demographics and diversity issues
- Organizational restructuring

The researcher has explained these challenges one by one.

2.10.1- Economic and Technological Change

Several economic changes have occurred that have altered employment and occupational patterns in the United States. A major change is the \textit{shift of jobs} from manufacturing and agriculture to service industries and telecommunications. This shift has meant that some organizations have had to reduce the number of employees, while others have had to attract and retain employees with different capabilities than previously were needed. Additionally, pressure from \textit{global competitors} have forced many U.S. firms to close facilities, adopt their management practices, and increase productivity and decrease labor costs in order to become more competitive. Finally, the explosive growth of information technology, particularly that linked to the internet, has many changes throughout organizations of all types.
2.10.1.1- Occupational shifts

Projections of the growth and decline in jobs illustrate the economic and employment shifts currently occurring. Figure 2.4 indicates the occupations with the largest percentage growth anticipated between 1996 and 2006. It is interesting to note that in this figure most of the fastest growing occupations percentages wise are related to information technology or health care. The health care jobs are growing as a result of the aging of the U.S. population and work force.

Figure 2.4 The 10 occupations with the Fastest Employment Growth, 1996-2006

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Employment</th>
<th>Change, 1996-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Database administration, computer support</td>
<td>212 461</td>
<td>249 118</td>
</tr>
<tr>
<td>Specialists, and all other computer scientists</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer engineers</td>
<td>216 451</td>
<td>235 109</td>
</tr>
<tr>
<td>System analysis</td>
<td>506 1,025</td>
<td>520 103</td>
</tr>
<tr>
<td>Personal and home care aides</td>
<td>202 374</td>
<td>171 85</td>
</tr>
<tr>
<td>Physical and corrective therapy assistants and a</td>
<td>84 151</td>
<td>66 79</td>
</tr>
<tr>
<td>aides</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home health aides</td>
<td>495 873</td>
<td>378 76</td>
</tr>
<tr>
<td>Medical assistants</td>
<td>225 391</td>
<td>166 74</td>
</tr>
<tr>
<td>Desktop publishing specialists</td>
<td>30 53</td>
<td>22 74</td>
</tr>
<tr>
<td>Physical therapists</td>
<td>115 196</td>
<td>81 71</td>
</tr>
<tr>
<td>Occupational therapy assistants and aides</td>
<td>16 26</td>
<td>11 69</td>
</tr>
</tbody>
</table>

2.10.1.2- Global Competition

One major factor affecting these shifts is the globalization of economic forces. The U.S. economy has become a service economy, and that shift is expected to continue. Over 80% of U.S. jobs are in service industries, and most new jobs
created by the year 2006 also will be in services. It is estimated that manufacturing jobs will represent only 12% to 15% of all U.S. jobs by that date.\(^{18}\) With changes in the socio-economic and political conditions, industrial employees have become more conscious of their higher order needs, i.e. status, recognition, love, belongingness, prestige, etc. This has resulted in a change in their outlook, values and levels of expectation. It may be noted that the “Hawthorne studies” highlighted the significance of ‘human factor’ in increasing industrial productivity.\(^{19}\)

2.10.2- Workforce Availability and Quality

In many parts of the United States today, significant workforce shortage exists due to an inadequate supply of workers with the skills needed to perform the jobs being added. In the last several years, news reports have regularly described tight labor markets with unemployment rates in some locations below 3%. Also, continuously there are reports by industries and companies facing shortages of qualified, experienced workers. Consequently HR professionals have faced greater pressures to recruit and train workers. Many occupational groups and industries will require more educated workers in the coming years. The number of jobs requiring advanced knowledge is expected to grow at much more rapid rate than the number of other jobs. In short, there is a growing gap between the knowledge and skills required by many jobs and those possessed by employees and applicants. Several different studies and projections all point to the likelihood that employers in many industries will have difficulties obtaining sufficiently educated and trained workers.

2.10.3- Demographics and diversity issues

The demographics of the workforce describe its composition: education level, age, race, sex, percentage of the population participating in the workforce and other characteristics. Changes in workforce demographics are usually known in advance, occur slowly, and well measured.\(^{20}\) The U.S. has been changing dramatically. It is more diverse racially, women are in the labor force in much greater numbers than ever before, and the average age of workforce is now considerably older than before. As a result of these demographics shifts, human
Resource management in organizations has had to adopt to a more varied labor force both externally and internally. The three most prominent dimensions of the demographics shifts affecting organizations are Racial/ Ethnic Diversity, Aging of the workforce, and Balancing Work and Family.

2.10.4- Organizational Restructuring

Many organizations are restructuring in the past few years in order to become more competitive. Also, mergers and acquisitions of firms in the same industries have been made to ensure global competitiveness. The “mega – mergers” in the banking, petroleum, and telecommunications industries have been very visible, but mergers and acquisitions of firms in many other industries have increased in recent years.

As part of the organizational restructure, many organizations have “right sized” either by (1) eliminating layers of managers, (2) closing facilities, (3) merging with other organizations, or (4) out placing workers. A common transformation has been to flatten organizations by removing several layers of management and to improve productivity, quality, and service while also reducing costs. As a result, jobs are redesigned and people affected. One of the challenges that HR management faces with organizational restructuring is dealing with the human consequences of change. On one hand, many large firms have cut jobs by reducing their workforces, and on the other hand, many smaller firms have continued to create jobs. This is particularly true in high technology industries, such as software development. These entrepreneurial firms are faced with growth, while trying to attract sufficient workers with flexible capabilities and to conserve financial resource.21
2.11- HRM IN THE HEALTH SECTOR / HOSPITAL

HRM in health sector/hospital has to function with some unique characteristics. The workforce is large, diverse, and comprises separate occupations often represented by powerful professional associations or trade unions. Some have sector-specific skills; other can readily move from the health sector to employment in other sectors. The avowed first loyalty of those with sector-specific skills and qualifications (physicians, nurses, etc.) tends to be to their profession and their patients rather than to their employer.

In many countries, access to health professional training and employment is controlled by standards and entry requirements determined by the professions, and aspects of their work are regulated. The health sector/hospital is a major recipient of public and/or private expenditure, and health care delivery is a politicized process.

Whilst many health systems have been attempting to decentralize to improve efficiency, they tend to be characterized by a broad range of active stakeholders, a high level of direct and indirect governmental and regulatory intervention, and recurrent “top down” attempts at reform. Health is also very labor-intensive—the proportion of the total spent on staff is much higher in health than in most manufacturing industries and in many service industries.

The irony is that whilst HR under-researched in health, partly because of its unique context, the main “business” of health—clinical interventions—is the subject of continuous and detailed research-based scrutiny. No other sector has the same level of self-critical focus, with the use of sophisticated methods such as Randomized Control Trials (RCTs), systematic reviews and meta-analysis.
Research on human resources in health, as in any sector, is drawn from a broad range of disciplines, (e.g., economics, econometrics, occupational psychology, sociology). Some of these disciplines are not open to the use of the types of methods favored in clinical research in health care. The challenge for researchers attempting to build the evidence based on HRM in the health sector is that they have to draw on these non-clinical research methods to assess the HRM “inputs” whilst attempting to identify appropriate and sector-specific measures of process, output or outcome.

There have been a few attempts to examine “high performance” HRM characteristics in the health sector. These tend to be based in North America, which may be partly, at least, a reflection of the greater focus on “Business” practice in private-sector health care industries in the USA and Canada.\(^{22}\)

Eaton\(^{23}\) examined issues related to “high performance” HRM in 20 nursing homes in the USA. She reported that quality outcomes at some of the homes improved after reorganization that included implementation of a new model of HRM based on job enlargement and cross-training, but concluded that the “business” focus of the “high performance model” made it inappropriate for the health care sector. Rondeau and Wag\(^{24}\) examined the impact of HRM practices on 283 Canadian nursing homes. They reported that the “best performing” nursing homes (as measured by indicators of client and staff satisfaction, operating efficiency and revenue) were found to be more likely to have implemented “progressive/high performance” HRM practices and to have a workplace climate that strongly values employee participation. An effect of HRM practices and outcomes is shown in figure 2.5.
Studies that can access “business” performance data in health are few in number. There is a broader and deeper evidence base that focuses on health sector-specific measures of process, activity or outcome, and attempts to link these to HRM interventions. Most of these studies have reported that higher staffing levels and/or staffing mix are related to “better” outcomes, however defined—either to reductions in the levels of specified “negative” outcomes (such as mortality rates, needle stick injuries, or infections) or improvements in reported quality of care or patient satisfaction. Research on magnet hospitals/ institutions has been under way for over 20 years, and has highlighted positive links between good human resource practice, staffing characteristics and outcomes of care.25

The genesis of the research on magnet hospitals was the policy study published in 1983.26 The study identified the organizational characteristics of hospitals that “serve as magnets for professional nurses: that is, they are able to attract and retain a staff of well-qualified nurses and are therefore consistently able to provide quality care. The term “magnet” was used to highlight the staff attraction/retention characteristics of these institutions. The key characteristics of magnet hospitals included participatory and supportive management style, decentralized organizational structure, clinical career opportunities, planned orientation of staff, and an emphasis on in-service/continuing education.

The study stimulated other researchers to focus on organizational attributes, HR practices and measures of HR “success”. There has since been a series of research studies on aspect of “magnetism”. These have included studies reporting that nurse turnover and vacancy rates in the magnet hospitals were significantly lower, and reported nurse job satisfaction higher, than in the comparator hospitals27 and a study examining mortality rates in 39 magnet hospitals and 195 control hospitals using multivariate matched sampling to control for hospital characteristics. The study found that magnet hospitals had a 4.6% lower mortality rate for Medicare patients than the control hospitals28.
The evidence based on “magnet” organizations has grown and broadened over the two decades since the original study. The main message from the various studies is that “magnetism” does appear to be related to “better” staffing indicators, and to improved quality of care. This has been attributed by Aiken and others to the sustained implementation of a “bundle” of HRM interventions that fit with organizational priorities and that support autonomous working by nurses, enable participation in decision making, facilitate career development and enable high level skills to be deployed effectively.29

It is clear that it is not only the organizational context that differentiates the health sector from many other sectors, in terms of HRM. Many of the measures of organizational performance in health are also unique. Performance in the health sector can be fully assessed only with indicators that are sector – specific. These can focus on measures of clinical activity or workload (e.g., staff per occupied bed, or patient acuity measures), on measures of output (e.g., number of patients treated) or, less frequently, on measures of outcome (e.g., mortality rates; rate of post –surgery complications). The challenge for researchers and policy analysis in the health sector is to bridge the current knowledge gap- between what is known from the general evidence base on HRM inputs and performance, and what is known from the health –specific evidence base focusing on sector-specific outcome measures.30

In theory HRM job design and commitment practices provide great promise for people, rich organizations and industries. Also in theory a more proactive approach to people management has much to offer the health sector and in a context of fiscal pressures, successful not-for-profit firms are said to need innovatory service methods with pro-active, multi-skilled workers.

There is a growing body of research that explores the critical role of HRM in improving organizational outcomes. They claimed that “scholars have yet to reach agreement”, but the consensus is that it involves designing and implementing a set of internally consistent policies and practices that ensure a firm’s human capital
contributes to the achievement of its business objectives- via compensation systems, team-based job designs, flexible workforces, quality improvement practices, and employee empowerment.

Given the high skill and labor intensive nature of the health care sector and current challenges, greater investment in HRM may provide a significant opportunity to hospital management, employees and the community.31

Recent studies have highlighted the need for innovation, particularly in the area of HRM within the health sector. Furthermore, Dwyer and Leggat suggest that an “innovative capacity can be enhanced through enabling and supporting human resources”. Growing a highly-skilled, talented and innovative workforce is seen as a key objective of HRM. They further suggest the need for “greater innovation in support of goals like access, productivity, quality and safety”.32 Gillies et al., (1997) argue that new models of health care require “new world” positions with “new world skills”.33
Reference:

9- Ibid, Pp.3-4.


