

THE NATURE AND CHALLENGES OF HEALTHCARE HR MANAGEMENT

Learning Objectives

After you read this chapter, you should be able to:

- Identify the types of healthcare organizations.
- Describe the current and future states of the healthcare industry.
- List and briefly describe human resource management activities.
- Explain the unique aspects of managing human resources in healthcare organizations.
- Discuss several of the human resource challenges existing in healthcare.

Healthcare HR Insights

The American Hospital Association Commission on Workforce for Hospitals and Health Systems recently concluded an extensive study on the shortage of healthcare workers in the United States. Their findings and recommendations were published in a report titled *In Our Hands: How Hospital Leaders Can Build a Thriving Workforce*. With input from healthcare CEOs, physicians, educators, labor leaders, nursing and other allied professionals, and even students, the Commission recommends and challenges healthcare organizational leaders to consider five areas of focus in order to build and sustain a healthcare workforce that will be able to meet the ever mounting healthcare needs of the aging baby boom generation. These focus areas include:

- Fostering meaningful work
- Improving workplace partnerships
- Broadening the recruiting base
- Collaborating with others
- Building societal support for healthcare careers

Examples of healthcare organizations around the country that are achieving significant results in the recruitment and retention of employees are numerous.

At Mountainview Medical Center in White Sulphur Springs, Montana, the nurse position was redefined to deal with a nursing shortage. This streamlined duties and made the work less fragmented. By fostering meaningful work, the center was able to improve patient care and increase morale without spending a lot of additional funds.

At Legacy Health System in Portland, Oregon, they are broadening the base of potential healthcare workers with their “YES Program” (Youth Employment in Summer) which is designed to introduce Latino and African-American students to the healthcare workplace and ultimately encourage them to complete high school and to pursue a healthcare-related career through post-secondary education.

Story County Medical Center in Nevada, Iowa, is a model organization in collaborating with others. Story County Medical Center was asked to help develop a curriculum for a health occupations class for area high school students. Not only did they develop the curriculum, they ended up teaching the class, providing hands-on experiences and offering a CNA (Certified Nurse Assistant) certification. During their involvement with the program, over 100 students have taken the course and many have received their CNA certifications.

The American Hospital Association (AHA) has framed the argument for building societal support through a number of recommendations to Congress, state legislators, and government agencies, who write and interpret laws that impact health policy in the United States. An example of a key recommendation brought forward by AHA that could directly affect the availability of healthcare

workers is the recommendation that government- and employer-based retirement laws and policies need to change to encourage older workers to remain in the workplace.¹

NATURE OF HEALTHCARE ORGANIZATIONS

In the United States over 500,000 establishments make up the healthcare industry. The healthcare industry is very diverse, including organizations that provide medical care, residential care and treatment, and various forms of therapies and health services. Notice that physician offices and clinics comprise the largest group of establishments.

Healthcare organizations can be divided into several categories. Some of these—such as hospitals—employ hundreds of people in large building complexes. Others—such as home healthcare providers—involve few employees, and the “facility” is wherever the patient is. In between are many organizations that make up the healthcare spectrum.

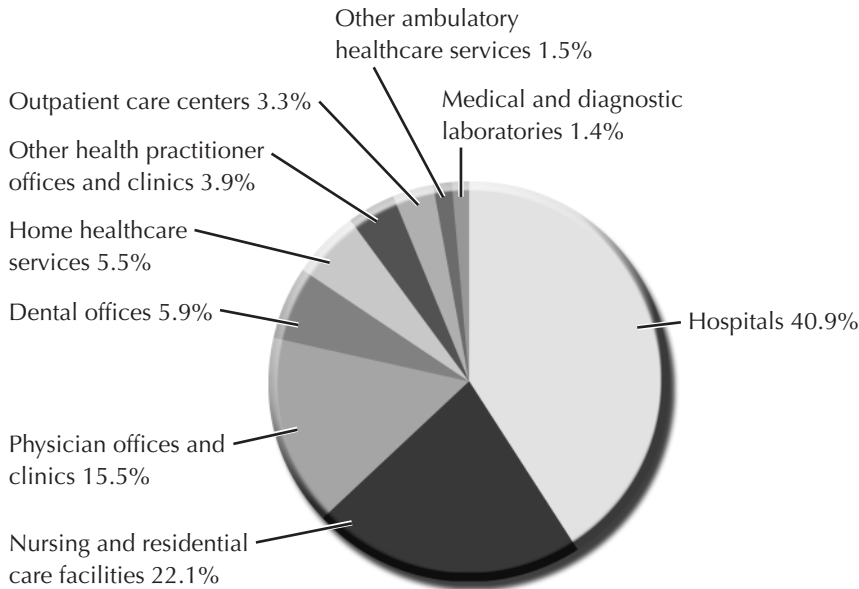
- *Physician Offices and Clinics*—Physicians and surgeons practice individually or in groups of practitioners who have the same or different specialties. Group practice has become the recent trend, including clinics, freestanding emergency care centers, and ambulatory surgical centers.
- *Hospitals and Medical Centers*—Hospitals provide complete healthcare, ranging from diagnostic services to surgery and continuous nursing care. Hospitals can be small, freestanding rural facilities, or they can be part of a vast, multi-facility, geographically dispersed, integrated system. Some hospitals specialize in treatment such as burn care, cancer, or pediatrics, while others are full-service providers.
- *Nursing and Residential Care Facilities*—Nursing facilities provide inpatient nursing, rehabilitation, and health-related personal care to those who need continuous healthcare, but do not require hospital services. Other facilities, such as nursing and convalescent homes, help patients who need less assistance but also need special rehabilitation services.
- *Home Healthcare*—Skilled nursing or medical care is sometimes provided in the home, under a physician’s supervision. Home healthcare services are provided mainly to the elderly.
- *Outpatient Care Services*—Among the establishments in this group are kidney dialysis centers, drug treatment clinics and rehabilitation centers, blood banks, and providers of childbirth preparation classes.
- *Medical and Diagnostic Laboratories*—These laboratories provide analytic and diagnostic services to the medical care provider or directly to patients following a physician’s direction. Workers may analyze blood, take X rays, or perform other clinical tests. In dental laboratories, workers make dentures, artificial teeth, and orthodontic appliances.

- *Offices and Clinics of Other Health Practitioners*—This segment includes offices of chiropractors, ophthalmologists, optometrists, and podiatrists, as well as occupational and physical therapists, psychologists, audiologists, speech-language pathologists, dietitians, and other miscellaneous health practitioners. This segment also includes alternative-medicine practitioners, such as acupuncturists, homeopaths, hypnotherapists, and naturopaths.
- *Dental Offices and Clinics*—Almost 20 percent of healthcare establishments in the United States are dental offices. Most employ only a few workers who provide general or specialized dental care, including dental surgery and orthodontia.
- *Other Ambulatory Healthcare Services*—Included in this segment are such services as ambulance services, blood and organ banks, pacemaker monitoring, and smoking cessation programs.

Employment in Healthcare

No matter what form of healthcare or type of facility is involved, employees are needed to deliver care. It is one of the largest industries in the United States, providing almost 13 million jobs. The healthcare industry can be characterized as a labor-intensive industry with a wide diversity of position types requiring a broad cross-section of skill sets, professional training, and academic preparation. Many healthcare positions require at least four-year college degrees.

FIGURE 1-1 Employment in Healthcare



Source: U.S. Department of Labor: Bureau of Labor Statistics, 2005.

Figure 1-1 shows the composition of healthcare employment by type of organization. Hospitals account for less than 2 percent of all health service facilities, yet they employ nearly 40 percent of all healthcare workers.²

Types of Healthcare Jobs

The delivery of healthcare requires workers in a variety of job categories with different levels of education, training and experience. In addition to the myriad of medical and clinical positions present in healthcare delivery there are also significant requirements for workers with skills in the following fields:

- Management and administration
- Legal and compliance services
- Physical plant operations
- Safety and security
- Information technology
- Fund raising and community affairs
- Food and nutritional services

The scope of jobs in healthcare depicted in Figure 1-2 shows a healthcare position hierarchy. It also depicts two other relationships: the levels and the number of positions required in each job category.

Healthcare Position Hierarchy. It is useful to understand the various levels of positions to appreciate the distribution of power and responsibility within healthcare organizations. Large health systems are especially hierarchical with significant numbers and levels of jobs, while clinics and physician groups have very flat organizational structures with few levels. Purposely not depicted on this illustration are physicians, who by definition would fall in the clinical professional category. However, depending on the nature and size of a healthcare organization, physicians could also be associated with any level of executive, senior, or middle management or supervision, and their power associated with their knowledge makes them difficult to classify in a typical managerial position chart.

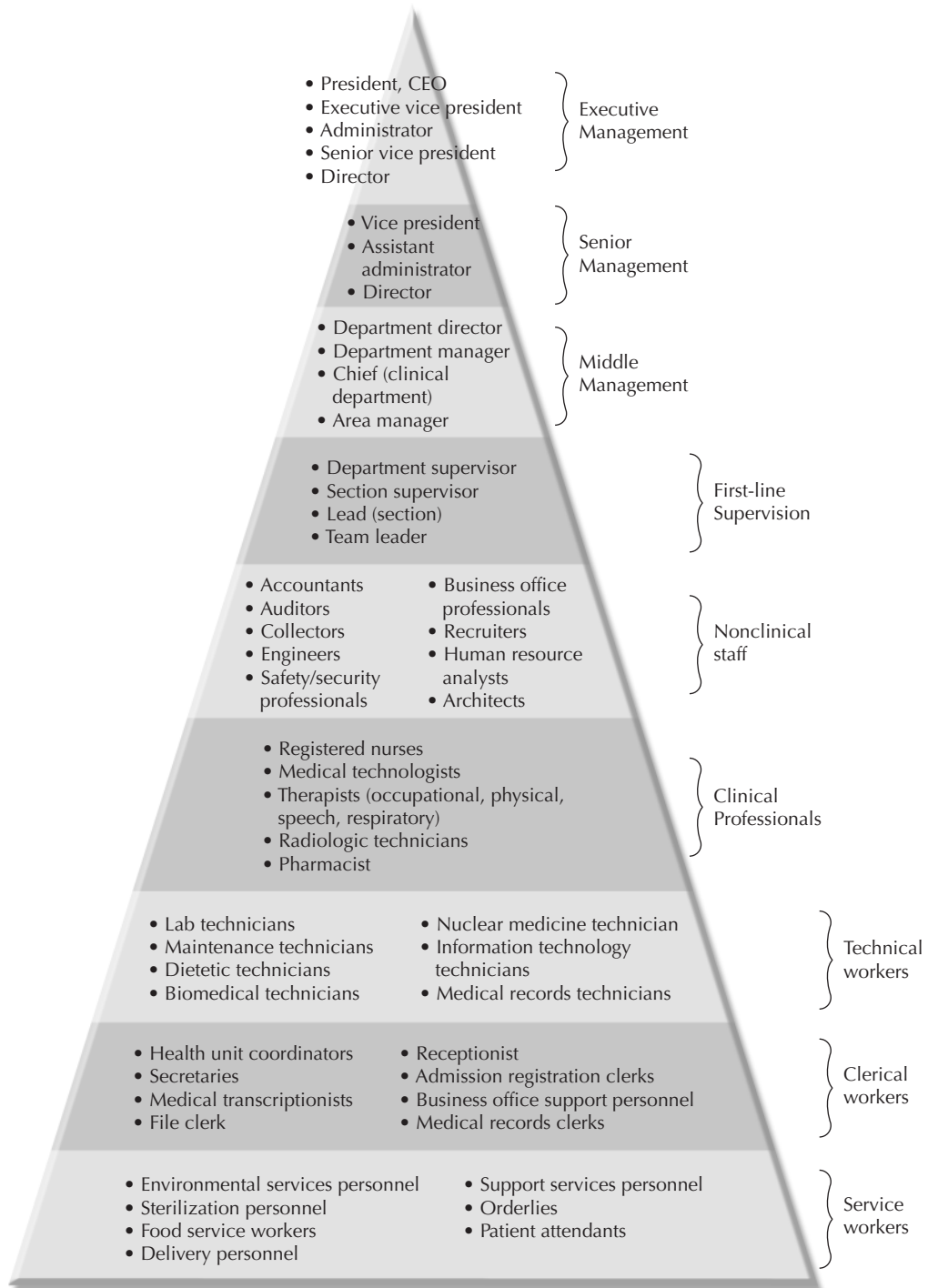
Distribution of Positions. The graphical depiction of a pyramid is a model for considering the labor requirements of the various levels in a healthcare organization. At the top of the pyramid is executive management, which would represent the fewest number of individuals required across the industry. At the base of the pyramid are service workers, who would represent the category of workers requiring the largest numbers of individuals.

THE CURRENT STATE OF HEALTHCARE

Understanding the current state of the delivery of healthcare in the United States is important to the discussion of healthcare human resources (HR) management and the implications those changes currently have and will have on how healthcare organizations manage their employees.

Healthcare and change have been synonymous since the late 1960s with the passage of Medicare legislation and the continued rise in healthcare costs. Federal and state governmental involvement in healthcare, coupled with ever-increasing

FIGURE 1-2 Healthcare Position Hierarchy



costs, has been a primary impetus behind the changes in healthcare in recent years. Managed care and the growth of government regulation have driven the changes. Also, there have been continuing pressures to reduce the cost of delivering healthcare in all forms.³

The U.S. healthcare system is one of the best in the world. Access to care (although sometimes unevenly distributed) and advances in technology, therapies and pharmaceuticals continually contribute to a longer and higher quality of life for the U.S. population. Yet certain realities and issues provide a compelling backdrop against which the accomplishments of the healthcare system must be balanced. The following list details some of the key areas for awareness in the environment in which healthcare operates:

- *Growing Resource Needs*—Healthcare organizations are faced with an aging population (increasing the number of healthcare consumers), growing numbers of uninsured and underinsured persons, and the need for costly technology and other pressures that require greater resources.
- *Multifaceted Workforce Crisis*—Healthcare organizations are not just contending with a short supply of workers, although there are significant shortages of nursing personnel, certain physician sub-specialists, and other professional caregivers, there are other equally difficult aspects of the crisis. At the top of the list are changes in the skill mix of workers needed to meet new service requirements, high-levels of healthcare worker dissatisfaction, and a tremendous need for labor continuity, especially in intensive care positions, in a period where recruitment is difficult and turnover is high.
- *Ensuring Patient Safety and Reducing Variability in Service, Quality, and Cost*—Consumer expectations for a safe, positive, and cost-effective experience in accessing and receiving healthcare are not evenly met throughout the healthcare delivery system. Consumers, their employers, and Federal, state and local governments who all share in the burden of ever-increasing healthcare costs, are challenging these costs if negative treatment outcomes occur, or if unsafe care or rude caregivers are what they are receiving in return.⁴
- *Providing Culturally Competent Care*—The United States' increasing diversity results in a more diverse patient population. Studies indicate that there are significant disparities in how minorities access, receive, and benefit from the nation's healthcare system. There are clear indications that a lack of diversity in the direct providers of care and healthcare management and their lack of sensitivity to cultural differences can produce less positive or even negative healthcare outcomes for racially/ethnically diverse consumers.⁵
- *Technology and Information Management*—The U.S. healthcare delivery system continues to make unprecedented strides in the development and use of new technologies and the management of health information and data. Complete (inpatient, outpatient, physician) electronic medical records along with other technology gains such as remote intensive care monitoring, robotically performed surgeries, and gene-based disease treatments (made possible by computer-assisted gene mapping), are rapidly becoming the norm.⁶

- *Regulatory Policy*—As the U.S. healthcare system has become more complex, Congress has given more authority and latitude to specialized regulatory agencies to “fill in the detail” of broad policy decisions. As an example, the Health Insurance Portability and Accountability Act (HIPAA) passed in 1996. Eight years later, thousands of pages of regulations have been written.⁷

THE FUTURE OF HEALTHCARE

Predicting the future of the healthcare industry is difficult. The pace of change is so rapid and unpredictable forces and events can dramatically alter the direction and course of trends we may have felt confident to predict. As an example the events of September 11, 2001 have had a dramatic impact on many aspects of the healthcare delivery system in the U.S. and who could have possibly predicted that event and its outcomes?

However, as depicted in Figure 1-3, there are certain trends and “drivers” of the future of healthcare that can be predicted with a degree of certainty, primarily because they have so much momentum that regardless of unforeseen or catastrophic events it would be difficult to alter their course.

- *Continued Financial Pressures*—The federal government, third party payers, consumers, and employers will continue to pressure the healthcare industry to stabilize costs. And perhaps, as importantly, provide more value in all aspects of the care delivery continuum for the healthcare dollars being spent.
- *Demographic Changes*—The U.S. population is growing, and growing older. The implications for healthcare are enormous. The number of Medicare enrollees will grow from about 42 million today to 77 million in 2030. By 2010, 70 million Americans will have two or more chronic conditions.
- *Technology, Costs, and Competition*—Unlike the application of technology in other fields, changes in healthcare technology have increased the cost of care by allowing more to be done for more people. Advancements in technology also allow for a shift in healthcare delivery from inpatient to outpatient

FIGURE 1-3 The Current and Future States of Healthcare

HEALTHCARE	
CURRENT STATE	FUTURE STATE
<ul style="list-style-type: none"> • Growing resource needs • A multifaceted workforce crisis • Patient safety and reduced variability in service, quality, and cost • Culturally competent care • Technology and information management • Regulatory policy 	<ul style="list-style-type: none"> • Continued financial pressure • Demographic changes • Technology, costs, and competition • Public opinion • More accountability • Health planning policy initiatives

settings to free-standing care centers and physician offices. The result has been growth to excess in capacity which in turn has created more competition. Unlike other industries, however, so far the competition has not resulted in price competition to any great extent.

- *Public Opinion*—The public is growing increasingly more frustrated with the U.S. healthcare system. In a recent poll, only 6 out of 10 Americans said that the healthcare system was meeting their needs and the needs of their family. Only 2 out of 10 believed the system was meeting the needs of most Americans. In a survey conducted by the Gallup Organization, healthcare is only one of six industries to receive more negative evaluations than positive evaluations. The other five industries included the legal field and the pharmaceutical industries.⁸ Rising costs and the uninsured were named as two of the biggest issues facing the system today. Predictions are that unless these issues are dealt with, the public's opinion on the healthcare industry will worsen.
- *More Accountability*—Federal, state, and local governments, along with employer and consumers groups, are already demanding more accountability from healthcare organizations and individual providers. The future will predictably include a call for more information on the quality of doctors and hospitals. Hospital and physician price information should also be publicly available, as well as information on the actual net cost of any procedure, treatment, or test.
- *Health Planning Policy Initiatives*—The United States will have to deal with the uneven supply of healthcare resources. Historically the marketplace has allocated resources, resulting in a mismatching between demand and supply. Rural America has especially suffered from a lack of access to healthcare. Future predictions are that decisions on planned allocation versus universal coverage will most likely have to occur.⁹

HR CHALLENGES IN HEALTHCARE

The current state of healthcare and predictions about the industry require healthcare organizational leaders that can manage in an ever-changing and challenging environment. HR leadership is especially critical because many of the current realities and future eventualities for the healthcare industry have, at their core, significant human resource management implications.

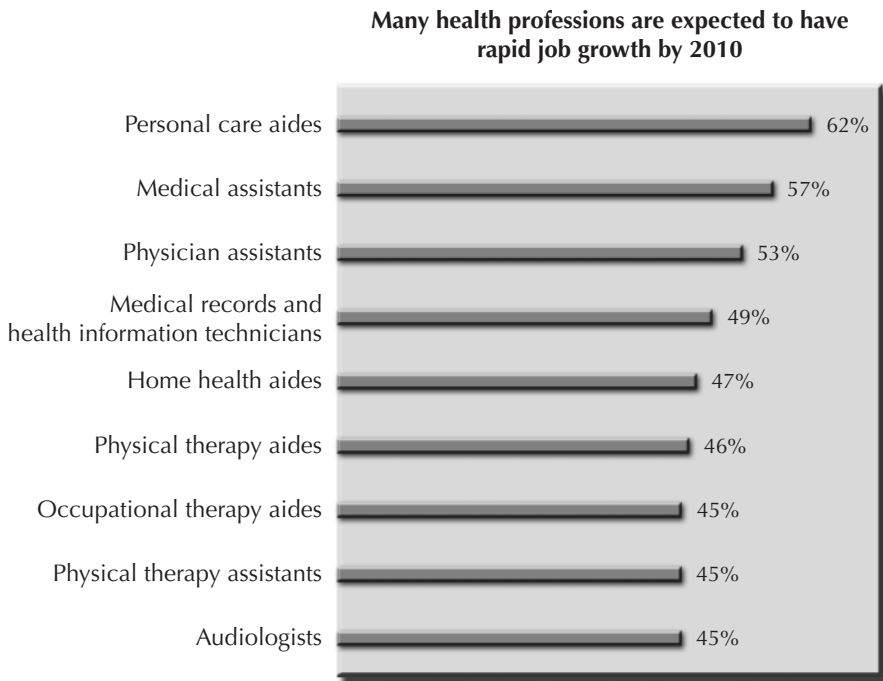
The list of challenges is both daunting and exciting. HR professionals have the opportunity to make contributions to their organizations and to their industry by providing solutions for the most difficult issues and problems the industry faces. Two of the most prominent challenges include the *recruitment and retention* of the correct number of qualified staff and *managing the changes* that affect human resources.

Recruitment and Retention

The enormous demand for healthcare workers is likely to continue or even increase for a number of key healthcare positions. The nursing shortage has been well-chronicled in the popular media with an estimated national shortfall of over 600,000 registered nurses (RNs) by the year 2012. However, the recruitment and staffing issues are clearly not exclusive to nursing; all healthcare professions have and will be affected. The projected growth of healthcare occupations in comparison to the growth of non-healthcare occupations is 2 to 1.

To further illustrate the magnitude of the growth in health occupations, Figure 1-4 shows the projected growth of nine selected healthcare-related positions. Note that many of these positions require a minimum of a two year associates degree and two of the positions, Physician Assistant and Audiologist, require specialized training beyond a four year bachelor's degree.

FIGURE 1-4 Projected Growth of Selected Health Professions 2000-2010



Source: U.S. Census Bureau, 2005.

HR professionals in all segments of the industry will be faced with the challenge of recruiting and retaining the right number of competent employees for their organizations. The following trends will have a direct impact on the supply and demand for healthcare workers:

Hospitals, Residential Care and Rehabilitation Facilities. During the next 15 years, the U.S. healthcare system, particularly inpatient institutions, will face two critical problems related to the healthcare workforce. First and foremost, there will not be enough workers, and second, those that will be available will not have the skills needed in the health system that is emerging. The issues, again, are the demographics of the aging population demanding more care and the overall size of the healthcare delivery system.

The demand for nurses and allied health workers will also be driven by significant growth in three other parts of the healthcare system, as detailed below.

Ambulatory Care. As care continues to move from inpatient to outpatient or ambulatory care, these care providers, which include clinics, physician offices, home health agencies, and free standing surgery and diagnostic centers, the requirements for ambulatory care providers will expand.

Health Service Businesses. Alternative care delivery is rapidly gaining momentum, creating a variety of health service businesses. Managed care companies, “health concierge” companies, and grocery and drug stores will be looking for individuals with clinical training and a knack for customer service.

Independent Practice. Many healthcare professionals are moving to independent practice to meet the demand for alternative care. High demand skills include nutrition and weight management, physical therapy, pain management and personal care combined with therapy. Independent practitioners are utilizing the training they received from hospitals and clinics and establishing fee-for-service businesses marketed directly to the consumer.

The challenge to healthcare HR professionals to recruit and retain competent employees includes dealing with some very compelling issues, among which are the following:

- Over the last two decades there has been a dramatic decline in the United States in the interest in training nurses and allied health professionals and in the capacity to do so. As an example, as recently as the 1980s many large hospitals and medical centers offered their own nursing training programs, awarding “diploma RN” degrees. These programs are either no longer in existence or they have been dramatically downsized and folded into two or four-year degree programs at colleges.
- Attractive career paths have emerged outside of the life sciences, particularly in technology, which offer comparable or better wages, friendlier work environments, and greater opportunities for advancement.
- As career opportunities for women have broadened over the last 50 years, many women who would have historically chosen health careers have pursued other non-health-related career paths.

- The healthcare workplace, due to budget issues, staffing shortage, and increased workloads caused by greater demand and fewer workers, has grown more stressful and less able to attract and retain workers.
- The pressures on the healthcare workplace have caused increased friction between management and employees resulting in predictions of widespread unionization in the healthcare industry over the next decade as a means for healthcare workers to bargain for better working conditions.¹⁰

Managing Change

The healthcare industry and change have been and are synonymous. Without question managing the changes that impact the healthcare workplace is one of the most important challenges facing healthcare HR professionals. Figure 1-5 provides an overview of five of the more compelling elements of change impacting the healthcare workplace that have significant HR implications and require HR change management.

Discussion has highlighted the continuous pressure on the cost of healthcare delivery, rapid and constant technology advances, consumers demanding improvement in clinical performance, and other environmental and market forces. These changes have had a significant effect on the management of human resources in healthcare organizations.

Managing Costs. In response to cost containment issues, healthcare organizations have undertaken a seemingly endless stream of budget cutting initiatives, restructuring to gain efficiencies, curtailment of low-demand or low-margin services, and other initiatives designed to meet cost reduction objectives.

- **HR Implications:** Given the fact that 50 percent to 60 percent of the total operating cost of most healthcare organizations resides in employee pay and benefits, managing costs almost always means managing the number, skill mix, or wages of employees.

FIGURE 1 - 5 Major Healthcare HR Change Elements



Compliance with Quality Standards. With the increasing pressure on the healthcare delivery system to improve clinical performance, performing to quality standards is a critical challenge. Whether meeting the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) quality standards, responding to third party payer clinical outcome reviews, or dealing with a state health department audit, healthcare organizations are required to continually improve the quality and responsiveness of their delivery of services.

- **HR implications:** The tasks of orienting, training, and continually monitoring employees performance relative to safety, quality, and care standards is a critical requirement for HR planning and programming. Inevitably each year new regulations, standards, or requirements require updated training, new policies, and other programming in order to maintain employees' competencies in this critical area.

Managing Diversity and Providing Culturally Competent Care. Healthcare providers must ensure that each person, regardless of race, ethnicity, gender, age, and ability to pay their medical bills, receive medical care in a competent, sincere, and equal manner. As the demographics of the United States are changing, so must the organizational response to dealing with difficult diversity issues in the healthcare workplace. Effectively managing these issues not only impacts care, it also impacts the ability of healthcare organizations to recruit and retain a competent, diverse workforce.

- **HR implications:** HR planning and programming to match provider and patient demographics are virtually unending and continually changing as demographics change.

Preparing Healthcare Workers for New Technologies. New technologies are leading to significant advances in the delivery and quality of services. These advances are also contributing to productivity gains and more cost-effective care. Advances include new drugs, new imaging technologies, genetic mapping and testing, and the transfer of medical information from paper to computer.

- **HR implications:** As these advances are implemented, healthcare workers must receive orientation and training to effectively and safely operate with new technologies. The skill sets of future healthcare workers must include not only clinical and administrative capabilities, but also computer knowledge and related capabilities to facilitate their use of ever-improving healthcare technology.

Quality of Work Life. Healthcare workers, like workers in other industries, are experiencing significant difficulty in juggling work and family responsibilities. However, in healthcare work environments that frequently demand 24 hours a day, 7 days per week coverage, this is especially true. The patients, residents, and clients of healthcare providers require care outside what is considered a "normal" work day of 8:00 A.M. to 5:00 P.M. And even if healthcare workers are not required to do shift work, they are still continually confronted with

work and schedule demands that conflict with family and other personal life responsibilities.

- **HR implications:** HR policy development is required to continually monitor and initiate solutions such as flexible scheduling programs, on-site day care and other efforts to aid employees in this difficult area.

ETHICAL PRACTICES AND COMPLIANCE

With mounting pressure for cost containment, combined with growing frustration from the consumers and payers of healthcare which is resulting in declining public opinion and an over arching demand for more accountability throughout the healthcare system in the United States, ethical practices and compliance are critical. A glaring example of what can happen when healthcare organizations fail to act responsibly with regard to ethical practices is the HealthSouth Corporation (HealthSouth). HealthSouth, one of the largest operators of rehabilitation hospitals in the United States, agreed to pay over \$300 million to settle Medicare fraud claims. In addition, founder Richard Scrushy personally was criminally charged and tried, and although he was eventually acquitted, 15 other executives of HealthSouth avoided trial by pleading guilty. The list of ethical and compliance issues cited is extensive, including overcharging patients and the Medicare System, defrauding insurance companies, allowing unlicensed personnel to perform treatments, performing false accounting practices, and executives spending lavishly on entertainment and travel.¹¹

Healthcare organizations, whether they are a sole practitioner family practice physician, community nursing home, or major metropolitan medical center must continually be aware of the public trust they hold. In fact, one could argue that the entire healthcare system is built on trust—trust that competent people are performing their care and medical duties appropriately, that the lab is producing accurate results, that physicians are carefully studying test results and using their best judgement in diagnoses, that nursing homes that have been entrusted with the care of our aged loved ones do so with respect and dignity, and so on.

Healthcare HR professionals have important and critical roles in the organizational processes of developing, updating, communicating training about, and enforcing ethics programs. In fact, promoting ethics was cited as a top-10 trend among HR professionals in the SHRM 2004–2005 Workplace Forecast. This underscores that pressure on healthcare organizations and their HR professionals to develop and facilitate ethics policies will continue for the foreseeable future. As a corollary, helping organizations shape and steer values has always been an HR responsibility.¹² Based on the HealthSouth experience, the stakes are very high for healthcare organizations and the need for HR to take a strategic role in ethical practices and compliance programming is obvious.

JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS

Every industry possesses unique characteristics that affect the management of human resources. This is especially true in the healthcare industry. One of the most unique characteristics of the healthcare industry is that healthcare worker errors can potentially result in death or injury to patients, clients, or residents. This characteristic requires healthcare employers to have the highest standards in assuring staff competence, safe practice, ethical treatment, and confidentiality.

JCAHO is an accreditation organization concerned with quality whose members subscribe to a standards-based review process. Compliance with quality standards as demonstrated through onsite reviews by JCAHO is critical to ensure that the consumers of healthcare are receiving consistent levels of safe, quality care.

JCAHO has standards for a wide array of hospital functions or performance areas. These performance areas are grouped by patient-focused and organization-focused functions. Additional areas surveyed are referred to as structures such as governance, management, medical staff, and nursing. JCAHO expects healthcare providers to use a collaborative and multidisciplinary approach to improve performance, pursue quality initiatives, and develop staff competencies. The multidisciplinary approach is evident because standards for all the functions are reviewed. Many human resource standards are linked to the standards for other departmental and division functions. As an example, staff education is shared among HR and other departments.

Within each of the organizational function areas, a number of standards deal with the responsibilities of HR management:

- Planning for effective staffing
- Providing competent staff
- Orienting, training, and educating staff
- Evaluating competence and managing performance.¹³

Each one of these responsibilities has standards associated with it that include policy, practice, and documentation of compliance requirements. Throughout the text the JCAHO standards, as they impact HR practice primarily in hospital or medical center facilities will be cited.

THE HR FUNCTION IN HEALTHCARE

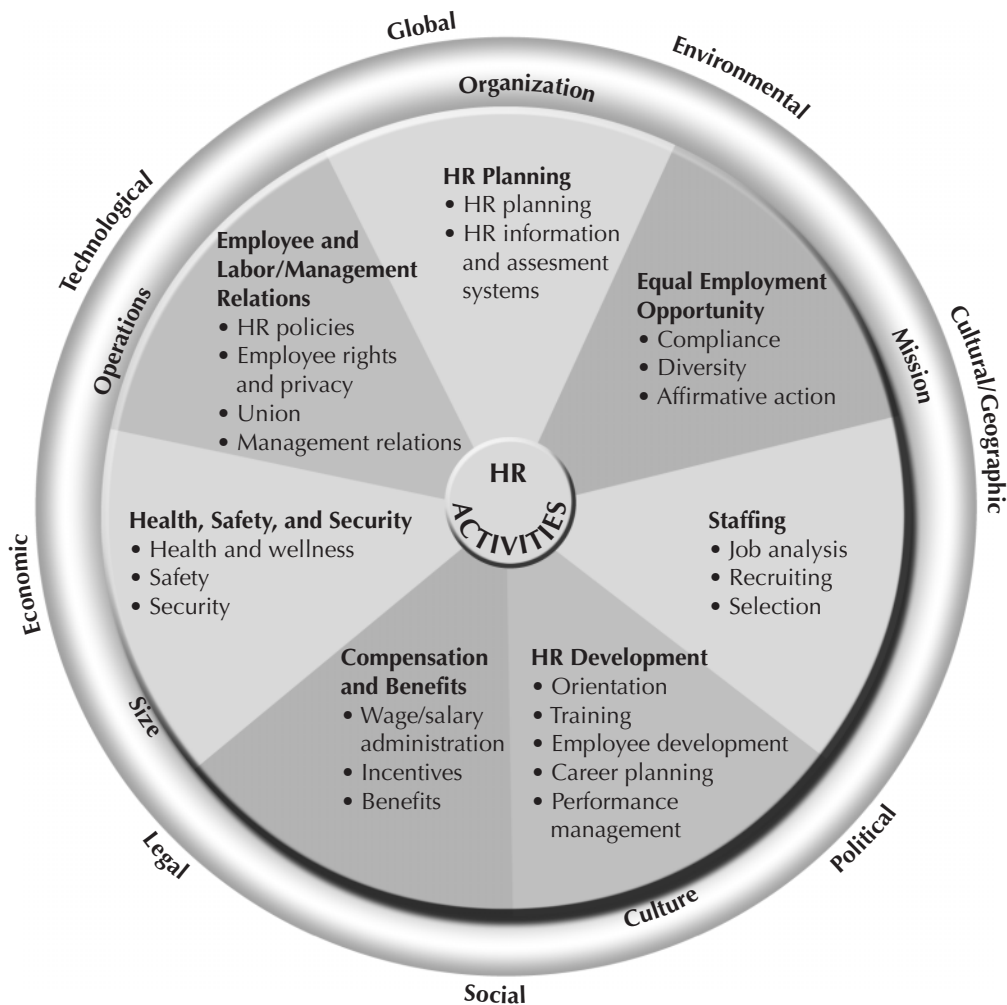
The HR management function in healthcare organizations continues to gain prominence relative to the other functional areas of healthcare organizations.¹⁴ This trend has evolved for two critical reasons: First, it is due to the clear need to provide HR support more efficiently and effectively. Second, healthcare HR professionals are increasing their training, skills, understanding, and competency, all of which increases their ability to contribute to their organizations.

HR MANAGEMENT ACTIVITIES

The central focus for healthcare HR management is to contribute to organizational success. As Figure 1-6 depicts, HR management usually is composed of several groups of interlinked activities. However, the performance of these HR activities is done in the context of a specific organization, which is represented by the inner rings in Figure 1-6. A brief description of the major HR activities follows.

- *HR Planning and Analysis*—Through *HR planning*, managers attempt to anticipate forces that will influence the future supply of and demand for employees. Having a *human resource information system (HRIS)* to provide accurate and timely information for HR planning is crucial.

FIGURE 1-6 HR Management Activities



- *EEO Compliance*—Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities. For instance, strategic HR plans must ensure 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, including accommodations of individuals with disabilities.
- *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* provides the foundation for the staffing function. From this analysis, *job descriptions* and *job specifications* can be prepared and used to *recruit* applicants for job openings. The *selection process* is then concerned with choosing the most qualified individuals to fill jobs in the organization.
- *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 and make improvements is the focus of *performance management*.
- *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. Also, *incentive programs* such as gainsharing are growing in usage. Additionally, the rapid increase in the costs of benefits, especially healthcare benefits, will continue to be a major issue.
- *Health, Safety, and Security*—The physical and mental health, safety, and security of employees are 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. Also, workplace *security* has grown in importance, in response to the increasing number of acts of workplace violence.
- *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 a *union* represents the employees, *employee rights* must be addressed. It is important to develop, communicate, and update *HR policies*, *procedures*, and *rules* so that managers and employees alike know what is expected.

CASE

For more than a half-century, two acute-rehabilitation facilities existed within 10 miles of each other in a large metropolitan

area. Over several years, competition intensified for patients, physicians, and staff. The competition resulted in duplication of

services and increased costs, one of which was higher wages and benefits needed in order for each hospital to compete for skilled healthcare workers. Acknowledging the financial issues of the two organizations, the two Boards of Trustees initiated merger discussions.

The two Boards prepared a “Rationale for Merger” document that indicated that a merger could result in several benefits as follows:

- More efficient utilization of healthcare resources through
 - A single workforce, with coordinated services, requiring less duplication in positions
 - A single operating budget, reducing the need for two management structures
 - A reduction or elimination in operational redundancy and program duplication
- Proactive leadership to gain community support and to increase the ability of the combined organization to negotiate favorable reimbursement contracts

Another area the Boards had to consider was the structural impact of the merger, including:

- Consolidation of two Boards to one, two management hierarchies to one, and union contracts
- Combination of pay and benefits programs
- The merger of two different organizational cultures with all of the “politics” and personal anxieties common in mergers

This was an important decision for the two organizations. The impact on the community, patients, and employees would be far-reaching and compelling. Much of the planning had HR dimensions.

Questions

1. Describe the leadership role of human resources in a successful merger of these two organizations?
2. What are the key human resource challenges and opportunities to a merger of this magnitude?

END NOTES

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