Strategic human resource management in a health system

By

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And

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ABSTRACT

This paper investigates the factors that influence the operationalisation of strategic human resource management and development in The Health System, a state health system in Australia. A survey was conducted among a sample of managers in all districts of The Health System. It indicates that the factors influencing the operationalisation of strategic human resource management and development, appear to be that vision and long term objectives do not seem to be clearly communicated to staff. There is not a close relationship between those that implement policy and those that devise it. Conflicts and contradictions exist either within or between policy and procedural documents that are to be implemented. Most managers are unsure if their staff is fully committed to implementing corporate strategic directions. Most of the recommendations relate to improvements in management and staff development programs, investigating resource and workload implications and improving communication at all levels.

Introduction

The contemporary environment, with rapid changes in technology, employee relations and market demands, along with globalisation and widening competition, appears to create ever-increasing pressures on organisations. The Private-Public health system debate at the Federal and State levels in Australia has heightened attention on over-taxed, publicly funded health providers. It is generally recommended that effective corporate strategies and processes be utilised by all healthcare organisations and that strategic human resource management be involved in planning for the foreseeable demands on healthcare.

Strategy defines the direction the organisation intends to move and establishes the mode of action for the achievement of goals (Anthony, Perrewe & Kacmar 1999). Strategy then reflects the organisation’s approach to achieving its objectives, building on strengths and minimising weaknesses. Research identifies six common barriers to strategy implementation namely inadequate management development, unclear or conflicting strategic priorities, and difficulties in how the top team works together, a top-down management style, poor inter-functional and divisional co-ordination and poor vertical communication. These barriers appeared to exist, ‘… in almost all organizational units’ (Beer & Eisenstat 1999, p.15).

Strategic human resource management is seen as a means of maximising efficiency and competitive advantage (Anthony et al. 1999), and for the sustainability of organisations (Dunphy & Griffiths 1998). Strategic human resource management implies planning, a thoughtful approach to design and management of personnel, matching HR activities to business strategy, and acknowledging people as a strategic resource (Legge 1989). Human Resource Management specialists and practitioners must work together, contribute to the formulation of strategy and ensure ‘best’ outcomes for all stakeholders (Boxall & Dowling 1990).

The literature does not suggest ‘how’ strategic HRM is to be utilised, or include much research that has investigated the operationalisation of strategic HRM (Bennet et al
1998). The broad area that this paper is investigating is strategic human resource management and its operationalisation, factors that influence the transition from policy into practice (implementation) and the process and involvement of managers (Stone 1995).

The research question that this study seeks to address is on what factors influence the operationalisation of strategic human resource management in The Health System (name withheld on request).

**METHOD**

Due to few frameworks to research strategic HRM, exploratory research has been carried out as it is useful when there is no clear understanding of what is to be encountered, where concepts need to be developed and when a situation needs diagnosis (Perry 1998; Zikmund 1997). The richness of this qualitative investigation, combined with the quantitative data broadens the database collected. Thus, the research follows a single case study design with management levels as embedded sub-units (Yin 1994).

*Construction of item scale*

From a literature search 197 items were identified as appropriate for a survey and a reduction process was carried out in consultation with HRM professionals, academics and key personnel from The Health System. The final result was a list of 44 items (with quantitative and qualitative components), including demographic data. The survey, The Health System Memo, cover letter, reply paid envelope, and instruction sheet was mailed out via the internal mail system. District Managers received two extra packages to be handed on to two key HRM staff members. Three follow-up letters including copies of the survey were sent to those Districts with a low response rate.

The sampling frame consists of those responsible for HRM activities within The Health System including the levels of Corporate Division, District Managers and District HRM staff. This means that the sample size of 46 managers is greater than forty percent of the population according to the maximum figures calculated. Recording of the data was carried out using a Microsoft Excel spreadsheet and data was checked at two points during this process for accuracy. Data analysis included a quantitative and qualitative analysis. Utilising this form of analysis and comparing findings should reveal trends, themes, and new information. Matching patterns that emerge bolsters internal validity (Yin 1994).

**RESULTS**

The quantitative data will first be dealt with across The Health System as a whole and only questions relating to the operationalisation of SHRM are included in this paper.

**Survey responses on the operationalisation of SHRM**

Table 1 presents data for survey questions on the operationalisation of SHRM. A majority of respondents see internal inconsistencies within policy documents coming from the Corporate office and they see a poor relationship between those who create policies and those who implement them (questions 3.9; 3.12). The Health System is
not seen to be encouraging the development of HR personnel, even though these personnel feel they lack the knowledge and skills to keep HRM aligned with strategic policies (questions 3.11 and 3.19). The Health System is seen as inflexible in the way Districts are allowed to operate, and long term objectives are not seen to be communicated to HR personnel (Questions 3.15 and 3.16).

On the other hand, managers tend to see themselves and their colleagues as being to some extent committed to strategic HRM (41 percent), and one fifth of them admit that their colleagues are not committed to strategic HRM (20 percent). A similar proportion think that their staff members are not committed to implementing corporate strategic documents, while most are either not sure of their staff commitment, or they tend to think that their staff are fully committed.

Managers indicate that approximately forty percent of them can identify the cross-links in HR practice that support strategic policy (and visa – versa) while a similar percentage is unsure whether they can do so; twenty percent believe they cannot see the linkages (question 3.27).

Qualitative data from the survey

Responses to the seven questions from the survey instrument (questions 1.1, 1.2, 1.3, 2.3, 2.4, 2.6, 2.7, 2.8) will be presented. Only Table 2 is included in this paper as an example due to the page limit (Tables 4 to 9 will be available during the conference).

What would help to integrate the HR functions across The Health System?

Table 3 sets out the survey data and the most commonly expressed opinion relating what the organisation needs to do to aid the HRM functions to fit together was associated with staffing skills and levels. Over forty percent of managers across all levels believe that there should be more training of current staff and that more professional HRM staff should be employed and retained.

The second most frequently made group of comments originated from managers at all levels and relates to integrating and co-ordinating the HR functions. Few respondents offered suggestions about how such integration might be accomplished. This may be due to limitations in the structure of the survey, or to time constraints experienced by managers. However, a number of respondents did remark that payroll and HRM were seen to be totally separate entities by many The Health System employees and managers, when in fact they should not be seen to be separate.

The group of comments that ranks third in order of frequency highlights communication and consultation between the Corporate Office and the Districts. Respondents believe that the organisation could consult more with Districts prior to, and during policy development, as they believe that the Corporate office is out of touch with what goes on in Districts. No respondent from the Corporate office expressed this opinion.

Constraints at the managerial level to the operationalisation process of Corporate policy documents
The research endeavours to identify constraints, at the management level within The Health System to the operationalisation process. Respondent managers highlight their major problem areas (in order of concern) as, resources and workloads, staff skills and staffing levels, and communication and consultation. Almost half the respondents at the District Manager and HR manager level made comments relating to the problem of insufficient resources. Managers reported that high workloads and day-to-day issues ‘crowd out’ the operationalisation of strategic HRM. All responses highlighting the resources and heavy workloads came from District personnel, not from Corporate office respondents.

Fifteen respondents who represent all management levels identified inadequate staff skills and staffing levels as constraints to the operationalisation. These managers reported that inadequate staff training and HR managers, who lack the adequate skills and knowledge in HRM and strategic HRM, constrain the operationalisation of policy documents. District HR managers commented that staff numbers are also a concern.

Two categories (Resources / workloads and Staff skills / staffing levels in HRM) are interdependent, as low staffing levels can contribute to the few on the job having high workloads. High workloads can inhibit employees who do have the necessary skills and knowledge from applying them to their work because of increased time and work pressures.

Various aspects of communication and consultation, especially in regard to policy development, are major constraints noted at District and Corporate levels. Comments such as, poor or unclear communication in planning, and, communicating the Corporate vision, up and down, as well as across levels of the organisation, were made by respondents at all management levels.

Some District level managers reported that the values and culture of the policies are not aligned with the workplace values and culture. Respondents across all three levels of management see policies as too complex and see a need for more flexibility, taking into account differences in individual Districts. Another issue raised by District personnel is their belief that policies do not have an appropriate framework.

**Organisational barriers to strategy implementation**

The next research issue is the organisational barriers to HRM strategy implementation. Responses to this question exposed staff skills and staffing levels as the most frequently mentioned barrier to strategy implementation. District personnel rated a lack of understanding of HRM and a lack of skills, or inconsistent skills as creating the greatest barriers, followed by a need for more training and an increase in HRM staff numbers. Lack of resources and high workloads are identified as the second most frequently mentioned organisational barriers.

The barriers generating the next most frequent comment are strategic HRM perceptions. A number of respondents (from both District levels) believe that strategic HRM is focussed on business outcomes when it should also consider the ‘people’ or ‘soft’ aspects of the work environment. They believe that this focus on business outcomes is a barrier to the implementation of HRM strategy. Several other
HR managers believe that strategic HRM is not seen by the Executive Management within their Districts as essential, or linked to core business objectives.

A factor that four respondents mentioned is that The Health System experiences too much change. Only four of the one-hundred and ten (110) comments made by all respondents to this question (1.3) were made by Corporate managers, suggesting that Corporate managers do not understand that there are important organisational barriers to strategic HRM implementation.

**The Health System’s most important strategic goal**

The next research question focuses on the participants’ perceptions of what the single most important strategic goal of The Health System is thought to be. The most frequently mentioned comment (from all levels of management), referred to having correct Workforce Training and Development in place. Correct alignment of skilled staff for the present and future needs of the organisation (mentioned by District staff) is very closely related to the comment about Training and Development. Making available appropriate skills at the appropriate time is a high priority in many managers’ minds.

Managers were asked to estimate the percentage of staff working toward the single most important goal that they identified. The majority of the managers believe that less than thirty-five percent of their staff is working toward that goal, and forty-four percent of managers believe that less than fifteen percent are working toward what they see as the single most important The Health System strategic goal.

**What can be done to encourage subordinate staff to operate more strategically?**

Managers were asked about what they believe could be done to encourage subordinates to operate more strategically. The most frequent comments made from all management levels suggest consultation and involvement as being an effective means of encouraging staff co-operation. Managers argued that consultation would foster ownership and participation, but some respondents pointed out that this would only take place in an environment where mutual respect existed. Furthermore all levels of management suggested that Education and Training would assist subordinate staff to operate strategically. They believed strategies such as, mentoring; succession planning and project activities would also encourage subordinates.

HR and District Managers thought that downward communication was also an important factor in encouraging co-operation by subordinate staff, while all levels of management suggested that increasing resources was effective in this regard. Leadership issues, such as, walking the talk, were widely noted as being related to the level of subordinate staff operating strategically.

**Are strategic goals evaluated?**

The most frequent response from managers to whether strategic goals are evaluated at all levels, mentions a range of performance indicators, such as levels of recruitment, retention, as well as productivity rates. Other indicators mentioned were, levels of IR harmony and benchmarking. Many of the participants who reported these indicators
suggested that their use was not formalised, and that it was doubtful whether much attention was being focussed on the question of how well goals were being achieved.

The two next most frequent groups of responses are that Managers don’t know, all management levels) or that managers know they achieve goals by default - no one complains about it. The next group of comments focuses on the alignment of District business plans and goals compared to The Health System objectives, and a comparison of District goals to Corporate objectives. Feedback from superiors and subordinates and feedback via the annual performance review are noted as other means of knowing whether strategic goals are achieved or not.

**Factors that prevent managers from thinking strategically**
Factors that prevent manager’s thinking more strategically in the workplace are investigated. Responses listed under the heading, Resources and workloads, represent comments from all managers and emerged as the most commonly perceived factor preventing managers from for thinking and operating more strategically. Respondents expressed the view that daily crises and operational issues take precedence over strategic issues, and that high workloads prevent them from thinking and operating strategically. The comment expressed by seven respondents across all levels of management - not enough time - may also indicate high workloads. The second most frequent group of comments indicated that No factors prevent managers from thinking more strategically.

**Assisting managers to operate more strategically**
Managers responded to what factors would assist them to think and operate more strategically in their work. Staff skills and staffing levels was the most common response group reported, with comments relating to, Training and professional development (all manager levels), a Lack of skills (all manager levels) and More staff (HR managers only).

Resources and Workloads attracted the second highest number of comments and included factors that would help them to think and operate more strategically - Time out, and reducing workloads particularly in the area of the emergent trouble shooting of operational issues (from Districts only).

Communication and consultation was the third most frequent group of comments. In this area a potentially important factor emerged – many District personnel quite specifically stated the need for Communication with colleagues. More Communication with the Corporate office was the next most frequent comment, and related to the clarification of the ‘Big Picture’.

**Summary of findings**
The main factors influencing the operationalisation of strategic HRM, appear to be a) vision and long-term objectives do not seem to be clearly and regularly communicated to HR staff, b) there is not a close relationship between those that implement policy and those that devise it, c) conflicts and contradictions exist either within or between documents that are to be implemented, and d) most managers believe that their staff is fully committed to implementing corporate strategic documents. The qualitative questions in the survey regarding the factors influencing the operationalisation of
strategic HRM produced very similar results to those emerging from the analysis of the quantitative data.

Commonly identified restraints and barriers to strategic HRM at the organisational and managerial levels in the organisation are a lack of skills, knowledge and resources, along with high workloads, poor communication, difficulties with policies and a lack of understanding of HRM. A lack of consensus in identifying the single strategic goal of The Health System supports the notion that the vision and goals of the organisation are not clearly and regularly communicated to HR staff. The data also indicate that strategic goals are not evaluated and that most, if not all, managers do not know if the strategic goals are achieved. Managers reported that no rewards or incentives are given by the organisation, other than punitive measures, to implement strategic policies.

CONCLUSIONS

The Health System’s past history is seen as having a substantial influence on the operationalisation of strategic HRM. The organisational history has affected strategic HRM because of the succession of structural and political changes that have taken place, and the capacity of key staff members to be able to accept and adapt to those structural changes. Managers reported that The Health System is experiencing changes in management styles. The Health System is moving from a ‘military type’ management, which some managers find difficult to cope with because they perceive themselves to have become more vulnerable in the new inclusive style of management (Heaton 2001).

Generally organisational structure impedes strategic implementation by blocking strategy implementation and adaptability (Beer & Eisenstat 1999). The past structure in The Health System’s impeded adaptability because the PSMC guidelines were too prescriptive and rule binding for many managers – preventing thinking and adaptation. Whereas the removal of the PSMC, while attempting to create more adaptive, dynamic and flexible thinking managers, who operate more strategically, it has left a void that has been detrimental in regard to strategic HRM.

Comments from managers raise the issue of the appropriate level of support from head office. Too much support can be resented or may make managers feel restricted, whereas too little can result in serious frustrations among staff without the appropriate level of skills and knowledge. The removal of the regional structural level that contained the skills, knowledge and organisational knowledge, without a concerted attempt to educate or train managers to fill the knowledge and skills void left behind, appears to have created difficulties and inefficiencies. Separate clinical and administrative guidelines allowing some flexibility for local adaptation may be an option worthy of consideration (Heaton 2001).

The most frequently and strongly held view by managers in regard to the barriers and constraints placed on strategic HRM are resources and workloads. Reid (1989) indicates that large workloads are one of the major causes why strategic matters such as HRM are not addressed. No immediate real benefit is gained by strategic activities. The day-to-day work-needs have a direct effect on service delivery and the manager (such as meeting deadlines).
On the matter of resource allocation, managers commented that senior managers direct resources to clinical areas. Of the most senior managers within the Districts that participated in the research (District Managers and District Executive), forty-four percent have a background in the clinical area. The balance of respondents recorded their background in the administration or management areas. Research supports the notion that the background, education, training and membership to professional bodies are significant influences upon the effectiveness of strategic HRM and HRM (Paauwe 1996, Kane & Palmer 1995). If senior district managers’ background, training, education and professional memberships are in clinical areas, this could influence the operationalisation and implementation of strategic HRM and resource allocation.

Interrelated with workloads and resources is the lack of skilled staff in the area of HRM. Inadequate staffing levels and staff with inadequate skills have been identified as factors inhibiting the implementation and operationalisation of strategic HRM (Beer & Eisenstat 1999).

Given the history of budgetary cut backs over the years in the healthcare sector it seems unlikely that additional funding would be made available for human resource management related programmes (Heaton 2001). Managers were aware that this newly acquired knowledge would possibly alleviate the resource allocation dilemma. Current employee development programmes will help address many of these difficulties. However employee development does not necessarily address some of the other resource difficulties mentioned. Increasing the skills and knowledge of managers may in fact increase their workload if staffing levels are not increased along with development. As employees acquire more skills they are more likely to be given responsibility for more areas of management. The likely likelihood of reducing workloads for managers is not perceived possible in the foreseeable future and will place continued strain on the continued tenure of some managers. The stress that managers are already under, if not resolved or relieved, may further alienate many valued employees. This issue is not separate to employee development, resource allocation and staffing levels.

References

Table 1 Responses regarding the operationalisation of SHRM

<table>
<thead>
<tr>
<th>Q</th>
<th>Questions</th>
<th>Strongly Agree %</th>
<th>Agree %</th>
<th>Neither %</th>
<th>Disagree %</th>
<th>Strongly Disagree %</th>
<th>Likert Means</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.9</td>
<td>Corporate strategic HR policies to be implemented never have conflicts or contradictions within or between documents.</td>
<td>0</td>
<td>13.04</td>
<td>15.22</td>
<td><strong>54.35</strong></td>
<td>15.22</td>
<td><strong>3.733</strong></td>
</tr>
<tr>
<td>3.11</td>
<td>The Health System encourages the development of HR personnel, e.g. Sending them on strategic HRM courses.</td>
<td>0</td>
<td>28.26</td>
<td>23.91</td>
<td><strong>39.13</strong></td>
<td>8.7</td>
<td><strong>3.283</strong></td>
</tr>
<tr>
<td>3.12</td>
<td>There is a close relationship between those who devise strategic policy and those who have to implement it.</td>
<td>0</td>
<td>8.7</td>
<td>13.04</td>
<td><strong>54.35</strong></td>
<td>23.91</td>
<td><strong>3.935</strong></td>
</tr>
<tr>
<td>3.15</td>
<td>The Health System allows for adjustments to HR practices in line with differences between Districts.</td>
<td>0</td>
<td>34.78</td>
<td>19.57</td>
<td>39.13</td>
<td>6.52</td>
<td><strong>3.174</strong></td>
</tr>
<tr>
<td>3.16</td>
<td>Long-term objectives and vision are clearly and regularly communicated to HR personnel.</td>
<td>2.17</td>
<td>19.57</td>
<td>28.26</td>
<td><strong>45.65</strong></td>
<td>4.35</td>
<td><strong>3.304</strong></td>
</tr>
<tr>
<td>3.18</td>
<td>My staff are fully committed to implementing Corporate strategic documents</td>
<td><strong>8.7</strong></td>
<td><strong>39.13</strong></td>
<td>30.43</td>
<td>19.57</td>
<td>2.17</td>
<td><strong>2.674</strong></td>
</tr>
<tr>
<td>3.19</td>
<td>HRM personnel possess the knowledge and skills needed to maintain HRM alignment with strategic policies.</td>
<td>2.17</td>
<td>23.91</td>
<td>23.91</td>
<td><strong>45.65</strong></td>
<td>4.35</td>
<td><strong>3.261</strong></td>
</tr>
<tr>
<td>3.22</td>
<td>Most managers in my District strongly support the SHRM process.</td>
<td><strong>8.7</strong></td>
<td><strong>32.61</strong></td>
<td>36.96</td>
<td>19.57</td>
<td>2.17</td>
<td><strong>2.739</strong></td>
</tr>
<tr>
<td>3.27</td>
<td>I can easily identify the cross-links in HR practices that are mutually supportive of strategic policy.</td>
<td><strong>4.35</strong></td>
<td><strong>36.96</strong></td>
<td>39.13</td>
<td>19.57</td>
<td>0</td>
<td><strong>2.739</strong></td>
</tr>
</tbody>
</table>

Source: Analysis of data
Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.
### Table 2: Organisational activities that would help HR functions fit together - Question 1.1

<table>
<thead>
<tr>
<th>Things that help fit HRM together are:</th>
<th>Frequency of comments</th>
<th>% of total Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff skills and staffing levels in HRM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More training necessary</td>
<td>HR n=30 DM n=11 Corp n=4 Total n=46*</td>
<td>18 18%</td>
</tr>
<tr>
<td>Employ more professional staff – and keep them.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Integrating and co-ordinating HR functions across Districts and the State:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrate all functions of HR</td>
<td>7 2 4 14 14%</td>
<td></td>
</tr>
<tr>
<td>(HR and Payroll are not separate entities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Across the State co-ordination of HR functions</td>
<td>2 3 0 5 5%</td>
<td></td>
</tr>
<tr>
<td>Role delineation to reduce duplication</td>
<td>3 0 2 5 5%</td>
<td></td>
</tr>
<tr>
<td>Ensure HR functions are linked to organisational goals. Support at the District level - Co-ordinate them.</td>
<td>1 1 0 2 2%</td>
<td></td>
</tr>
<tr>
<td>Change of direction of strategy not linked to change management.</td>
<td>2 0 0 2 2%</td>
<td></td>
</tr>
<tr>
<td>Lack of uniformity in data systems and HRIS, integration difficult – must run systems in parallel</td>
<td>2 0 0 2 2%</td>
<td></td>
</tr>
<tr>
<td><strong>Communication / consultation between Corporate and Districts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More consultation Corp. – Districts prior to strategy and policy development – Corporate out of touch with Districts.</td>
<td>8 3 0 11 11%</td>
<td></td>
</tr>
<tr>
<td><strong>More planning and review necessary:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual operational business / workforce plans integrated – evaluate and review.</td>
<td>2 3 0 5 5%</td>
<td></td>
</tr>
<tr>
<td>Create an HR manual.</td>
<td>2 0 0 2 2%</td>
<td></td>
</tr>
<tr>
<td>More planning.</td>
<td>1 0 0 1 1%</td>
<td></td>
</tr>
<tr>
<td><strong>Line Management involvement:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Devolve operational responsibilities to Line Management and commitment resources to Line.</td>
<td>1 3 0 4 4%</td>
<td></td>
</tr>
<tr>
<td><strong>Leadership:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Better leadership from Corporate and Zones – practice what is preached.</td>
<td>1 2 0 3 3%</td>
<td></td>
</tr>
<tr>
<td><strong>Use a different model for The Health System:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluate different models - choose a better one.</td>
<td>0 2 0 2 2%</td>
<td></td>
</tr>
<tr>
<td><strong>Financial support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget support for programs.</td>
<td>1 1 0 2 2%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Analysis of data. Note: Non-response = 3. * = one respondent whose management level is unknown. % of total Rs = The percentage of the item when compared to the total number responses generated. Total = total number of respondents, respondents can give multiple responses. HR= Human Resource managers; DM= District managers; Corp=Corporate managers