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## A REVIEW ON EFFICACY MODELS FOR CORPORATE HOSPITALS

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### *Abstract*

*Human resources are the key resources through which the organizations could harness their potential. Research studies have demonstrated the positive effects of HR practices on organizational outcomes. Organisation performance would be enhanced by an efficient management of the human capital in healthcare organisations. This paper gives a review on models of organizational effectiveness in health care organisations. A conceptual framework based on several models for evaluating the impact of Human resource practices on organizational effectiveness suitable for corporate hospitals is suggested for further investigation.*

**Keywords:** Human Resource Practices, Organizational Effectiveness, Healthcare Organization, Corporate Hospitals Management.

### INTRODUCTION

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. According to Richard, "Organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation ( either by shareholders, managers or customers ), such as corporate social responsibility". Jeffrey Pfeffer in The Human Equation (1998) has identified seven inter related element's that he labeled as "high performance work system". The seven practices are employment

security, selective hiring, extensive training, teams and decentralized decision making, reduced status distinctions, compensations and information sharing.

## **Bundles of practices**

Researchers have concluded that the high involvement work systems have to be practiced as a bundle, as these practices lead to organizational outcomes. It has been strongly contended that HR practices have to be applied in an organization collectively and not in isolation. Hence the bundles of HR practices lead to positive employee and organizational outcome.

## **Assessment of HR practices in Hospitals**

Corporate Hospitals are being professionally managed as they contribute to the society by offering world class treatment and also to shareholders by earning rich profits. The application of HR practices in a Hospital set up is widely recognised from the several studies that have been based on Health care organization.

## **Exploring the role of HRM in service delivery in Health care organization**

In their research Avantika and Amit (2013) have examined the role played by HR practices on the quality of services rendered by private hospitals in India. Accordingly, the services delivered in the hospitals could be maintained and later improved through the efficient management of HR functions; the study is based on the data collected from amongst the employee of Health care organizations to study the effect of HR practices and policies in the day to day work of doctors and nurses.

## **Role of HRM- Recent Trend**

HRM is a function associated with the management of people at work. HRM is an organizational process through which the various resources of the organization are transformed into product or service. It is one of the essential processes in an organization and has far reaching outcomes. Every single organization which employs 100 employees or above has an established HR department, in order to ensure the effective management of the HR function.

HRM has evolved as a specialized field of study attracting the professional and investigation largely. Ulrich and Brochbach (2005) have identified five potential roles which HR generalists and specialists can fulfill.

The different roles identified are as following

1. Compensation
2. Communication
3. Teamwork
4. Knowledge sharing
5. Training.

HRM has also emerged as Human Capital in the context of effective Human capital delivery. HR has advocated employee well being and has characterized as a business partner since HR adds value both in terms of strategy and economic conditions. While the term HR can denote the HR function, HRM refers to management of the people at work.

### **Recent Development in HRM**

Globalization and international corporate scene have made a great impact in the process of development in all the developing countries. Among different developing countries, India is one among the nations facing, the new system of liberalization. A shift from being a standardized producer, to a flexible manufacturer of customer oriented product and services to capture the world market in a competitive scenario has become an inevitable need. The requirements of the open market need to be understood with adequate care and caution. The development of skills in the workers of an organization is of paramount importance so far as organizational development is concerned. There are various factors that have contributed to the recent development in HRM. Many changes have taken place in corporate sector to bring efficiency and cost effectiveness. The transition of old Human Resource Development (HRD) to New People Management (NPM) is a gradual process. So, during this changing situation HRM plays a vital role in its wide field of activities. The employees are empowered to take routine decisions in their respective field of work. This makes an employee feel that he is an indomitable part of the organization. They accept responsibility and accountability towards their jobs. Some important points in the recent development in HRM are as follows:-

1. Globalization has led to international competitiveness.
2. This competition in global market demands better skill to match the benchmark level in quality of goods or services
3. A trend has been noticed amongst the industrialists to choose location for a new industry, where either the labour union are weak or not in existence,
4. Industries are shifting from mass production and specialization to the Japanese Style of management and flexible specialization.

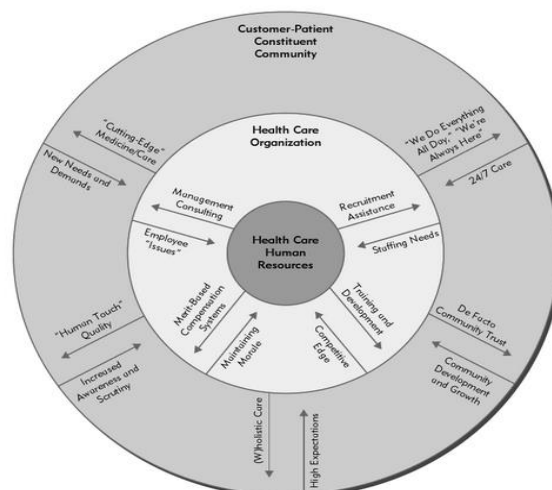
5. The new HRM concepts are not conducive to unions to function, as its main focus is on individual and not on collective work relations.
6. Transition of HRD to New People Management (NPM)
7. “Hall mark” of an enterprise now is to be more customers oriented.
8. New concept of ‘empowerment’ to employees to make work decisions of all levels and to make them feel that they are part and parcel of the organization
9. Employee’s commitment is secured through cooperation, more involvement in the organizational activities and labour management consultation.
10. Adopt the self management and allowing the workers to manage them with responsibility and accountability to the functional management of the organization.

### Human Resource Management Model- Health care organisations

Figure 1.1 demonstrates the **Spheres of Influence Model**, which is a very useful tool in charting the various impact factors that influence the health care organization in general and the human resources management department in particular, which is the primary catalyst in a successful health care organization.

The model contains the various elements of human resource activities such as recruitment, training, compensation and consultancy. When these activities are discharged effectively, they will result in a competent and willing workforce who will help to realize the organizational goals. In a like manner, there are other variables in the model i.e., environment. It is stated that human resource function does not operate in vacuum. It is influenced by several external and internal forces like, economics, technological, social, organizational and professional conditions.

**Figure 1.1: Spheres of Influence Model**



**Source:** Donald N. Lombardi, Joan E. Pynes (2012, p.10)

## 'OCTAPAC' Value in HRM

UdaiPareek maintains that human resource management, in Indian context, is a concept based on the values of:

**Openness:** - implying confronting the problems rather than avoiding them.

**Confrontation:** - meaning facing the problems and exploring the ways of improving relationships amongst individuals and searching for solution to problems.

**Trust:** - is result of openness and confrontation.

**Authenticity:** - is the value underlying the trust. It is the persons' acknowledgement of his feelings and acceptance of both himself and others as persons.

**Proacting:** - Instead of merely reacting to the situation, the organization takes the initiative in influencing the situation.

**Autonomy:** - means that an individual does not feel threatened in seeking help from others in coping with problems. Autonomy underlines collaboration, because only an autonomous person can collaborate and not perceive in collaborative initiative as a sign of weakness or inferiority.

**Collaboration:** - is emphasized as a value, so that individuals, instead of working independently in solving their problems, work in teams and with a commitment to their respective roles and to the organization. Since their verbalization, the OCTAPAC values of the human resource management concepts have greatly influenced the evolution of HRM practices in India.

## Role of HRM in the Service Sector

Economic theory traditionally looks at the society as consisting of three main sectors, namely the primary, secondary and tertiary sector. The primary sector also known as the agriculture sector comprises of activities such as agriculture, forestry, fishing, mining and quarrying. The secondary or industrial sector includes manufacturing and construction. The tertiary or service sector activities include banking, insurance, hotel, transportation, communication, education and health. Service sector enacts a crucial economic role in the society. Service creates value by providing a bridge between the production and consumption segments of the society. Unlike agricultural produce and industrial goods, a service is intangible and perishable, in the sense that neither its provider nor its consumer can store a service. This characteristic has an important implication for the kind of human resource and human competencies required in the service industries. Hence, human resource management in the service sector, besides having certain universal aspects, in addition, has certain aspects unique to it.

## ***Universal Aspects of HRM***

The aim of human resource management is developing an individual, to make them suitable to the position and renewal of manpower to the organisation. Universally, human resource management system in an organization generally has the following subsystem: role or analyses, selection and placement, transfer and rotation, reward and punishment, performance and potential appraisal, feedback and counselling, training and development, career planning and development, succession planning, quality of work life and employee welfare and human resource information system. An organization desiring to go beyond the status-quo bureaucracy, places greater reliance on performance and potential appraisal as well as training and development. An organization concerned with long term viability harnesses the sub-systems of role analysis, career and succession planning, quality of work life and welfare, human resource information system etc. These are the HRM's universal aspects applicable to all the organization in all the circumstances.

## ***Service Industry-Specific Aspects of the HRM***

Scotti *et al.* 2007 argues that 'the mission, design and resource constraints of health services organizations may differ meaningfully from the mode of firms operating in the broader services domain, and many health services providers are public or not-for-profit entities rather than for-profit enterprises'. Designing and implementing the HRM system specifically for the service industry calls for the consideration of certain specific aspects.

- ***Intangibility:*** - Service is a provision of value to a customer, without a physical product. This could create lack of clarity about the tasks and erosion of self-confidence. HRM in the service industry, therefore, has to create appreciation of client needs and pride in the potency to meet those needs through the optimum use of organizational resources.
- ***High Degree of Public Exposure:*** - A service organization is much more exposed to its client base. Hence, its employees expressly need to develop human relations skills and tolerance of public reaction. According to Boselie *et al* 2003, hospitals function in a highly institutionalised environment that restricts the degree of freedom available to HR policies and practices.
- ***Size Constraints:*** - Majority of the service clients perceive themselves as being anonymous and insignificant and the organization as being huge, slow and insensitive monolith. Since the link between the two is provided by the human individual at the interface, he should have clear understanding of his specific role, while interface both with the organization and client. HRM in a service organization, therefore, has to pay particular attention to this aspect.
- ***Procedural and Technological Simplicity:*** - A service, together with its procedural and technological aspects, should be easily understandable by the customer. Conversely, the human interface between the organization and the customer should be fully conversant with the power



and the limitations of the organization as well as understand the needs, expectations and limitations of the customer. HRM in a service organization, therefore, has to pay attention to this aspect.

- **Knowledgeability:**- The personnel of service organization are expected to be a few steps ahead of their clients in the knowledgeability of their particular service activity. It is also observed that the general and specialized education levels are relatively high in the service sector. On the one hand, in order to maintain the knowledgeability of its human resources at the higher plane, a service organization has necessarily to change itself into a learning organization on the other, the motivation of the knowledgeable human resources is more complex besides monetary rewards, and they also crave for the satisfaction of higher needs and richer quality of life. HRM has to therefore, design and position an efficient monitoring system for ascertaining the emerging training and development needs as well as organizational and HRM climates.
- **Tendency towards Disintegration:** - It is claimed that HRM in health-care organisations has unique characteristics. To explain, the workforce is large, diverse and comprises many different occupations, with some having sector-specific skills (e.g. doctors and nurses). Service organizations worldwide have a marked tendency towards disintegration. Personal ambitions, bruised egos, perceived inequity and injustice, all contribute to the breaking away of the rebel group and individuals from the mother organization and forming new ones. Human resource management in such a volatile atmosphere needs to provide for more participation in planning and control, sharing of rewards, profit and organizational development.

## IMPACT OF HR PRACTICES

HRM practices, such as individual performance-related pay, may have direct, short-term effects on performance measures such as productivity, it is probable that most other practices, such as training and development, participation, teamwork and decentralization, may have little effect in the short or longer term. Paauwe and Richardson (1997) stress that the cross-sectional nature of the majority of research on HRM and performance makes it impossible to rule out reverse causality.

Superior individual performance then translates into superior collective performance and hence enables an organization to sustain success. The HR practices that the researchers found to have a particularly positive impact were the following:

- giving people career development opportunities
- giving people influence over their own area of work
- making jobs challenging and interesting
- providing good training

- appraising people regularly on their individual performance
- team- work
- involving employees in decision-making
- providing a good work-life balance
- Employing line managers ‘who are good at leadership and who show respect’.

Central to the findings of the black box studies is the idea that the extent and nature of ‘discretionary effort’ on the part of employees is a big difference between organisations that are performing really well and those that are not. In their report the researchers stress that discretionary effort can be exhibited by employees either consciously or unconsciously, and importantly, that it can be withdrawn very easily if trust breaks down or when people believe that their employer ‘no longer cares about me, my future or my opinions’. The overlapping phase (‘bringing the worker centre-stage’) pointed to the neglected impact on employees, suggesting the need to open the ‘black box’ that explored the process linking HRM and performance. The most recent phase (‘growing sophistication’) stressed the need for multilevel and longitudinal studies, including ‘big science’.

### **An Efficacy Model for Corporate Hospitals**

In the recent years the HR practitioners are viewing human Resources systems as an inseparable unit of the organisation structure influencing organisational effectiveness. The current topic for research is carried in the business unit or organisational level of analysis to do away with traditional research of evaluating the HR practices alone. HR research has focused on “Bundles” or systems of HR policies and practices thought to promote skills, commitment and performance such that employees become a source of sustainable organisation success (Levise, 1995, Pfeffer1998).



Figure 1.2 An Efficacy Model for Corporate Hospitals



An attempt to study the Organisational effectiveness has to be centered on the operative goals that an organization is pursuing. Employees are stake holders who have a good amount of interest on the existence, process, outcomes and reputation of the organization. The review of literature indicates that single indicator measures of performance as suffering from limitations and hence advocates the use of multi-dimensional systems of performance. An integration of organisational purpose and stake holder's interest will lead to construction of a multidimensional study. Performance information is important to improve Organisational effectiveness as it ensures accountability, monitor management and foster collaboration within the sector. The outcomes of HR practices may also be understood by estimating number of staff leaving voluntarily

- number of complaints pertaining to lack of training
- Number of grievances lodged.
- Number of complaints due to organizational change.
- Number of disciplinary action.
- Number of hours lost due to injury
- Number of work hour claims exceeding 20 days

### **Quantifying and fostering Organisational effectiveness**

Organisational effectiveness must be examined within the organisation and outside the organisation. The organisations ability to achieve its vision, the strategy and objective adopted, the targets achieved and new initiatives taken has to be considered for evaluating organisational effectiveness. Though it may be difficult to measure the organisational effectiveness through knowledge workers productivity, it has the advantages of enabling the management to guide the organisation by directing the human capital to reach the goals set for them. Organisational effectiveness can be fostered through the knowledge workers by enhancing their loyalty, creativity and their productivity.

Managers of developed economies have recognised the value of knowledge and human capital. It may be challenging to quantify and effectively manage the intangible component of human capital. According to Michael O Neil (2004) the attempt to evaluate the organisational effectiveness through individual productivity may be irrelevant because increase in individual productivity may not be translated (transferred) to the productivity of the organisation. Hence organisational effectiveness may be measured through the activities that contribute to the overall business goals for instance the readiness to accept new challenges or the quality of the services rendered. It has been suggested that Organisational effectiveness may be evaluated internally through

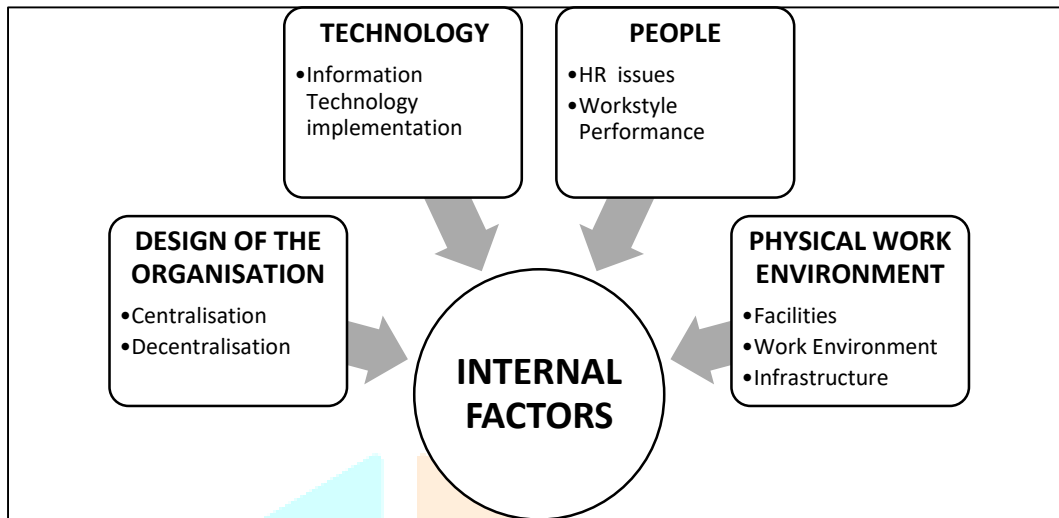
- The organisation (Centralized vs. Decentralized Decision making)
- The technology (IT strategy and its implications)
- The people (human resources issues, work styles, performance)
- Physical Work Environment (spatial).

### **Knowledge sharing for measuring Organisational effectiveness**

Every employee has a major role in contributing towards the growth of the organisation. But the extent of contribution may vary according to their skill, experience, motivation and rank. As Thomas H Davenport (2002) remarks, workers could fall in line with a continuum of complexity and difficulty. Workers at the lower end who possess less knowledge would use more knowledge to create and may have difficulty

in using knowledge in the course of their job. Employees at the higher end are more experienced experts and are engaged in creating knowledge.

**Figure 1.3 Model for organizational effectiveness**



Michael O Neil (2004)

### **HRM practices in Corporate Hospitals**

The corporate hospitals across India engage a very large pool of skilled employees. The Health care industry is expected to add over one million new jobs and the total demand for trained workforce would be around 2.3 million by 2021. The hospitals also offer a wide variety of job profiles ranging from Doctors to the sub staff. The large quantity of personnel employed in hospitals along with a diversified job profile pose a severe challenge to the execution of the HR function. The HR resources available within the hospital have to be effectively deployed, so as to achieve their highest potential. The contribution of the HR results in the formation of an organization which is poised for growth and development. Successful corporate hospitals are identified by the prospective employees as they provide opportunities for growth.

Hospitals also provide a conducive work environment as they take care of employees well being through a fair distribution of work and reward. Corporate hospitals have to be continuously engaged in the implementation of HR practices in order to attract the best of talents, to retain them and enable them to attain career development. The prominent HR practices which are adopted by corporate hospitals provide a theoretical background for evaluating their organizational outcome.

### **Conclusion**

The key message that emanates from the major research studies that has been scrutinised through conceptual framework is that the way people are treated by an organisation has a major influence on their individual performance. It follows that organisations which manage people well are more likely to succeed and prosper than those organisations with inadequate HR practices. Thus this paper on efficacy models for

corporate hospitals has focused in greater detail on what types of approach to HR are generally found in the larger, more successful hospital organisations. Employees help their organisations to achieve superior levels of performance when they have enough capacity, are compensated adequately and are given the opportunity to do so. Organisations can become effective organisations if they initiate best HR practices to raise levels of employee engagement among their staff.

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