**Executive Summary**

Human resource management (HRM) is one of the most important components of the overall management in healthcare organizations since it influences the performance of the healthcare staff. In turn, the performance of the health care staff influences quality of care provided to patients. This presents an analysis of cases of two hospitals using HRM theories and models. The first hospital lacks a functional HR management while the second hospital has an effective one. *The paper describes the issues being faced by the first hospital and gives recommendation on how to improve its HRM. Also, the paper explores the features that should be incorporated in HRM in order to enhance sustainability of its capability.*

#### I****ntroduction****

HRM practices and functions have a direct impact on the performance outcomes of organizations. In healthcare organizations, the level of effectiveness of HRM practices influences the levels of performance of the healthcare workers. Ultimately, HRM functions and roles affect the quality of care provided to patients in the healthcare organizations (Kats, Blenkinsopp & Khapova, 2010). This paper analyzes the functions and roles of the human resource (HR) department based on cases of two hospitals set up in Australia.

First, the paper explains the course of action that the first hospital should take in order to enhance its HRM. Second, the paper describes the features that should be adopted in organizations in order to enhance the capability of HR functions. As explained in the analysis, an effective HRM enhances the satisfaction and commitment of employees, leading to improvement in their performance, whereas an ineffective HRM has an opposite effect.

### **Course of Action to Improve HRM in the First Hospital**

The first hospital in the case study does not have a functional HR department. HRM functions in that hospital are delegated by the CEO and the finance manager to the middle managers in the organization, who do not have adequate knowledge and skills in HRM. Consequently, there have been inconsistencies in the HRM practices of the middle managers and supervisors. The hospital has also been facing numerous issues related to staff, including staff shortages, absenteeism and turnover, high level of grievances and industrial disputes. The ultimate problem the first hospital is facing is that the quality of care provided by the healthcare staff has been low, and the rate of accidents has been high. Such problems are common in organizations that do not have functional HR departments or effective HRM. In contrast, the second hospital has a functional and effective HR department. The HRM in the second has led to improvement in employee satisfaction, motivation and commitment. Consequently, the second hospital has been offering high quality care to patients. Unfortunately, the CEO of the first hospital does not understand that the challenges being faced in the organization are caused by the lack of an effective HRM. The CEO of the first hospital should consider establishing an effective and distinct HR department and enhance its effectiveness through adding the essential features. Establishing an effective HR department will help various issues described below.

#### ****Issue of Coordination****

Ineffective HRM practices have numerous negative impacts on organizations, as expressed in the first hospital. First, the lack of a functional HR department in the first hospital implies that there is lack of coordination between different managers as they carry out HRM roles (Nowak, Holmes & Murrow, 2010). In such a case, every manager uses his or her own style of management. The problem becomes worse when the different managers do not follow the same management policies, rules and standards. In such a situation, for instance, different managers can respond differently to employees with low levels of performance. One manager can respond aggressively through admonishing employees due to low level of performance, whereas another manager can respond through adopting strategies meant to assist the employees to improve their levels of performance. When the employees that are treated harshly notice the difference, they are likely to lose morale, leading to a decline in the levels of job satisfaction and commitment. Lack of coordination can also occur between the managers and supervisors, as indicated in the case of the first hospital. Inconsistencies that might result in the delivery of HR practices between the managers and the supervisors usually lead to conflict among all parties involved (Kehoe & Wright, 2010).

#### ****Middle Managers’ Lack of Expertise in HR Management****

Another major issue with the HRM management in the first hospital relates to the managers’ lack of knowledge and skills in HR management. When the managers in charge of performing HR roles lack the required knowledge and skills, they are unlikely to be effective in their work. Such managers may not have adequate knowledge and skills on how to treat employees in a way that will enhance improvement in the levels of employees’ job satisfaction, commitment and productivity (Atif et al., 2011). For instance, managers with limited knowledge and skills in HRM may be unable to understand how to respond to conflict situations involving two or more employees or supervisors and employees. Also, such managers may not be able to make effective decisions when dealing with important matters such fairness during the process of giving rewards in recognition of good performance. In some cases, the managers with lack of knowledge in HRM may not understand the importance of rewards and other incentives meant to motivate the employees and thus, they may not apply them. The ultimate effect is the lack of motivation among the employees (Chew & Chan, 2008).

#### ****Managers’ Role overload****

The other notable issue about the first hospital is that the middle managers might have many other roles and responsibilities apart from the management of the employees. Even if those managers have knowledge and skills in HRM, focusing on the different responsibilities is likely to limit their ability to discharge the HR roles effectively. All the issues mentioned above related to the case of the first hospital lead to loss of morale and motivation and decline in job satisfaction and commitment (Harpaz & Meshoulam, 2009). The reactions of the employees are evidenced by the challenges faced in the first hospital described earlier. The most important goal that healthcare organizations should focus on is to enhance quality of care provided to the parents (Holland, Sheehan & De Cieri, 2007). As such, the ultimate reduction of quality of healthcare due to the negative reactions of the employees in the first hospital is a major issue of concern.

### **Features of a Sustainable HR Capability**

#### ****Skilled, knowledgeable and adequate HR Officers****

One of the main reasons why the second hospital has been effective in enhancing the performance of the employees and the overall of care is that it has incorporated important features in its HRM management. In addition to establishing a HR department, there is a need to adopt several HR strategies that help in enhancing the sustainability of the positive performance of the employees and the long-term capability of the department. First, the HR managers should have adequate skills and knowledge needed to discharge their roles effectively (Samuel & Chipunza, 2009). They should be capable of carrying out important HR functions such as recruitment and selection, job analysis, HR planning, enhancing health and occupational safety and providing training and development opportunities for the employees. In addition, the HR officers should have adequate decision-making, conflict/problem –solving and leadership knowledge and skills. Further, the number of HR officers should be adequate (Samuel & Chipunza, 2009).

#### ****Effective Communication  and Training and Development****

In order to enhance the effectiveness of the HRM, organizations should have effective communication processes. The communication processes between the HR managers and the supervisors should be effective. In the same vein, the communication processes between the supervisors and the employees should be effective (Yaping et al., 2009). Effective channels should be put in place for the employees to communicate with the managers in case of a need. Horizontal communication (communication among employees or communication among supervisors) should also be effective. The grievances of the employees should be responded to swiftly and effectively. Another important feature of HRM is development of opportunities for training and development for the employees. An organization can establish programs for training and development to the employees that might be implemented within the organization. Also, an organization can enroll its employees into training and development programs outside the organization. Training and development also takes plays after learning after undertaking the assigned tasks. In such a case, the employees require guidance and support (Taplin & Winterton, 2007).

#### ****Reward System and effective Compensation and Benefits Plans****

Another feature that significantly enhances the motivation and morale of the employees is a reward system. Employees feel appreciated and become more motivated when their extra efforts are recognized through rewards such as bonuses, gifts, promotions and time-off **(Wang & Walumbwa, 2007)**. In addition to such extrinsic rewards, it is essential to give the employees intrinsic rewards, such as praising them for good work. Also, adequate compensation that is commensurate with the work done and that is competitive relative to the compensation that is offered by other organizations in the same industry is very important in influencing employees’ levels of motivations, job satisfaction and productivity and turnover rates in healthcare organizations (Ryan & Sagas, 2009). In this regard, an effective compensation plan is an essential feature in enhancing HR capability in the long-term. A plan for providing additional benefits to the employees is also an important feature in the process of developing the capability of HRM. In particular, the HR department should assist in determining the benefits that should be offered to the employees in addition to compensation, such as contributions to health insurance and pension kitties (Zheng & Lamond, 2010). The features mentioned above enable healthcare organizations to perform well, as indicated in the case of the second hospital.

#### ****Recommendations****

The CEO of the first hospital should lead his organization in developing effective HRM. In particular, the first hospital should borrow a leaf from the second hospital and develop an effective HR department. The managers in the HR department should carry only the functions and roles of HRM (Harpaz & Meshoulam, 2009). The other middle managers should not be involved in HRM. The HR managers should deal with the employees either directly or through the supervisors. Doing so will help the first hospital to overturn the problems it is facing currently. After establishing the HR department, the first hospital should incorporate features that are necessary to make it effective and ensure that its capability is sustainable in the long-run.

#### ****Conclusion****

Overall, every healthcare organization should have an effective HRM in order to perform optimally and ensure that the patients are provided with quality care. As noted in the case of the first hospital in the case study, ineffective HRM leads to negative reactions from the employees. If the negative reactions are not responded to well, the quality of care provided to the patients is adversely affected. The first hospital should establish a functional HR department with the important features needed to enhance the sustainability of its capability. As demonstrated by the second hospital, an effective HRM helps to enhance staff motivation, morale, job satisfaction and retention rate and to reduce issues such as high staff turnover and absenteeism rates.