

HUMAN RESOURCE MANAGEMENT PRACTICES IN HEALTHCARE INDUSTRY

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Abstract:

Human resource management (HRM or simply HR) is a function in organizations designed to maximize employee performance in service of their employer's strategic objectives. HR is primarily concerned with how people are managed within organizations, focusing on policies and systems. Human Resource departments and units in organizations are typically responsible for a number of activities, including employee recruitment, training and development, performance appraisal, and rewarding (e.g., managing pay and benefit systems). HR is also concerned with industrial relations, that is, the balancing of organizational practices with regulations arising from collective bargaining and governmental laws. HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion. Proper management of human resources is critical in providing a high quality of health care. A refocus on human resources management in health care and more research are needed to develop new policies. Effective human resources management strategies are greatly needed to achieve better outcomes from and access to health care around the world.

Keywords: Employee performance, HR Department, Employee Recruitment, Training and Development, Performance Appraisal, And Rewarding, Strategic Management.

Introduction

An organisation cannot build a good team of working professionals without good Human Resources. The key functions of the Human Resources Management (HRM) team include recruiting people, training them, performance appraisals, motivating employees as well as workplace communication, workplace safety, and much more. Recruitment and Training is one of the major responsibilities of the human resource team. The HR managers come up with plans and strategies for hiring the right kind of people. They design the criteria which is best suited for a specific job description. Their other tasks related to recruitment include formulating the obligations of an employee and the scope of tasks assigned to him or her. Based on these two factors, the contract of an employee with the company is prepared. When needed, they also provide training to the employees according to the requirements of the organisation. Thus, the staff members get the opportunity to

sharpen their existing skills or develop specialised skills which in turn, will help them to take up some new roles. HRM encourages the people working in an organisation, to work according to their potential and gives them suggestions that can help them to bring about improvement in it. The team communicates with the staff individually from time to time and provides all the necessary information regarding their performances and also defines their respective roles. This is beneficial as it enables them to form an outline of their anticipated goals in much clearer terms and thereby, helps them execute the goals with best possible efforts. Performance appraisals, when taken on a regular basis, motivate the employees. Maintaining Work Atmosphere is a vital aspect of HRM because the performance of an individual in an organisation is largely driven by the work atmosphere or work culture that prevails at the workplace. A good working condition is one of the benefits that the employees can expect from an efficient human resource team. A safe, clean and healthy environment can bring out the best in an employee. A friendly atmosphere gives the staff member job satisfaction as well.

In an organisation, there are several issues on which disputes may arise between the employees and the employers. You can say conflicts are almost inevitable. In such a scenario, it is the human resource department which acts as a consultant and mediator to sort out those issues in an effective manner. They first hear the grievances of the employees. Then they come up with suitable solutions to sort them out. In other words, they take timely action and prevent things from going out of hands. The responsibility of establishing good public relations lies with the HRM to a great extent. They organise business meetings, seminars and various official gatherings on behalf of the company in order to build up relationships with other business sectors. Sometimes, the HR department plays an active role in preparing the business and marketing plans for the organisation too. Any organisation, without a proper setup for HRM is bound to suffer from serious problems while managing its regular activities. For this reason, today, companies must put a lot of effort and energy into setting up a strong and effective HRM.

Human Resource Management

Behind the production of every product or service there is a human mind, effort and man hour (working hours). No product or service can be produced without help of human being. Human being is the fundamental resource for making or constructing anything. Today many experts claim that machines and technology are replacing human resource and minimizing their role or effort. But even machines and technology have been built by the human aid and besides companies have been continuously in search for talented, skilled and qualified professionals to further develop latest machines and technology, which again have to be controlled or used by humans to bring out products.

Human Resource Management is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing

skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labour and with trade unions, maintaining employees' safety, welfare and health by complying with labour laws of concern state or country.

Human: refer to the skilled workforce in the organisation.

Resource: refer to limited availability or scarce.

Management: refer to maximize or proper utilisation and make best use of limited and a scarce resource.

Altogether, human resource management is the process of proper and maximizes utilisation of available limited skilled workforce. The core purpose of the human resource management is to make efficient use of existing human resource in the organisation. The Best example at present situation is, construction industry has been facing serious shortage of skilled workforce. It is expected to triple in the next decade from the present 30 per cent, will negatively impact the overall productivity of the sector, warn industry experts. Every organisation's desire is to have skilled and competent people to make their organisation more effective than their competitors. Humans are very important assets for the organisation rather than land and buildings, without employees (humans) no activity in the organisation can be done. Machines are meant to produce more goods with good quality but they should get operated by the human only.

Operational Definition

"You must treat your employees with respect and dignity because in the most automated factory in the world, you need the power of human mind. That is what brings in innovation. If you want high quality minds to work for you, then you must protect the respect and dignity. "

Mr. N.R. Narayana Murthy, Chairman Emeritus, Infosys Ltd

"Our progress as a nation can be no swifter than our progress in education. The human mind is our fundamental resource."

John F. Kennedy

Healthcare Industry

The health care industry, or medical industry, is an aggregation of sectors within the economic system that provides goods and services to treat patients with curative, preventive, rehabilitative, and palliative care. The modern health care industry is divided into many sectors and depends on interdisciplinary teams of trained professionals and paraprofessionals to meet health needs of individuals and populations. The health care industry is one of the world's largest and fastest-growing industries. Consuming over 10 percent of gross domestic product (GDP) of most developed nations, health care can form an enormous part of a country's economy.

India has been awarded a 'Polio Free' status by way of an official certification presented by the World Health Organisation (WHO). India is among other countries in the South East Asian region which have been certified as being free of the polio virus. India has been polio free since January 2011, as per Mr Ghulam Nabi Azad, Minister for Health and Family Welfare, Government of India.

Healthcare in India today provides existing and new players with a unique opportunity to achieve innovation, differentiation and profits. In the next decade, increasing consumer awareness and demand for better facilities will redefine the country's second largest service sector employer. India's primary competitive advantage over its peers lies in its large pool of well-trained medical professionals. Also, India's cost advantage compared to peers in Asia and Western countries is significant – cost of surgery in India is one-tenth of that in the US or Western Europe.

In India, the diagnostics sector has been witnessing immense progress in innovative competencies and credibility. Technological advancements and higher efficiency systems are taking the market to new heights. The RNCOS report, 'Indian Diagnostic Market Outlook to 2015', highlights that the IVD equipment market will grow at a compound annual growth rate (CAGR) of around 15 per cent from 2012 to 2015.

Market Size

The healthcare sector in India is expected to grow at a CAGR of 15 per cent to touch US\$ 158.2 billion in 2017 from US\$ 78.6 billion in 2012, according to a report by Equentis Capital. India being a country with a growing population, its per capita healthcare expenditure has increased at a CAGR of 10.3 per cent from US\$ 43.1 in 2008 to US\$ 57.9 in 2011, and going forward it is expected to reach US\$ 88.7 by 2015.

The factors behind the growth of the sector are raising incomes, easier access to high-quality healthcare facilities and greater awareness of personal health and hygiene. Healthcare providers in India are expected to spend US\$ 1.08 billion on IT products and services in 2014, a four per cent increase over 2013.

Investments

The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. The sector's share in healthcare delivery is expected to increase from 66 per cent in 2005 to 81 per cent by 2015. The private sector's share in hospitals and hospital beds is estimated at 74 per cent and 40 per cent, respectively.

According to data released by the Department of Industrial Policy and Promotion (DIPP), hospital and diagnostic centres attracted foreign direct investment (FDI) worth Rs 11,272.32 crore (US\$ 1.87 billion) between April 2000 and February 2014.

Some of the major investments in the Indian healthcare industry are as follows:

- ✓ Jaypee Group plans to diversify into healthcare by investing in excess of Rs 2,000 crore (US\$ 332.68 million) over the next 3-4 years to set up a hospital chain with a minimum capacity of 3,000 beds.
- ✓ Helion Venture Partners has invested Rs 27 crore (US\$ 4.49 million) in multi-specialty dental care chain Denty's, as demand for quality patient care increases rapidly in India.
- ✓ Medwell Ventures Pvt. Ltd has acquired Bengaluru-based Nightingales Home Health Services, which has more than 5,000 families subscribing to its annual care plans. The company expects to establish a network in 10 Indian metro clusters serving over a million families in the coming years.
- ✓ Strand Life Sciences has partnered with the Mazumdar-Shaw Medical Foundation (MSMF) to set up a lab that aims to bring down the cost of detecting cancer.
- ✓ GE Healthcare and Cancer Treatment Services International have announced plans to launch 25 cancer detection and treatment centres all over India with an investment of Rs 720 crore (US\$ 119.77 million) in the next five years.
- ✓ Chrys Capital has invested around US\$ 40 million in Torrent Pharma, expanding its portfolio of healthcare companies and taking up the total exposure in the sector to nearly US\$ 300 million.

Government Initiatives

The Planning Commission has allocated US\$ 55 billion under the 12th Five-Year Plan to the Ministry of Health and Family Welfare, which is about three times the actual expenditure under the 11th Five-Year Plan. The 12th Plan focuses on providing universal healthcare, strengthening healthcare infrastructure, promoting research and development (R&D) and enacting strong regulations for the healthcare sector.

Some of the major initiatives taken by the government to promote the healthcare sector in India are as follows:

- ✓ All India Institute of Medical Sciences (AIIMS) spends at least Rs 2 million (US\$ 33,271.51) annually on each faculty member, according to a study by the institute's hospital administration.
- ✓ Sikkim has become India's first state with 100 per cent sanitation coverage, according to a report of the drinking water and sanitation ministry. "The state has also sensitised people to adopt a holistic approach to improve sanitation and hygiene for a clean environment while accelerating overall development in the state," according to the Government of Sikkim.
- ✓ India and Maldives have signed three agreements after delegation level talks between Mr Abdulla Yameen Abdul Gayoom, President, Maldives, and Dr Manmohan

Singh, Prime Minister of India, on January 2, 2014. The pacts include a Memorandum of Understanding (MoU) on health cooperation.

- ✓ The Union Cabinet has approved the proposal for setting up of National Cancer Institute (NCI) at a cost of Rs 2,035 crore (US\$ 338.51 million). NCI will be set up in the Jhajjar campus (Haryana) of All India Institute of Medical Sciences (AIIMS), New Delhi. The project is estimated to be completed in 45 months.
- ✓ Mr. Sis Ram Ola, Union Minister of Labour and Employment, Government of India, has inaugurated the state-of-the-art ESIC Model Hospital at Jaipur, Rajasthan.

Road Ahead

Telemedicine is a fast emerging sector in India. In 2012, the telemedicine market in India was valued at US\$ 7.5 million, and is expected to grow at a CAGR of 20 per cent to US\$ 18.7 million by 2017. India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New Drug Application (ANDA) approvals. India also offers vast opportunities in R&D as well as medical tourism. The Indian medical tourism industry is pegged at US\$ 1 billion per annum, growing at around 18 per cent and is expected to touch US\$ 2 billion by 2015. There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of GDP is rising. Rural India, which accounts for over 70 per cent of the population, is set to emerge as a potential demand source. Only three per cent of specialist physicians cater to rural demand. There are vast opportunities for investment in healthcare infrastructure in both urban and rural India. About 1.8 million beds are required by the end of 2025. Additionally, 1.54 million doctors and 2.4 million nurses are required to meet the growing demand.

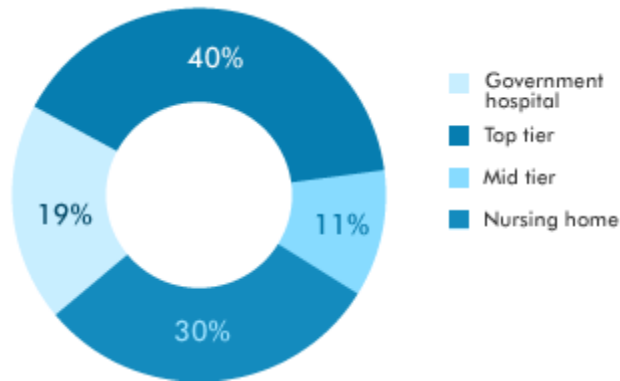
Exchange Rate: INR 1 = US\$ 0.0166 as on June 27, 2014

Per-Capita Healthcare Expenditure

Per capita healthcare expenditure is estimated at a CAGR of 15.7 per cent during 2008-15 to US\$ 88.7 by 2015.

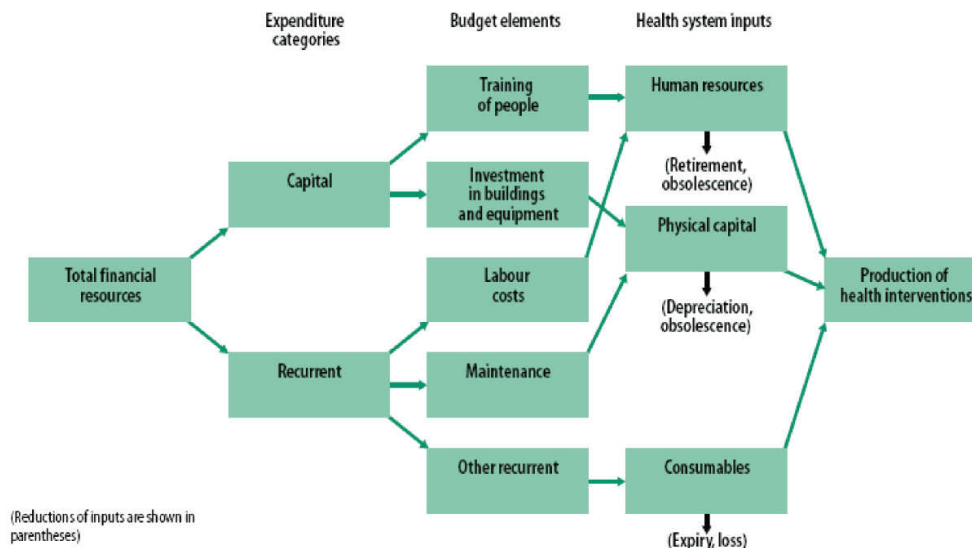


Shares In Healthcare Spending In India, 2015



Human Resource Management Practices in Healthcare Industry (HRH)

Within many health care systems worldwide, increased attention is being focused on human resources management (HRM). Specifically, human resources are one of three principle health system inputs, with the other two major inputs being physical capital and consumables. Figure1 depicts the relationship between health system inputs, budget elements and expenditure categories. Figure 1 identifies three principal health system inputs: human resources, physical capital and consumables. It also shows how the financial resources to purchase these inputs are of both a capital investment and a recurrent character. As in other industries, investment decisions in health are critical because they are generally irreversible: they commit large amounts of money to places and activities that are difficult, even impossible, to cancel, close or scale down



Source: World Health Report 2000

Human resources, when pertaining to health care, can be defined as the different kinds of clinical and non-clinical staff responsible for public and individual health intervention. As arguably the most important of the health system inputs, the performance and the benefits the system can deliver depend largely upon the knowledge, skills and motivation of those individuals responsible for delivering health services. As well as the balance between the human and physical resources, it is also essential to maintain an appropriate mix between the different types of health promoters and caregivers to ensure the system's success. Due to their obvious and important differences, it is imperative that human capital is handled and managed very differently from physical capital. The relationship between human resources and health care is very complex, and it merits further examination and study. Both the number and cost of health care consumables (drugs, prostheses and disposable equipment) are rising astronomically, which in turn can drastically increase the costs of health care. In publicly-funded systems, expenditures in this area can affect the ability to hire and sustain effective practitioners. In both government-funded and employer-paid systems, HRM practices must be developed in order to find the appropriate balance of workforce supply and the ability of those practitioners to practice effectively and efficiently. A practitioner without adequate tools is as inefficient as having the tools without the practitioner.

When examining health care systems in a global context, many general human resources issues and questions arise. Some of the issues of greatest relevance that will be discussed in further detail include the size, composition and distribution of the health care workforce, workforce training issues, the migration of health workers, the level of economic development in a particular country and socio-demographic, geographical and cultural factors. The variation of size, distribution and composition within a country's health care workforce is of great concern. For example, the number of health workers available in a country is a key indicator of that country's capacity to provide delivery and interventions. Factors to consider when determining the demand for health services in a particular country include cultural characteristics, socio-demographic characteristics and economic factors.

Workforce training is another important issue. It is essential that human resources personnel consider the composition of the health workforce in terms of both skill categories and training levels. New options for the education and in-service training of health care workers are required to ensure that the workforce is aware of and prepared to meet a particular country's present and future needs. A properly trained and competent workforce is essential to any successful health care system. The migration of health care workers is an issue that arises when examining global health care systems. Research suggests that the movement of health care professionals closely follows the migration pattern of all professionals in that the internal movement of the workforce to urban areas is common to all countries. Workforce mobility can create additional imbalances that require better

workforce planning, attention to issues of pay and other rewards and improved overall management of the workforce. In addition to salary incentives, developing countries use other strategies such as housing, infrastructure and opportunities for job rotation to recruit and retain health professionals, since many health workers in developing countries are underpaid, poorly motivated and very dissatisfied. The migration of health workers is an important human resources issue that must be carefully measured and monitored.

Another issue that arises when examining global health care systems is a country's level of economic development. There is evidence of a significant positive correlation between the level of economic development in a country and its number of human resources for health. Countries with higher gross domestic product (GDP) per capita spend more on health care than countries with lower GDP and they tend to have larger health workforces. This is an important factor to consider when examining and attempting implementing solutions to problems in health care systems in developing countries.

Socio-demographic elements such as age distribution of the population also play a key role in a country's health care system. An ageing population leads to an increase in demand for health services and health personnel. An ageing population within the health care system itself also has important implications: additional training of younger workers will be required to fill the positions of the large number of health care workers that will be retiring. It is also essential that cultural and geographical factors be considered when examining global health care systems.

Geographical factors such as climate or topography influence the ability to deliver health services; the cultural and political values of a particular nation can also affect the demand and supply of human resources for health. The above are just some of the many issues that must be addressed when examining global health care and human resources that merit further consideration and study.

The Impact of Human Resources on Health Sector Reform

When examining global health care systems, it is both useful and important to explore the impact of human resources on health sector reform. While the specific health care reform process varies by country, some trends can be identified. Three of the main trends include efficiency, equity and quality objectives. Various human resources initiatives have been employed in an attempt to increase efficiency. Outsourcing of services has been used to convert fixed labor expenditures into variable costs as a means of improving efficiency. Contracting-out, performance contracts and internal contracting are also examples of measures employed.

Many human resources initiatives for health sector reform also include attempts to increase equity or fairness. Strategies aimed at promoting equity in relation to needs require more systematic planning of health services. Some of these strategies include the introduction of financial protection mechanisms, the targeting of specific needs and groups,

and re-deployment services. One of the goals of human resource professionals must be to use these and other measures to increase equity in their countries. Human resources in health sector reform also seek to improve the quality of services and patients' satisfaction. Health care quality is generally defined in two ways: technical quality and socio-cultural quality. Technical quality refers to the impact that the health services available can have on the health conditions of a population. Socio-cultural quality measures the degree of acceptability of services and the ability to satisfy patients' expectations. Human resource professionals face many obstacles in their attempt to deliver high-quality health care to citizens. Some of these constraints include budgets, lack of congruence between different stakeholders' values, absenteeism rates, high rates of turnover and low morale of health personnel. Better use of the spectrum of health care providers and better coordination of patient services through interdisciplinary teamwork have been recommended as part of health sector reform. Since all health care is ultimately delivered by people, effective human resources management will play a vital role in the success of health sector reform.

Conclusion

India is the seventh largest country in the world. Our country is blessed with many natural resources. But all these resources cannot help our country unless they are tapped, handled and used in a planned way. This can be done only by the people. Man can develop the resources only when he is wise, healthy, educated and properly trained. Thus, the real resources of our country are its people. They are our human resources. The total population of our country is now more than 100 cores. India is the second most populous country in the world, after China. Today, every seventh man in the world is an Indian. Our country's population is increasing at a rapid rate. It has doubled over the last 45 years. This is the creating many problems.

Three out of every four Indians live in villages. They earn their living from farming, forestry, fishing and cattle rising. People are now leaving villages and coming to cities in search of work. This is putting a great pressure on the civil amenities and other facilities in cities. The rapid rise in our population is creating many problems such as shortage of food, clothing, housing, health, education and employment. This has affected our standard of living. We can solve this problem if we have small families. If there were fewer people, we would be able to provide enough food, houses, clothes and jobs for almost everyone. The living conditions of the people can be improved by providing enough food, better education and health conditions. We have achieved great deal since independence, but a lot remains to be done. If we want to make our human resources useful, we will have to improve the quality of our people. The quality of its people is more important than their number for the development and progress of the country. With improvement in the quality of our human resources, we can make better use of our natural resources. We must all work to improve our own lives and the lives of those around us. Since all health care is ultimately delivered

by and to people, a strong understanding of the human resources management issues is required to ensure the success of any health care program. Further human resources initiatives are required in many health care systems, and more extensive research must be conducted to bring about new human resources policies and practices that will benefit individuals around the world. Proper management of human resources is critical in providing a high quality of health care. A refocus on human resources management in health care and more research are needed to develop new policies. Effective human resources management strategies are greatly needed to achieve better outcomes from and access to health care around the world.

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