ADVISORY

Leading practices in Strategic Human Resources Management

A review for healthcare practitioners

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In healthcare—hospitals, community service providers and planning agencies—a significant portion of the budget is related to human resources. Despite that significant financial investment in the people who deliver the business, many healthcare organizations have yet to develop and implement a focused organizational wide strategy that ensures all human resources are managed in a way that best supports the successful achievement of corporate strategies.
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Background

Why review leading practices in Strategic Human Resources Management?

In healthcare—hospitals, community service providers and planning agencies—a significant portion of the budget is related to human resources. Despite that significant financial investment in the people who deliver the business, many healthcare organizations have yet to develop and implement a focused organizational wide strategy that ensures all human resources are managed in a way that best supports the successful achievement of corporate strategies.

The advent of the Local Health Integration Networks (LHINs) has ushered in an era of heightened accountability. Annual planning submissions, accountability agreements and sobering fiscal realities in concert with an industry focus on quality, patient safety and interprofessional care has forced hospitals and health service providers to closely examine the way in which business is delivered. Optimizing the management and deployment of qualified personnel not only creates economies of time, effort and resources, it also ensures that an organization’s highly trained resources are ready, willing and able to deliver high quality care for patients and clients.

It is with this lens, then, that hospitals are driven to review and adopt leading practices in Strategic Human Resources Management (SHRM.) It is important to differentiate SHRM—i.e. the purposeful, coordinated plan to ensure that resources are used in a way that optimizes corporate performance—and deploying SHRM plans, entire corporations “own” and play a role in the achievement of strategic human resources goals. The model, shown in Figure 1 on the next page, demonstrates how SHRM aligns with the corporate strategies as well as HR policies, programs and practices, and also illustrates the respective roles of organizational leaders and HR practitioners.

A well planned and executed approach to SHRM can provide the infrastructure and focal point for:
- The analysis of an organization’s “current state” as it relates to its use of human resources, including identification of areas of opportunity or improvement where leading practices may improve corporate performance
- The planning and deployment of activities focused on ensuring the strategic use of HR and the successful achievement of corporate priorities
- Benchmarking and the monitoring and measuring of outcomes.

As ambassadors for and implementers of SHRM priorities, HR departments should establish a foundation of excellence in HR processes and customer service. HR processes and services (”transactions”) should be carried out in a way that:
- Ensures accuracy and timeliness
- Adheres to organizational policies, but is sufficiently flexible to address individual situations as they arise
- Ensures Human Resources Management (HRM) legislative and regulatory requirements are met in a cost-effective manner.

Importantly, managers and employees who experience exceptional customer service in addition to accurate and timely HR transactions are more likely to:
- Have confidence and trust in the organization
- Believe that they are being treated fairly and equitably
- Are better able to focus their attentions on strategic (or more outward-looking) pursuits.
Strategic Human Resources Management

Figure 1: Sample strategic HR plan

Role of organizational leaders

- Develop organizational strategies and priorities to achieve the corporate vision and mandate
- Develop departmental goals and objectives to achieve strategic priorities.

Corporate strategic priorities

Examples:
- Change mindsets
- Build organizational capacity
- Identify trends.

SHRM priorities

- Participate in the development and ultimate ownership of organizational strategies for effectively managing the investment in HR
- Sponsorship of HRM strategic priorities and implementation initiatives.

- Develop organizational strategies for effectively managing investment in HR
- Support corporate leading in implementing HRM strategic priorities
- Establish key metrics and measuring outcomes
- Develop and lead implementation initiatives.

HRM policies and programs

- Apply HRM programs and policies within the business
- Design and manage department work in alignment with HRM programs and policies.

- Work with departments to implement HR programs and policies with the specific business context
- Solve HRM systemic problems with the business
- Facilitate and support change initiatives
- Proactively identify and plan for impacts of business environment changes.

HRM processes and practices

- Manage, coach and mentor employees in alignment with HRM processes and practices.
- Establish and manage foundational HRM services and transactions
- Solve individual employee service and transactional problems
- Work with department managers to resolve individual employee relations issues.

Role of HR department

- Change mindsets
- Build organizational capacity
- Identify trends.

- Facilitate the development of organizational strategies for effectively managing investment in HR
- Support corporate leading in implementing HRM strategic priorities
- Establish key metrics and measuring outcomes
- Develop and lead implementation initiatives.

- Work with departments to implement HR programs and policies with the specific business context
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- Establish and manage foundational HRM services and transactions
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Leveraging contemporary thinking

What is the view of leading practice organizations that view HR strategically?

A literature review revealed a number leading practices in the strategic management of HR. The models on the following pages seek to illustrate how these leading practices can be applied to strategically manage the people and the work environment across all departments and levels in the organization to achieve common goals, priorities and desired results.

1 Human Resources as a “business” with three “product” lines

High functioning HR organizations that support organizational effectiveness provide three types of services: administrative services, business support services and strategic organizational services. Typically, as HR Departments “mature” and as transactional processes are mastered, the focus of attention moves away from administrative services and towards more strategic pursuits. For an organization to deploy a SHRM plan, it is important for the plan to be owned by the executive team and supported by an HR department with three “product” lines.


Administrative & Transactional Services

Business Partner Services

Strategic Partner Services

Foundational to any SHRM and integral to the work of HR departments is the effective management of administrative services, such as payroll and benefits. This is often the “stepping stone” to more strategic pursuits and should be managed effectively in order for organizations to undertake more outward-looking pursuits.

Fully understanding the business and practice of HR fosters a strong “brand identity” for HR departments. This “product” reflects a deep understanding of the HR business and is supported by a “brand awareness” of solving problems and designing effective systems to help ensure competencies are in place to support corporate strategies.

To act strategically, HR departments should be outward-looking, aware of best/leading practices in SHRM, including those related to the “business” of HR, compensation and market strategies.

Figure 2: HR as a “business” with three “product” lines
SHRM as a CATALYST, precipitating and facilitating organizational activities

Taking a strategic approach to managing HR in an organization can be the spark that ignites enterprise wide initiatives that support the achievement of corporate priorities. These initiatives may not fit into traditional areas of HRM, but may in fact challenge basic assumptions about the business and cause core business processes to be reviewed.


Figure 3: SHRM as a CATALYST
SHRM as an integrator

This practice illustrates the role SHRM plays in linking people, processes and systems. Integration of people, process and systems creates the opportunity to develop human capital metrics that are aligned to business strategy.


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SHRM as championing knowledge management

Organizations incorporating knowledge management into a strategic human resources management plan recognize the value of knowledge generation and translation as part of an organization’s “competitive advantage.” Effective knowledge management can support the sustainable development of a networked organization where units/departments build on each others’ knowledge and experience. A focus on knowledge management can also support the socialization of healthcare providers to work collaboratively and instills the requisite competencies for doing so.

SHRM as a champion of interprofessional education and an enabler of corporate performance

Creating a SHRM plan that incorporates interprofessional education recognizes the value of leveraging all competencies to create a stronger whole—better outcomes in a “we” environment.

Sources: Interprofessional Education. Vancouver Island Health Authority; Health care system: Interprofessional education for collaborative patient. Centred practice, Health Canada; and Competency framework for IPC (2008). Interprofessional network of BC.

Figure 6: Strategic Human Resources Management as a Champion of Interprofessional Education and an Enabler of Corporate Performance

- Instilling core competencies for collaborative practice
- Developing a mutual understanding of and respect for the contributions of various disciplines
- Socializing healthcare providers to work together in shared problem solving and decision making
- Fostering the climate for interpersonal education
- Reduced re-admission rates
- Improved job satisfaction
- Enhanced communication

IMPROVED PATIENT OUTCOMES & CORPORATE PERFORMANCE
Leading SHRM practices

What do high performing organizations do differently?

Interviews with both healthcare and non-healthcare organizations revealed some core truths related to corporate leadership and the management of HR departments with respect to the practice of SHRM. These truths included the notion that organizations that adopt a strategic approach to managing their HR typically:

1. **Master the administrative or transactional aspects of their HR business.**
   Payroll, benefits administration and policy development need to be performing smoothly to enable leaders to focus their attention on more strategic pursuits. Many organizations indicated that they invested significant time and attention to ensure that these foundational building blocks were in place to foster confidence and trust in the HR department and the corporation as a whole.

2. **Make human capital investments, including:**
   - Ongoing training and development (courses, leadership development, etc.)
   - Identifying and supporting mechanisms to solicit and utilize input from both managers and front-line staff
   - Identifying and supporting opportunities for staff from various areas to collaborate on shared initiatives.

3. **Make innovation and inspiration a top corporate priority through organizational, team and individual performance management.**
   Making ingenuity a part of everyone’s responsibility can serve as a springboard for key process improvements and breakthrough thinking.

4. **Focus time and attention on ensuring communication between all levels of the organization.**
   Messages are clear, consistent and well-understood, which can foster trust and confidence in both the corporation and in its management of HR.
Identify key opportunities to develop and implement long-term strategies to improve employee motivation and productivity.

Making the right investments in the right places requires ongoing analysis and environmental scanning—the return on investment is well worth the effort when corporate performance is improved.

Increase employee productivity by striving to identify and remove obstacles that serve as a barrier to performance.

Likewise supported through environmental scanning, these actions can work to improve performance while building employee trust.

Focus time and attention on addressing and solving problems that impact an individual’s ability to do their best work.

Critical to the success of any organization is the ability and capacity to maximize their resource utilization in a manner that supports the successful achievement of corporate priorities, which extends to the management of HR; enabling people in the organization to do their best work can not only contribute to overall productivity and efficiency, it can also foster employee satisfaction in their work and the work environment.
The focus of high performers

What are SHRM priorities for leading practice organizations?

High performing organizations recognize that they need to be thoughtful with their strategic investments. The most discerning corporations invest in high yield activities that can motivate their people towards achieving common goals. High performing organizations continually review and evolve their strategic priorities to best suit the “maturity” of individual departments or areas. For example, planned investments have been made in administrative or “transactional” activities/processes to ensure that the HR “house is in order” to allow organizations to turn their attention to more strategic pursuits, such as succession planning or leadership development.

Following are examples of leading practice initiatives and investments:

<table>
<thead>
<tr>
<th>Leading practice investments</th>
<th>Focus/intended outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing generations &amp; diversities in the workplace</td>
<td>• Attracting and retaining the “youth of today”</td>
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<tr>
<td></td>
<td>• Fostering harmony amongst potentially disparate groups.</td>
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<tr>
<td>Leadership development</td>
<td>• Succession planning</td>
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<tr>
<td></td>
<td>• Supporting leadership progression, including both high potentials and high performers</td>
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<tr>
<td></td>
<td>• Leadership investments in managers, directors &amp; physician leaders</td>
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<td></td>
<td>• Fostering “personal leadership” and employee engagement.</td>
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<tr>
<td>Developing a high-performance culture</td>
<td>• Identifying and implementing mechanisms to engage employees</td>
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<tr>
<td></td>
<td>• Pay-for-performance and/or incentive programs</td>
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<tr>
<td></td>
<td>• Investments in employee wellness, including wellness centres and programs</td>
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<tr>
<td></td>
<td>• Recognizing the importance of change management and of creating a “transformational culture” and targeting training and development initiatives aimed at developing organizational resilience to change.</td>
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</tbody>
</table>
Conclusion

In healthcare, change and ambiguity are constant. Successfully achieving corporate priorities and organizational resilience in the face of change and ambiguity requires a workforce that is motivated, shares knowledge and works together on common goals.

The leaders in the organization should take ownership for strategically managing the significant investment in people; HR practitioners should provide insight and expertise to those leaders in the development of key SHRM initiatives aligned to corporate priorities. SHRM should result in increased organizational capacity to effectively and efficiently deliver services, whereby:

- Key resources are leveraged appropriately throughout the organization
- Corporate priorities and departmental objectives are achieved
- Employees across the organization are motivated and able to achieve their best possible performance
- A culture of personal leadership permeates across all areas of the organization.
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