

# Managing Human Resources for Successful Strategy Execution

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Managers face difficult challenges when they implement organizational strategies to achieve important goals. Execution of strategy has become more dependent upon the effective management of human resources. This article suggests how people can be managed more effectively to facilitate the execution of strategies and improve organizational performance. Key words: *human resource management, organizational strategy, strategy execution*

**H**EALTH CARE MANAGERS face many challenges when executing strategies to achieve important organizational goals. Implementing plans to lower costs while simultaneously improving the quality of patient care can be difficult for even the most experienced people. Using organizational strategies is complex and difficult because success has become more dependent upon the ability to manage employees effectively, whether the strategies involve lowering costs, improving patient service and care quality, developing a culture that is difficult for competitors to imitate, or restructuring to improve communications and performance. This article analyzes the organizational components that can improve human resource management and facilitate the implementation of strategy by health care managers.

## ORGANIZATIONAL COMPONENTS

There are several organizational components that significantly improve the management of human resources in the execution of strategy and the achievement of important goals. Because the following components impact each other, managing them well can have a synergistic effect on strategy implementation.

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## Senior management interest and financial support

The interest and financial support of senior managers are 2 of the most important components necessary for the effective management of people in health care organizations. Managing people for high performance requires a significant investment in time and money to have positive employee relations, competent employees, competitive compensation, continuous training and development, thorough performance appraisal, and a safe workplace. An executive team that considers employees to be long-term competitive assets is more likely to allocate financial resources to enhance the value of individuals in the organization and hold managers accountable for earning a rate of return on the investment.

## Culture

The organizational culture is influenced significantly by the attitude of senior management toward people. The culture, consisting of the values and beliefs of individuals about important issues such as quality, productivity, and the work ethic, can play a major role in the effort to execute strategy effectively. The attitude of executives is reflected in how they communicate with employees, implement decisions and policies, and share information; their values and beliefs set the tone for all others in the organization. Dynamic, innovative senior managers with strong interpersonal skills can create a motivational environment

and foster multidirectional communication. They create a people-centered culture where people who are treated well are more likely to provide better patient care.

The employee selection process has a positive impact upon the organizational culture if applicants whose attitudes and beliefs are consistent with those necessary to implement strategy are hired. Managers seeking to execute a low-cost-producer strategy should select people with a high work ethic who value productivity and quality of work. In addition, the selection process should screen out those who would not be a good fit with the desired culture. Recruits who have enjoyed working in organizations with restrictive work practices and narrowly defined jobs where employees are rewarded as individuals may not be a good fit for a team-oriented work system where jobs are defined broadly, employees have to be cross-trained to perform a variety of functions on the team, and rewards are based upon group performance.

### **Health care manager human resources expertise**

Health care managers need human resource expertise because they have to manage people to achieve results. They make important daily choices about employees that affect careers and have a major impact upon motivation, commitment, and performance. Decisions have to be made about performance appraisals, merit pay increases, and promotions in accordance with company policies. The human resources department must prepare policies for managers of health care units to use in reaching conclusions about individuals, and the policies must be implemented properly to be effective.

Managers in health care facilities need to have a thorough understanding of employee selection, training, compensation, and employee relations if they are to be effective when making decisions about people to implement human resources management policies and achieve goals. In health care organizations with change efforts underway to reorganize and improve productivity, line managers are expected to take on even greater responsibility for the effective

management of human resources as staff operations are reduced or outsourced.

### **Strategic role for the human resources function**

The human resources management function is becoming more important in many organizations because it is being called upon to serve as a partner in strategic planning and decision making to facilitate strategy formulation and implementation. This new role is critical because how people are managed will have a significant impact upon the success or failure of health care business strategies. If a firm plans to build a new facility to implement a cost-reduction strategy or serve a new market, the effort is far more likely to be successful if the human resource management function participates in the site selection choice. Input regarding the supply and demand for skilled health care employees in the locality, the cost, and the prevailing values and beliefs of area residents and community leaders would be very important in making correct decisions. Because the culture of the organization must be consistent with organizational strategies, and managing people has such an important impact on cultural development and maintenance, involving those with human resources management expertise in the formulation and implementation of health care organizational strategy significantly increases the probability of success in achieving the goals of the organization.

With human resources managers increasingly participating with senior management in their organizations by working with the executive team in strategic planning, those serving in the human resources management function must have a thorough understanding of marketing, finance, accounting, and health care service operations. They need to be managers of health care services as well as human resources, while taking a broad managerial perspective and focusing upon how their roles can contribute to the achievement of organizational goals.

An effective human resources management department staffed with professionals

in human resource planning, employee selection, compensation, training, and employee relations can play an important internal consulting role to support line managers in their efforts to achieve objectives through people. Experts in this department must provide effective advice for line managers as they implement organizational policies. In addition, the human resources department must provide policies for managing people that are approved and implemented by the executive team. The guidelines, if implemented properly, will have a significant impact on employee motivation and commitment while helping to establish and maintain the desired organizational culture.

To develop and implement practices for managing people effectively, experts in the human resources department also should have managerial experience in the provision of health care services. Many organizations have begun to recognize the importance of a line management perspective from the human resources staff, and, increasingly, individuals with such backgrounds are moving through that department in their development programs to become senior-level administrators. Line management experience is invaluable in formulating pragmatic policies that will foster achieving results through people. Those who have managed service functions are likely to have more credibility when developing policy and rendering advice to colleagues in similar roles.

### ***Change expertise***

How well organizational change is implemented depends significantly upon the management of human resources. When restructuring efforts such as downsizing are implemented and layers of management are removed, jobs are often combined, requiring job analysis and evaluation to determine the worth of the new positions. All employees' experience and performance must be assessed to determine where they would be most effective in the new organization. Additional training and development may be required to provide better matches between the current skills of the employees and what will be required. The pay structure may

need to be changed to be consistent with the new organizational structure. Fewer pay grades may be necessary in a flatter organization.

### ***Human resource management function linkage***

The important human resources management functions of planning, selection, training, compensation, and employee relations are closely linked with each other. When developing policies and making decisions in each of these areas, managers should be aware that a change in one can impact others as well. Changes in compensation levels can have a major impact upon selection, training, and employee relations. If compensation levels must be reduced because of budget difficulties, it becomes more difficult to acquire high-quality employees, training costs for new hires are likely to increase, managing employee relations becomes more difficult, and morale may be adversely affected. Consequently, for managers in the human resources function to make quality decisions and provide effective service to health care unit managers, they need to have a significant level of expertise in each of these functional areas. Too much specialization among the human resource staff in an organization can lead to less effective decision making if managers do not perceive how policy recommendations and decisions in one human resources function can impact others.

### ***Environmental scanning***

Experts working in the human resources management function must scan the external environment continuously and adapt human resource management policies to changes in the law, economic conditions, technology, demographics, and other important trends. Failure to monitor developments that could impact the management of people in the organization could have a significant negative impact upon its competitive position and result in more costly lawsuits or excessive employee turnover.

Environmental trends must be monitored regularly to ensure that changes are recognized in a timely manner to provide lead time

for adjustments in human resources policies that impact the implementation of strategy. The ability to execute lower cost patient care strategies could be compromised if new laws require increased staffing levels.

Effective environmental scanning enables managers to recognize trends that could impact the ability to continue competing successfully by adapting employees to required changes. Lead time is required because employees must be carefully selected and trained to work with new technology for the health care organization to realize improvements in productivity and quality. Blending people and technology into a system to perform work effectively requires successful human resource planning to ensure that the right numbers of employees who possess the requisite skills are available to meet service demand in a timely manner. The most sophisticated, state-of-the-art technology may be relatively useless if employees do not know how to use it properly. Health care organizations that fail to combine people and technology well may have their competitive positions eroded significantly.

### **HUMAN RESOURCES MANAGEMENT FUNCTIONS AND HEALTH CARE STRATEGY EXECUTION**

The organizational components provide the foundation for the management of human resources to execute business strategies in health care organizations. Strategy implementation requires effective planning, employee selection, training, compensation, and employee relations. If an organization is having trouble achieving a lower cost strategy, and it establishes a 2-tiered pay scale to lower compensation rates for new hires, this could impact the ability to select better employees who could generate higher productivity. Similarly, lowering compensation levels for new hires could result in the selection of employees who are not as skilled in providing high-quality patient care.

#### **Human resources planning**

Human resources planning is the initial step in the effective management of people to im-

plement strategy in health care organizations. It relies heavily on accurate health care demand forecasts to ensure that the workforce level is appropriate for the required level of patient care. Planning for human resources has a significant impact upon employee motivation and commitment. It enables management to develop more positive approaches if the workforce must be reduced. Voluntary severance programs or reduction by attrition may be used instead of the abrupt implementation of layoff strategies. Employees who have greater length of service in the organization are more likely to have higher quality performance vis-à-vis those who have changed roles frequently in a workforce with excessive turnover. Strategies for restructuring, lowering operating costs, improving quality, and providing excellent patient service are facilitated by planning well for human resources. This enables the organization to maintain a stable, well-trained workforce that includes employees with the correct knowledge, skills, and abilities whose attitudes and values are a good fit for the job and the organization.

#### **Careful employee selection decisions**

Employee selection decisions play a very important role in the implementation of strategies such as restructuring. People should be chosen carefully for roles in the newly configured organization, and when it is necessary to reduce the workforce, managers must make difficult employee termination decisions equitably. Employees should be selected based upon how well they fit the new organizational role and the culture, as well as for their knowledge, skills, and abilities. The new organization may include different ways of performing work such as teams that require new leadership approaches.

A thorough employee selection system will help managers achieve lower cost, higher quality, and improved patient service strategies to improve organizational performance. Managers can avoid selecting people who are likely to create significant operating and disciplinary problems that can make the organization far less effective. Strategies for improving productivity and service quality while lowering

costs are affected directly by the quantity and quality of employees selected.

Selection plays a critical role in the effort to provide excellent patient care. Employees must be screened for attitudes and beliefs about treating patients well and subsequently trained regarding how to provide high-quality service. A positive employee relations climate where people are treated well by management will improve significantly the probability that a patient service quality strategy can be implemented successfully. This type of climate is determined largely by the attitudes and beliefs of the individuals selected.

### **Training and development**

Employee training and development needs must be analyzed when formulating and implementing new strategies for restructuring, lowering costs, improving quality, or providing better patient service. Newly created jobs in restructuring efforts often combine functions in flatter organizational structures, and managers may need additional training and development to carry out their responsibilities effectively in the newly designed organization. In addition, as job descriptions are revised to reflect new roles, training and development needs can be identified with sufficient lead time to implement appropriate programs for enhancing performance. Effective training can significantly improve productivity, lower costs, and play a major role in improving patient care.

### **Compensation**

The effective management of compensation has a significant impact upon health care strategy implementation. When managers execute restructuring strategy, new jobs must be analyzed and evaluated to determine appropriate compensation levels. It may be necessary to reduce and broaden the number of pay grades if the organizational structure is flatter and there are fewer levels of management.

Compensation is a significant expense for many health care organizations, and increases must be monitored carefully to control costs. Pay must be administered to meet the need for

periodic increases for attracting and retaining competent employees while ensuring that expenditures are within the financial plan. Compensation costs can be difficult to control for reasons such as the leniency effect in performance appraisal. This effect occurs when there are too many high-performance appraisals in the organization, and it can result in an excessive number of high pay raises. Leniency can lead to lower quality and productivity if employees feel they will be rewarded even if higher performance has not been sustained.

Managers must ensure that compensation is comparable with other health care facilities in the labor market. If pay scales are externally competitive, it provides managers with an important tool to select employees who are effective immediately, thereby lowering the need for training and improving the probability that performance will be higher.

To implement and sustain a higher quality patient service strategy, employees who are providing excellent service to patients should be rewarded accordingly. This will provide examples of desired behavior so others will know the performance levels required to implement the patient service strategy successfully and receive commensurate rewards. Employee and organizational performance must be measured accurately, with reward allocations carefully linked to desired behavior and outcomes.

### **Employee relations**

In union and nonunion organizations, the management of employee relations has an important role in developing and maintaining a positive climate that will foster the application of strategy and the achievement of goals. Employee relations must be carefully managed to have high levels of employee commitment necessary for effective strategy execution. In a health care organization where the employees are represented by a union, the level of cooperation between management and labor plays a critical role in the ability of the facility to implement strategies to improve productivity and quality of patient service. An adversarial relationship can lead to counterproductive behavior such as strikes and resistance to the changes that might

be necessary to use new strategies such as restructuring with team-oriented work systems.

In a nonunion environment, managers should ensure that human resources policies and their implementation result in treating employees with dignity and respect while empowering them to participate in some fashion in the decision-making process. Because the employees do not engage in collective bargaining as they would in an organized facility, empowerment becomes their primary means of providing feedback to management concerning their views on important human resource management issues.

## **CONCLUSION**

Health care managers encounter increasingly difficult challenges in the effort to manage people and implement business strategies to make their organizations more competitive. Executing business strategies to improve organizational outcomes requires managing human resources well. The important components necessary in a health care organization to manage human resources have been analyzed. These components provide a basis for health care managers to manage people more effectively to execute strategies successfully.