

PREFACE

This book is the fourth edition of *Human Resources in Healthcare: Managing for Success*. The first edition was published in 2001, an infamous year that brought issues of globalization to the forefront in the United States. Economic vulnerability had been present for some time, notably in the loss of dominance of the United States as a manufacturing economy dating to the 1970s. For Americans born after World War II, we experienced—many for the first time—a vulnerability that extended beyond economics, politics, and changes in social structure. We learned in a brutal manner that our sense of personal safety was illusional and that globalization was more than an abstract concept. The lessons of the Vietnam War, notably that US military dominance had disintegrated, were reinforced by two arguably inconclusive wars. US vulnerability extended from personal safety concerns to cybersecurity threats and the global emergence and reemergence of diseases. From within, we saw the disintegration of confidence in our economic structures, culminating in the 2008 economic collapse spurred by a deregulated banking sector.

Technologically, the changes have been monumental, leading to extraordinary progress in communication, medicine, and countless other areas of life but also posing very significant threats. Socially, the demographics of the US population came to encompass increasing diversity in both numbers and types, viewed by many as a validation of the American dream and by others as a threat to the American identity. Election of the first African-American president was seen by many as a victory for hope, upward mobility, and profound cultural change, but by many others as a threat to the social order. With few exceptions, the political environment in Washington, DC, was characterized by unprecedented polarization and outright hatred.

Healthcare, of course, has not stood still since 2001. It has undergone tremendous changes, many of which were affected by larger economic, political, technological, and social factors. Economic constraints and the unconstrained increase in the cost of healthcare fed into demands for “bending the cost curve,” leading to changes in incentive structures in the US healthcare system and its payment mechanisms. Politically, even in the midst of congressional gridlock, passage of the Affordable Care Act in 2010 represented the most important federal legislation since the enactment of Medicare in 1965.

As of this writing, the law continues to be under attack, and the eventual state of the law is uncertain.

Whatever the eventual outcome, more people are likely to have access to healthcare services, placing additional pressures on the healthcare system for effectiveness and efficiency. Socially, the aging of the baby boomers has, as predicted, placed increasing pressures on the healthcare system. The increasing diversity of the population has reinforced the need for cultural competence and systems of care that are responsive to social and cultural differences. In the workforce, generational diversity has created the need to consider reward and motivational structures that are generationally appropriate.

Healthcare systems continue to be under pressure to meet three aims: quality, cost containment, and access to care. Attention to quality has become increasingly acute as incentive structures focus on rewarding quality and in effect have begun to place sanctions on organizations, in some cases arguably, for substandard care. Quality improvement processes are a mainstay of organizations, requiring the active engagement and participation of employees.

Enter healthcare human resources management (HRM). Despite the changes of the past 15 years, people continue to play a critical and central role in providing health services. While automation and other technological advances have allowed other industries to downsize, technological changes in the healthcare industry generate the need for trained and well-managed health professionals. While other industries have outsourced an incalculable number of jobs, healthcare services cannot be significantly outsourced, with the exception of medical tourism, which operates on the margins of US healthcare.

Moreover, the healthcare workforce is under increasing pressure. Incentive structures have led to increased severity among hospitalized patients, and cost containment pressures have led in some instances to decreases in staffing with the remaining workers facing an increased workload. Managers are being asked to manage and retain a workforce that is in many cases highly stressed and mobile. Millennials, in contrast to earlier generations, tend to have a high need for personal development but only limited attachment to the organization. Further, jobs are changing as the healthcare system creates demands for new competencies. Effective job design, training, and performance management mechanisms need to be well developed and executed effectively.

We could go on documenting changes in the healthcare system, but instead we will describe the current edition of *Human Resources in Healthcare* and how each chapter in this edition addresses key realities and changes in healthcare. Undoubtedly, we will have overlooked some changes, and future changes are difficult to predict with confidence. Therefore, we offer this volume under the assumption that readers consider the content of this

book in the spirit of continuous lifetime learning. Change is a given, but recognizing change and adapting effectively do not necessarily follow. In the words of Albert Einstein: “As far as the laws of mathematics refer to reality, they are not certain; and as far as they are certain, they do not refer to reality.” We could say the same about healthcare and healthcare management.

Effective HRM is a product of at least three elements: cognitive knowledge, affective competencies, and experience. This book addresses domains of cognitive knowledge, including the idea of organizational strategy and HRM; the larger environment within which HRM occurs, including the legal environment and health workforce labor markets; and the multiple processes and systems involved in managing the healthcare workforce. For this knowledge (and, for that matter, any management knowledge) to be applied effectively, managers need to possess a variety of affective characteristics including competencies in such areas as emotional intelligence, interviewing, conflict management, and problem solving. Mastery of HRM, like virtually every other aspect of life, requires experience, practice, and learning from successes and failures through self-insight, reflection, and mentoring. The topics in this book are a starting point for developing mastery in working effectively with people in healthcare organizations.

In Chapter 1, Myron D. Fottler establishes the framework for this book: strategic HRM. An overall theme is that HRM is a responsibility of all people in the organization and certainly is not limited to the formal human resources (HR) department. The basic premise of strategic HRM is that HR practices and processes need to support the mission and strategies of the organization. This situation is far from a given. We have found repeatedly in the classroom that when we query a group of experienced managers, we are far more likely to find examples of poor HR practices than effective ones. Similarly, HR departments, which should be a key part of the senior management team, are very often viewed as operating in opposition to the interests of employees and the organization as a whole.

All organizations operate within a legal environment, and in Chapter 2, Drake Maynard provides foundational knowledge in the multitude of laws, regulations, and court decisions affecting HRM. Like other aspects of the law, the legal framework for HRM is in a constant state of flux with changing legislation at multiple levels, new interpretations resulting from court decisions, and changing regulations. Among the many areas of law covered are the Americans with Disabilities Act as amended, Title VII of the Civil Rights Act, the Fair Labor Standards Act, and the Family and Medical Leave Act. The chapter discusses the legal issues surrounding sexual harassment, the forms of sexual harassment, and how managers can avoid as well as respond to charges of sexual harassment. Written by a legal expert in employment law and containing many references to landmark legal cases, the chapter is

nevertheless remarkably accessible to the nonlawyer. While most managers need not have a thorough knowledge of all aspects of employment law, they need to know the boundaries of the law and realize when their practices may be testing the boundaries of legality. This chapter effectively provides this foundation.

Healthcare organizations likely employ a broader range of professionals than do any other type of organization. The role of health professionals continues to evolve as a result of changes in technology, health services, and competency requirements. In Chapter 3, Kenneth R. White and Dolores G. Clement provide essential information on the distinction between professions and occupations, the process of becoming a professional, licensure and regulation, scope of practice, and the changing role of professionals. They also provide background information on factors associated with supply and demand for health professionals, including changes in technology, changes in payment mechanisms, and the increasing diversity of the settings in which healthcare services are provided.

John C. Hyde II authors a new chapter in this book on the credentialing of healthcare providers. Physicians have a complex relationship with many healthcare organizations yet play a central role in determining the quality of health services. In Chapter 4, Hyde discusses the legal framework and key court cases related to credentialing and privileging. He details the Joint Commission requirements to ensure high-quality and safe patient care and describes the processes that organizations should follow in ensuring a competent workforce. Hyde acknowledges the uncertainties and risks in credentialing and the difficulties faced, for example, when a surgeon requests privileges for a new procedure despite having limited experience with the procedure.

The issue of diversity is perhaps the most misunderstood aspect of management, yet its importance is integral to employee satisfaction and effectiveness as well as the quality of patient care. In Chapter 5, Rupert M. Evans Sr. stresses the importance of understanding the impact of diversity among patients and healthcare workers. He provides an expansive definition of diversity, characterizing diversity as falling into the three categories of human diversity, cultural diversity, and systems diversity. Using this framework, he makes the important distinction between diversity and the idea of inclusion. Taking a positive approach, he cites the business case for diversity and the potential for effectively managing diversity to positively affect patient outcomes and reduce disparities.

An employee's actual job is a central part of HRM. As described by Myron D. Fottler in Chapter 6, jobs continue to change in their competency requirements, how they are designed, and how they interact with other jobs in an organization. Jobs also are the foundation for other HR practices. For example, without a clear understanding of job requirements, establishing

selection criteria for new employees is not possible. Nor is it possible to effectively coach individuals on their performance.

In Chapter 7, Bruce J. Fried and Michael Gates address the interrelated topics of recruitment, selection, and retention. In a rapidly changing healthcare system, finding and selecting the right people for the job is critical. However, selecting the best people for the job does not mean that prospective employees will choose to work for the organization, and it certainly does not ensure that they will stay with the organization. Fried and Gates describe alternative modes of employee recruitment as well as effective techniques for distinguishing between job applicants with similar skill sets and backgrounds. They address the controversial area of organizational fit and analyze its role in the selection process. Employee retention is of paramount importance in healthcare, and the authors provide evidence to support the importance of retention and evidence-based practices that organizations can use to maximize the likelihood of retaining the right people.

Part of keeping people in the organization is working with them to continually improve their performance. In Chapter 8, Bruce Fried addresses the topics of measuring employee performance and using this information to help employees develop their skills. This process, known as *performance management*, also includes ensuring a work environment where people are respected and valued. In this edition of the book, we have added a section on an unfortunate but highly prevalent aspect of organizational life: the bully. We describe the phenomenon of bullying, how to prevent it from occurring, and how to respond once it comes to light.

Reward systems are central to employee motivation, satisfaction, and performance. Noting that people work for both intrinsic and extrinsic rewards, Chapter 9 focuses on extrinsic rewards, namely compensation. In this chapter, Bruce J. Fried and Howard L. Smith address the role of compensation within the overall reward structure of the organization. They address the key topic of how jobs are valued in monetary terms and how objective job evaluation processes often need to be tempered by labor market considerations. In light of the current emphasis on individual and organization-wide pay for performance, they describe the strengths and drawbacks of different forms of incentive compensation, as well as considerations and trends in physician compensation.

Financial compensation is but one part of the total compensation that an employee receives. Employee benefits play a critical role in employees' decision to join an organization, their satisfaction, and their likelihood of staying with the organization. Dolores G. Clement, Maria A. Curran, and Sharon L. Jahn devote a chapter to the highly significant role played by employee benefits, in terms of both the cost to the organization and the motivational potential of these benefits. They provide a road map of

employee benefits ranging from mandatory benefits, such as Social Security contributions and workers' compensation, to an array of voluntary benefits including health insurance, life insurance, and leave. Of particular importance is the attention to benefits plan design and how different employees value various benefits. Among the benefits design issues addressed are the inclusion of domestic partners in benefits, budget concerns, and related information about self-insurance and stop-loss insurance.

Performance improvement is a critical function in all organizations and is particularly important in healthcare, where technologies and methods of providing care are in a state of continuous change. In Chapter 11, Donna L. Kaye and Myron D. Fottler address performance improvement from both organizational and individual perspectives. They note that performance improvement initiatives are typically based on enhancing individual skills and expanding an employee's skill set. Training activities typically focus on the individual employee's current job and on remediating particular skill-set deficits. While these activities are important, when conducted alone they ignore the impact of organizational factors on individual performance. By contrast, organizational development is centered on enhancing both current and future jobs, improving the work group or organization over the long term, and attending to future work demands. Organizational development interventions are broad and include such activities as organizational diagnosis, succession planning, and communication. Kaye and Fottler describe a broad array of key organizational development processes and provide guidance on implementation.

Among the many sectors of the economy, healthcare organizations and public-sector organizations hold the greatest potential for increased unionization. Laws and rules governing unionization in healthcare are somewhat different from those in other sectors. In Chapter 12, Donna Malvey and Amanda Raffenaud summarize the legislative framework and judicial rulings governing healthcare unionization, describe the evolving role of unions in healthcare, and provide a description of the unionization and labor relations process in healthcare organizations. They describe all phases of the labor relations process, from the union recognition phase through contract administration. The specific requirements and obligations of management and unions in healthcare organizations, based largely on the 1974 amendments to the National Labor Relations Act, are described. The chapter also addresses the controversial area of physician unionization and the potential impact of the Affordable Care Act on unions. Given the likelihood of increased unionization in healthcare, the authors provide guidance on working effectively in a unionized environment.

Among the most difficult tasks in the healthcare system is projecting health workforce needs and matching these needs with supply. While most of

the chapters in this book approach workforce issues from an organizational perspective, Erin P. Fraher and Marisa Morrison address workforce planning from a broader macro policy perspective. They discuss and assess methods used to ensure that the United States, or, for that matter, any country or jurisdiction, has the needed workforce in place, now and into the future. They examine workforce planning not in a vacuum, but cognizant of changes throughout the healthcare system that may affect workforce needs as well as new skill requirements. They address multiple related topics, including the distinction between “demand” and “need,” the nature of oversupply and shortages, and alternative methods of assessing projected supply of and demand for health workers, as well as the lasting problem of uncertainty in making accurate projections.

The nursing profession is critical to the functioning of the healthcare system. In the hospital sector, nurses are the only professional group present 24 hours a day and every day of the year. Nurses are highly skilled, indispensable, and central to patient care and quality. In Chapter 14, Cheryl B. Jones, George H. Pink, and Lindsay T. Munn begin with a description of the types of nursing personnel, their education, competency requirements, and scope of practice. Understanding nursing roles is essential to understanding the critical factors involved in nurse staffing and deployment. They then discuss the substance of nurses’ work, staffing and alternative methods of measuring nursing workload, and issues such as the role of nurses in unionized and nonunionized settings, nurse–physician relationships, and stress and burnout. They also address the key influence nurses have in value-based purchasing, being heavily involved, for example, in care coordination and in ensuring a patient- and caregiver-centered experience.

The quality improvement movement has finally achieved its migration from manufacturing and service industries to healthcare. Given incentive schemes that link reimbursement to quality indicators, and the availability of information on quality to payers and consumers, quality and patient safety are clearly hallmarks of healthcare organizations. Quality improvement is based on a synthesis of process analysis, measurement, and human creativity. In Chapter 15, Jordan Albritton and Bruce J. Fried provide a review of the quality improvement approach and summarize its forms (e.g., Lean). They take the view that a great deal of attention has been given to the mechanics of quality improvement, namely, the use of such quality improvement tools as run charts and Pareto diagrams. However, the human element, which is necessary to interpret data and devise creative and effective solutions to quality problems, has received less attention. In this chapter, Albritton and Fried identify the HR requirements, such as the development of effective quality improvement teams, that are essential to effectively apply quality improvement tools, interpret data, and develop effective and sustainable quality improvement changes.

The two appendixes are new to this book. Appendix A discusses HR metrics. Evaluation has become increasingly important in all aspects of organizational life, including HR functions. Appendix A provides background information on the need for and use of HR metrics, and offers examples of HR metrics. Appendix B includes six problem-based learning (PBL) cases. PBL is a student-centered learning methodology requiring the student, along with team members, to research a complex problem and design an evidence-based and feasible solution to the issue. As described in Appendix B, student teams read the case problem and identify what they need to learn in order to respond to the problem. These learning objectives form the basis for independent research and eventual collaboration of team members in writing the case response. The PBL method has a motivational element in that students themselves define their learning needs. Substantively, this approach provides the opportunity for students to delve into specific HR issues in greater depth and to use the most current research and writing on the topics presented in the cases.

This textbook and the accompanying instructor resources are designed to facilitate discussion and learning. The instructor resources include PowerPoint slides for each chapter and key teaching points. For access information, e-mail hapbooks@ache.org.