



## HR Audit- A Route to Success in Healthcare Sector

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### ABSTRACT

Today's business climate puts the onus on the HR department to accept the challenge of doing more with less, while contributing value toward business objectives. For fulfilling these multidimensional responsibilities, it is necessary to evaluate the performance of human resource department at regular intervals for measuring its effectiveness and efficiency for achieving the goals of organization. The present article is an attempt to study the HR Audit, its objective and define the process in a private hospital.

### KEYWORDS

HR Audit, Healthcare sector, Process

### INTRODUCTION

The historical role of human resources has changed dramatically since its inception in the early 1900s. What began as a primarily clerical function is now a strategic partner in planning and attaining organizational policies and goals. For fulfilling the multidimensional responsibilities, it is necessary to evaluate the performance of human resource department at regular intervals for measuring its effectiveness and efficiency for achieving the goals of organization. This evaluation of HR department and its practices is done through the process of HR Audit which tells the organization about its present standing and condition. The present article is an attempt to study the HR Audit, its objective and define the process in a private hospital.

### ABOUT HR AUDIT

Armstrong (2006)<sup>1</sup> explicates Human Resource Audit as a measure to take snapshot of the HR department's current performance for further improvement in its systems and procedures for enhancing the efficiency and effectiveness of the organization in general. HR audit is conducted in the organization to review and assess the quality of human resource practices and policies. The team of HR audit consists of HR experts and consultants evaluate the activities of HR department in terms of effectiveness and efficiency. They appraise the role of HR department in achieving the strategy of the organization through this audit. The major quantifiable deliverables of HR audit are satisfaction of employees regarding the HR practices and policies, minimize the regulatory fines and law suits, increase in efficiency and effectiveness, clarity and understanding of employees regarding the HR functions and procedures, low turn-over rate and high retention of best employees.

### REVIEW OF LITERATURE

A number of studies picturised the issues in health care sector like Lebows.D.E (1974)<sup>2</sup> who suggested that in addition to measuring the patients subjective perceptions of care, the process, the structure, the outcome, the impact on patient should also be assessed in order to evaluate the quality of interaction between doctor and patient. Bhola. R.S., and Anand.T.R, (1978)<sup>3</sup> highlights the areas that need personal attention of hospital administrator. Knapp R.I. and Peppers L.G (1979)<sup>4</sup> reported that many physicians are unable to meet patient needs at personal level because their training militates against their accepting a shift, no responsibility from "healer" to "consoler" role. Fried Man, H.S., Dimatco M.R. Taranta A(1980)<sup>5</sup> went to investigate the relation-

ships between individual differences in non verbal expressions and factors of personality and social interaction in patient satisfaction and doctor's expressive ability. Desai.V.B (1984)<sup>6</sup> elaborated the functions, principles and complexity of the hospitals. Eisendrath.S.J. Link N Matt Hay, M.(1986)<sup>7</sup> noted that an ICU has been considered as psychologically stressful environment. Rozmin A Jain (1990)<sup>8</sup> put forward the role of .management control system in achieving the objectives of the hospital. Shankara Rao.M (1992)<sup>9</sup> advocated the current issue involved in hospital administration. Buetow & Roland(1999)<sup>10</sup> opined that clinical audit has traditionally low priority within the NHS in comparison with research. Kara Hanson and William Jack (2007)<sup>11</sup> depicted that human resource problems are impeding progress towards global health targets. Simons Kelsey and Jankowski Thomas (2008)<sup>12</sup> depicted the factors influencing nursing home social workers' intentions to quit employment. Jha.S.K (2013)<sup>13</sup> suggested that the management has to recognize the important role of Human Resource Department in order to successfully steer organizations towards profitability. The various findings of the past studies paves way for better understandability in the concept of Human resource in Healthcare sector. This would enrich the present study with a unique perspective, clear thought and dimension.

### OBJECTIVE OF HR AUDIT IN HOSPITALS

The purpose of the HR Audit in hospitals is to conduct more in depth analysis of the HR function to identify the areas of strengths and weaknesses and where improvements may be needed. Conducting an audit involves a review of current practices, policies, and procedures, and may include benchmarking against other established hospitals of similar nature. Areas that should be audited include:

- Hiring/staffing/recruiting
- Talent benchmarking/assessment/selection
- Compensation design & management
- Benefits management & administration
- Policy creation, maintenance and governance
- Communications and education
- Retention and terminate analysis
- Workforce and succession planning
- Employee relations
- Staff & leadership development
- Legal compliance
- Record-keeping
- Health safety and security etc

## PROCESS OF HR AUDIT IN HEALTHCARE SECTOR

Over the last twenty five years there was a significant change in the HR auditing process, the value derived from HR auditing, and the HR audit tools used. HR audits have evolved from a simple checklist of do's and don'ts or periodic affirmative action plans to a comprehensive, sustainable process that is an integral part of the hospital's internal controls, due diligence, and risk management, a fundamental activity of strategic management and uses sophisticated auditing products and consulting services.

### ➤ Stage :I Getting Started

#### ➤ Stage :II Developing a Checklist

After audit goals and success criteria have been defined, it is helpful to develop a checklist that can be used to determine the presence or absence of certain practices, and to compare and contrast practices with policy or legal requirements like:

- What policies should be audited?
- What practices should be audited?
- What records should be reviewed?
- What trends should be tracked?
- What analysis will be done?

➤ **STAGE III: Description:** Questions to be asked during the audit should be framed to solicit a written or oral description. Transcribing the answers makes it possible to later engage in systematic verification through comparison with existing written records and reports.

➤ **STAGE IV: Clarity:** Once descriptive information has been collected, the next step is to probe for common understanding. Often, discrepancies among individuals is the result of poor communication.

➤ **STAGE V: Fit:** Individuals may be clear and agree on a course of action, but clarity and agreement are not an indication that a particular action is the right one to take.

➤ **STAGE IV : Planning Questions** The word "audit" comes from the Latin verb *audire*-to listen. Listening is used in a broader sense than just listening with our ears. It includes using our eyes, as well, when we search for answers to important organizational or functional issues. Developing a systematic set of questions to take the place of eyes and ears can be tedious. Avoiding significant omissions and preventing duplication are key. The answers to the auditor's questions must lend themselves, to the extent possible, to quantitative analysis.

### ➤ STAGE V :Collecting Data

Collecting information can be laborious and time-consuming. Depending on the size of the target audience, the available time, and the type of data to be collected, it may be necessary to use and blend the strengths of a number of different data collection methods. Such methods include interviews, questionnaires, a review of relevant records, observation, or a combination of these methods. Sources from which HR data can

be obtained for auditing purposes include: human resources policies, the HR mission statement, employee handbooks, affirmative action plans, employee surveys, absenteeism and turnover studies, cost per hire studies, employee lawsuits, bulletin board notices, organization charts, published salary surveys, EEO compliance reports, classification studies, operating budgets, and workers' compensation claims. Sources of data for a more specific auditing purpose, say, staff performance, might include manager assessments, self-assessments, and surveys and interviews.

### ➤ STAGE VI: Analyzing Audit Data

After data are collected, it is important to examine the information with an eye toward assessing readiness for change and identifying possible reasons for resistance to change. Readiness for change can be measured using "force field analysis"-what organization development practitioners call the "unfreezing-refreezing" method. A force field analysis makes HR incumbents examine the restraining forces (-) on one side and the positive forces (+) on the other for any given status quo situation. Restraining forces are for maintaining the status quo; examples are: inertia, threat to social status, job security, lack of motivation, lack of resources, etc. Positive forces are for changing the equilibrium. Improved job satisfaction is one example of a positive force. Not all the forces, restraining or positive, are of equal strength; some require significant effort while others are relatively easy to change. The balance of forces can be changed either by adding new positive forces or eliminating one or more negative forces.

### ➤ STAGE VII: Reporting

An audit must clearly communicate its findings and their consequences, and suggest ideas for improvement. To the extent that management can "see" the benefits of any suggested changes-and believes that the cost of acting is reasonable-the likelihood that changes will be implemented is higher. Once the audit data are analyzed, a number of gaps "what is" versus "what should be" or "what could be" will surface for which measurable "payoffs," such as cost avoidance, litigation avoidance, increased productivity, greater job satisfaction, better customer service and satisfaction, etc., should be obvious.

## CONCLUSION

In short human resources in a hospital has to address the rapidly changing conditions affecting the type of employees required and their changing needs, so the function requires flexible and knowledgeable practitioners. The role of human resource department is changing and amplifying with the increasing diversity of the human resource in the organizations and multifaceted legal and ethical issues in global organizations. Every organization is said to be successful when the human resources of the organization is competent and resourceful, contributing to the individual and organizational growth. Success of every unit of management lies in the basic function of setting organizational tasks to be performed and achieve them with the help of the employees.

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