



Research insight

# Improving health through human resource management

## Summary findings



# Introduction

This Research Insight provides an overview of the findings from a major research project examining how human resource management (HRM) can help NHS organisations achieve their goals. It focuses on the individual as the link between HRM and performance (see Box 1). In this research, performance has been understood in terms of patient care.

Based on interviews in six case study organisations, this phase of the research follows an extensive review of the literature on the links between HRM and performance, and consultations with subject matter experts. (See 'Find out more' on page 12 for further details of the finished study and previous publications.)

The research has been carried out by a multidisciplinary team from the University of Manchester, which has been at the forefront of both HRM and health policy research, as well as having extensive understanding of leading-edge HRM in other sectors.

The project has been sponsored and funded by the Department of Health Policy Research Unit, the Chartered Institute of Personnel and Development (CIPD) and Healthcare People Management Association.

## Box 1: Concepts used in the research

**HRM:** The concept of the HRM system (Bowen and Ostroff 2004) was used, which comprises both the HRM strategy for the organisation and the HR content – specific HR policies and practices.

**Individual:** The concept of the psychological contract between employers and employees (Rousseau 1995) was used to explore individual perceptions of the relationship between HRM and performance. There was a focus on expectations held by individuals, and what they believe their employer expects in return.

**Performance:** Performance was considered in terms of what an individual does, as well as something measured using formal frameworks. Subjective and objective means of describing performance in terms of individuals and organisations were used.

This Research Insight summarises the findings from a major research project by Manchester Business School, the University of Manchester.

This research was carried out by Ruth Boaden, Mick Marchington, Paula Hyde, Claire Harris, Paul Sparrow, Sarah Pass, Marilyn Carroll and Penny Cortvriend.

The full research report will be available at the end of 2007 (see page 12 for details).

# About the research

The research was conducted in six case study organisations from the acute, mental health and primary care sector during 2006. Because the focus was on how HRM links to performance (rather than what HRM policies and practices link to performance), qualitative methods were used to uncover the process. Over 170 interviews were carried out with individuals from a range of professions and levels of the organisation, as well as a small number of interviews with staff from partner and contractor organisations. Over 60% of those interviewed were female and over half had worked for the NHS for over 15 years. The data was analysed using standard thematic analysis approaches.

Access interviews were conducted to gather contextual and background data for each organisation, while interviews with employees were the major source of data. These were designed to gain individual perspectives on how HRM influences performance through a series of structured questions and a 'card sort' to explore the way in which individuals thought that various HR practices related to each other and had an impact on their own performance. Some interviews with staff from partner and contract organisations were also carried out to develop understanding of partnership and contracting arrangements in practice.

Workshops with NHS HR practitioners were also held to explore the implications of the findings, and throughout the period of the research the team were involved in other dissemination and research activities, which enabled discussion and exploration of the findings with a variety of academic and practitioner audiences.

While the implications from this research will be of interest to all HR professionals, many are specific to the NHS, which is a public sector organisation but is structured both to commission and provide healthcare. There is also a high level of professional autonomy among its staff.

# Overview

The issue of how human resource management (HRM) contributes to the performance of organisations is one that is increasingly important. This research addresses the question, 'How can HRM help NHS organisations to achieve their goals?' It shows that HRM influences performance through a process involving individuals, which is more effective if each stage of the process is aligned with the other, and if HRM engages with individuals throughout the process. The research was conducted in six case study organisations from the NHS acute, mental health and primary care sector during 2006, with over 170 interviews conducted, as well as a small number of interviews with staff from partner or contractor organisations. Qualitative methods and associated data analysis methods were used to develop insight into how HRM influences performance.

The results of the research show that:

- Organisational strategy varied greatly, as did HRM strategy and structure and the arrangements for cross-organisational contracting, with no evidence for one best way of organising HRM.
- HRM content (practices) was similar in each organisation, although the priority given to different practices varied depending on the organisational strategy. Managers are key in implementing HRM and recognised its importance, but often had little involvement with the development of HR policies and struggled to balance their work.
- Individual perceptions of HR practices grouped them into those that support professional development through appraisal, training and career development, employee contribution through communication, teamworking and employee involvement, and the employee 'deal' through recruitment, pay, non-monetary rewards, work-life balance and job security.
- The expectations of individuals at work can be both explicit (that is, openly discussed) and tacit (that is, taken for granted or not openly discussed),

and are concerned with HR practices; help and encouragement; infrastructure and enabling patient care. Having expectations met led to effective patient care.

- Most individuals thought that their employers expected them to get the job done and examples of going beyond employer expectations were described, often motivated by reasons associated with intrinsic motivation or patient care.
- Individual performance was concerned with how an individual does their work, which then leads to outcomes for patients. Organisational performance was perceived to be assessed using targets', which were seen by some (but not the majority) to be in conflict with patient care, with many individuals unable to describe a link between their own individual performance and that of the organisation. However, some did describe performance for individuals, the organisation and the NHS as a whole in terms of patient care and the effective use of resources.

## **If HRM is to influence performance, then the organisation needs to:**

### **Align:**

- all elements of strategy with the overall vision and direction of the organisation – including patient care and with the role of individuals. This must be explicit, led from the top and consistent
- the working environment and individual expectations of support, as this influences individual performance
- feedback mechanisms and content with roles, so performance frameworks focus on how healthcare is provided
- HR function resources, staffing and other elements of infrastructure with the demand for healthcare to support managers and staff in performing effectively.

### Communicate:

- the vision for the organisation effectively, with honesty and staff involvement in times of organisational change
- the development of a culture where it is acceptable to raise issues of volume and content of work.

While individuals do at times work beyond employer expectations in terms of hours, this should not be something expected routinely by employers.

### Understand:

- the competing priorities and the managerial capability of line managers
- the effect that organisational reputation has on individual motivation
- that emotional response is a part of the process leading to individual performance
- the expectations that individuals have of their employers
- that individuals are supported to meet what their employer expects by colleagues and working effectively in teams
- why and when individuals go beyond expectations both in terms of what they do and how much time they spend. If this demonstrates underlying system issues, then these should be resolved
- the implications for both the individual and the organisation of having some staff who do not believe anything is beyond employer expectations.

When working with partner and contractor organisations, the organisation needs to align positive attitudes towards providing patient care with the goals and values of the NHS, supported by good working relationships.

Alignment of principles and ways of working with partner organisations must be supported by details of policy, practice and communication mechanisms and may involve joint monitoring by both parties.

### If HRM is to influence performance, then the HR function needs to:

#### Translate and adapt:

- national guidance on HRM as well as HR policies, along with the rationale for their use and guidance on implementation, so they are clear and understandable.

HR practices will require different emphases, depending on the organisational strategy and the needs of individuals

- the requirements of the organisation into specific roles that place realistic demands on individuals.

### Align:

- its structure with the operating units that comprise the organisation, as well as ensuring consistent understanding of HRM as 'people management' throughout the organisation
- HR practices and processes to key organisational goals, so that staff are encouraged to contribute to these
- individual and organisational performance through competency frameworks that link these levels clearly.

### Communicate:

- with a wide range and level of staff in the development of HR policies
- meaningful feedback about performance through mechanisms that are effective and timely.

### Understand:

Specific issues that influence performance, and then take action. These include:

- the key role of line managers in people management, which requires appropriate knowledge, skills and appraisal to be effective
- the way in which individuals perceive the relationship between HR practices
- that teamwork and line managers can be effective in supporting individuals when they have issues of workload
- that staff higher up the organisation have a better understanding of how their role fits with the goals of the organisation.

Key enablers of this process include relationships with colleagues, managers, support and leadership, as well as infrastructure – resources and staff. Professional ideology enables performance that might otherwise not be achieved. Access to a range of HR practices is also important at each stage. This research shows that there is no 'one best way' for HRM to operate in NHS organisations. Instead, HRM needs to become increasingly sophisticated in engaging with a range of stakeholders to enable improvements in performance.

# Key findings

The stages of the process and the results of the research show that the context within which NHS organisations operate influences the strategy of the local organisation and the HRM strategy. And there was little commonality in terms of organisational strategy content between the various types of organisation studied.

The HRM strategy then drives HR content (HR practices and policies) and the way in which these are implemented – this is termed the HRM system. HRM strategy and structure varied, as did the arrangements for cross-organisational contracting. We found no evidence for one best way of organising HRM. HRM content (practices) was similar in each organisation, although the priority given to different practices varied and often reflected the organisational strategy. Implementing HRM is part of the work of line managers, who recognised its importance but often had little involvement with the development of HR policies, and sometimes struggled to balance HRM with other activities. Individual perceptions of HR practices (content) tended to group them into those that support *professional development* through appraisal, training and career development, *employee contribution* through communication, teamworking and employee involvement, and *the employee 'deal'* through recruitment, pay, non-monetary rewards, work–life balance and job security.

The HRM system then influences the individuals who deliver the service and their performance. We considered the expectations of individuals, using the psychological contract as a framework for analysis, and found that expectations at work can be both explicit (that is, openly discussed) and tacit (that is, taken for granted or not openly discussed). They can be classified into one of four types: HR practices; help and encouragement; infrastructure; and enabling patient care. Over 70% of individuals report that they had their expectations met at work, and that this led

to effective delivery of patient care. Most individuals thought that their employers expected them to get the job done (task performance) and examples of going beyond employer expectations (contextual performance) were described. Some related to staying later at work than planned or expected, for reasons associated with intrinsic motivation or patient care.

The combination of individual performance then comprises organisational performance. In the case of the NHS we have focused on organisational performance in terms of improving patient care. Individual performance was seen to be concerned with **how** an individual does their work, which then leads to outcomes for patients. Organisational performance was perceived to be assessed using targets, which were seen by some (but not the majority) to be in conflict with patient care, and many did not make a link between their own individual performance and that of the organisation. However, performance was described in terms of patient care and the effective use of resources for individuals, the organisation and the NHS as a whole.

# Implications for organisations and HR professionals

The implications for organisations and the HR function can be summarised in terms of three activities:

- 1 Identify the stages of the **process** by which HRM helps organisations to achieve their goals, focusing specifically on the part individuals play in this. There will also be specific roles for the HR function in this.
- 2 **Align** elements of the process, especially the links between organisational strategy and individual roles.
- 3 Enable HRM to **engage** with various parts of the process, by:
  - **translating and adapting policy** into local actions, as well as flexibility in terms of the implementation of HR practices and policies
  - **communicating** in terms of both internal and external communication, using formal and informal communication mechanisms
  - developing a deeper **understanding** of the individuals who provide healthcare, including the organisation's workforce as well as those employed by other agencies.

At all stages the enablers of engagement and alignment, as well as the constraints, need to be identified and managed appropriately.

Our findings suggest that there is no 'one best way' for HRM to operate in NHS organisations. Instead, HRM systems need to become increasingly sophisticated in engaging with a range of stakeholders to enable improvements in performance. The following section details these implications for organisations in general, and the HR function specifically, for each stage of the process. It is recognised that the organisation as a whole and the HR function need to work closely together on many of these implications, but the distinction made here is intended to emphasise where the primary responsibility for driving these implications lies.

# The process of linking HRM and performance

The overall process that links HRM to performance is shown in Figure 1. This process comprises a number of sub-processes, which may act in both directions, and are also shown in Figure 1:

- a. the wider context to organisation strategy and then HRM strategy
- b. the HRM system: HRM strategy and HR content
- c. the HRM system: HR content and implementation
- d. the HRM system and the individual
- e. individual performance and organisational performance
- f. feedback about individual performance and individual response
- g. the individual and the organisation.

**a. The wider context to organisation strategy and then HRM strategy**

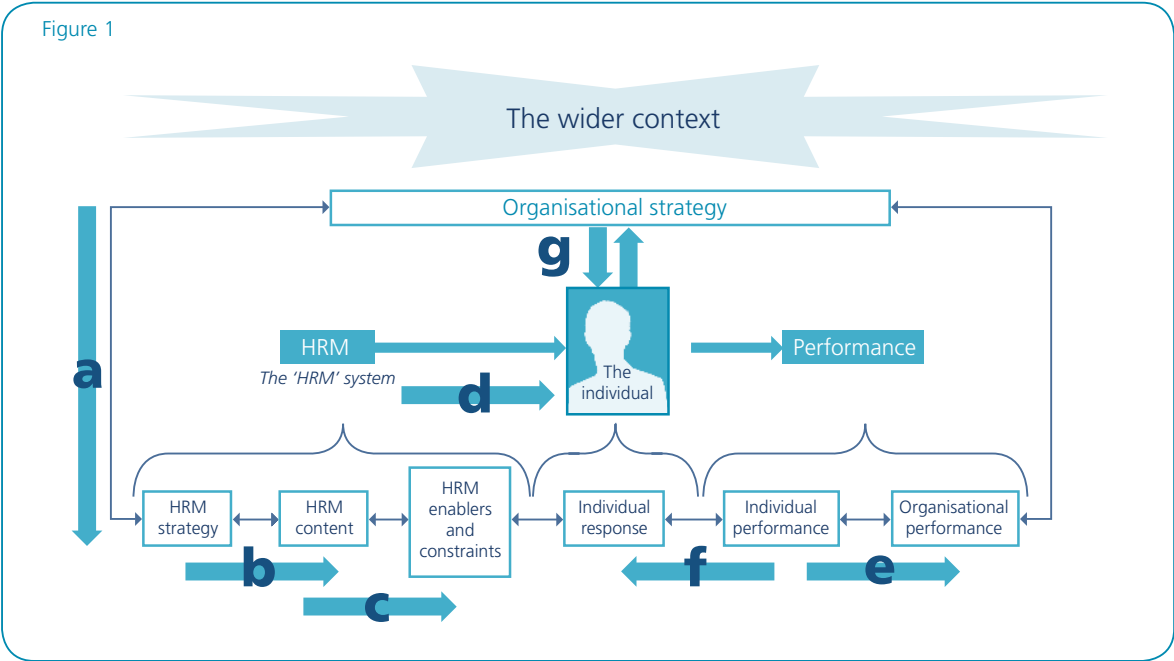
Involvement in both developing and monitoring organisational strategy will help individuals to see the link between their role, the goals of the organisation and the wider context.

The organisation needs to:

- align all elements of strategy with the overall direction of the organisation – including the HRM strategy. Organisations may need to create opportunity to do this as well as exploiting opportunities that arise, for example the prospect of Foundation status.

The HR function needs to:

- translate and adapt national guidance on HRM and apply it locally, in line with the intention of the NHS as a whole and its direction of travel
- understand that staff at higher levels of the organisation are more able to link the appraisal of their own role to what the organisation does. Staff at lower levels therefore need to be enabled to develop this understanding.



## **b. The HRM system: HRM strategy and HR content**

The organisation needs to:

- align the capacity of the HR function with the needs of the organisation, so that it can provide effective and timely support and advice to line managers on HRM as well as fulfilling its other roles
- understand the competing priorities and the managerial skills of line managers – HRM implementation is only one of their responsibilities. This understanding must then lead to effective job design; otherwise devolution of responsibility for HRM will not be effective.

The HR function needs to:

- align its structure with the operating units that comprise the organisation so that links are clear, but also support these in practice by making HR staff visible and part of the formal and informal communication networks in the organisation
- communicate with a wider range and level of staff in the development of policies to support people management.

When working with partner organisations, the organisation needs to:

- align the positive attitudes that most people working for partners and contractors have towards providing patient care with the goals and values of the NHS, whoever the employer is
- align principles and ways of working with partner organisations. Contracts should contain clauses stipulating a similar philosophy of 'good' HR practice. These should be detailed in terms of policy, practice and communication mechanisms and may involve joint monitoring by both parties
- set up and facilitate a series of working teams at different levels, comprising managers from the NHS and partner/contractor organisations to communicate and develop positive working relationships.

## **c. The HRM system: HR content and implementation**

The HR function needs to:

- ensure that policies, as well as the rationale for their use and guidance on implementation, are translated and adapted to be clear and understandable
- recognise that one size will not fit all, and so translate and adapt HR practices, and different emphases, depending on the organisational strategy, will be required
- understand that line managers have a key role in implementing HRM – and they need to be trained. Develop line managers to ensure they have the knowledge and skills to deal with people management issues. They also require appropriate appraisal systems for this element of their role.

## **d. The HRM system and the individual**

The organisation needs to:

- enable and encourage a working environment that is aligned with the needs and expectations of staff for support from managers and colleagues – because it influences performance. This is not simply the responsibility of the HR function.

The HR function needs to:

- align the understanding of HRM as people management throughout the organisation so that HRM can achieve its objectives – at present the understanding varies according to the level of the organisation
- align practices and processes to key organisational goals, so that staff are encouraged to contribute to these and there is gain for the individual and the organisation. This can be done through effective communication, teamworking and employee involvement
- ensure that individuals understand the requirements of the job, as well as translate work requirements into specific roles with realistic demands. This will then avoid detrimental effects on individuals or others in their team
- adapt HR practices to the needs of the individual as flexibly as possible, especially where training is concerned

- communicate clearly the long-term implications of working long hours over a sustained period, as well as supporting individuals to address the issue. Line managers are important in this process
- understand that staff want a fair and equitable 'deal' in return for their continuing contribution to patient care – through competitive pay and rewards, work–life balance and security
- understand that staff want opportunities for developing their professional skills – through focused and integrated systems for appraisal, training and career development. Training has been shown to influence individual performance
- understand that teamwork can be effective in supporting individuals when they have issues of workload, and so encourage and support it. Line managers are also important in this process.

#### **e. Individual performance and organisational performance**

The organisation needs to:

- align the work of individuals with patient care. This is likely to require detailed understanding of how work links to patient care, not simply a series of statements about patient care being a priority, and it may be more important for staff who are not directly involved in providing patient care
- align performance frameworks to focus on how healthcare is provided. A focus on outcomes without considering the process by which outcomes are achieved may not be an effective use of resources
- align the values of the organisation, its vision and objectives, and the role of the individual. This is important so that individuals understand how their work contributes to the organisation as a whole. This alignment needs to be made explicit and communicated clearly from the top.

#### **f. Feedback about individual performance and individual response**

The organisation needs to:

- ensure that mechanisms for communicating feedback are effective and timely, and that the feedback is meaningful. IT may be able to support this process.

#### **g. The individual and the organisation**

The implications in this section relate to the relationship of the individuals with the organisation as a whole. While some of them relate indirectly to the role of the HR function, they need to be implemented by the organisation as a whole for them to have the impact on performance demonstrated by this research:

- Align the provision of infrastructure – including staffing levels – with work/role requirements down to the individual level. A lack of alignment leads to weakened performance.
- Align the formal and informal 'messages' that are sent to individuals about what they can expect from the organisation. These often appear to be inconsistent. This will involve HRM systems, policies and procedures as well as other management processes.
- Communicate the vision for the organisation effectively so that staff at all levels can understand the link between the strategy and objectives of the organisation and their own role and development.
- Be honest and keep individuals involved and informed through effective communication in times of organisational change. There is a role here for the HR function to support engagement with staff.
- Communicate clearly that while individuals do at times work beyond employer expectations, this should not become something expected by employers on a regular basis. This involves the development of an organisational culture where it is acceptable to raise issues of workload, through effective relationships and also through HR policies such as communication and appraisal.
- Understand the effect that organisational reputation has on individual motivation and behaviour, for staff working for the organisation or its partners.
- Understand that individuals do have expectations of their employers. These expectations may concern HR practices and other aspects of the employment relationship but others have wider implications. A uniform response should not be assumed.
- Understand that staff have a professional ideology – a set of values about their work – which needs to be clearly understood and supported if performance is to be sustained – this is something that makes the NHS different from other types of organisation.

- Understand *why* and *when* individuals go beyond expectations and whether this demonstrates underlying system issues that need to be resolved. There may be a role for the HR function in this.
- Understand the implications of having some senior staff who do not believe anything is beyond employer expectations. Not only could this be detrimental to their overall work–life balance, and to the organisation as a whole, but it is also a poor example of working practices. The boundaries of every job should be set so they are reasonable, otherwise there is a risk of burn-out.
- Understand that emotional response is a part of the process leading to individual performance. Although negative emotion does not automatically lead to poor individual performance because of the professional ideology of staff, individuals may still require support from the organisation.

The HR function needs to:

- align individual and organisational performance through competency frameworks that link these levels clearly.

# Enablers and constraints

In one sense, many of the implications for HRM listed on the previous pages are the factors that enable an effective link between HRM and performance. However, more detailed analysis shows that:

- relationships with colleagues, managers, support and leadership are a key enabler at all stages of the process
- infrastructure – resources and staff – are important apart from at the final (performance) stage of the process
- time is a key issue in terms of implementing HR practices and individual perceptions of this
- professional ideology is important at all stages of the process and enables performance that might otherwise not be achieved
- access to a range of HR practices is also important at each stage of the process, including performance.

These implications show that there are many opportunities for the HR function to demonstrate its effectiveness as a 'business partner' in terms of supporting the organisation in achieving its goals.

# References

BOWEN, D.E. and OSTROFF, C. (2004) Understanding HRM–firm performance linkages: the role of the ‘strength’ of the HRM system. *Academy of Management Review*. Vol 29, No 2. pp203–221.

ROUSSEAU, D.M. (1995) *Psychological contracts in organizations: understanding written and unwritten agreements*. Thousand Oaks, CA: Sage.

## Find out more

### **Improving Health through Human Resource Management: The process of engagement and alignment (2007)**

[www.cipd.co.uk/bookstore](http://www.cipd.co.uk/bookstore)

This final report from the research carried out by the Manchester Business School gives a detailed account of the study, its design, findings and implications for HR and organisations. It will be available from December 2007.

### **Improving Health through Human Resource Management: Mapping the territory (2006)**

[www.cipd.co.uk/bookstore](http://www.cipd.co.uk/bookstore)

This report, available from the CIPD bookstore, is the result of the first phase of the *Improving Health through Human Resource Management* project.

It details the findings from an extensive literature review on the links between HRM and performance and interviews with subject matter experts. It also draws on practitioner comments from workshops held in conjunction with the research.

### **Improving Health through Human Resource Management: A starting point for change (2006)**

[www.cipd.co.uk/researchinsights](http://www.cipd.co.uk/researchinsights)

Downloadable from the CIPD website, this brief report gives you an overview of the findings from the first stage of the *Improving Health through Human Resource Management* project (see above).

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### **Manchester Business School**

[www.mbs.ac.uk/research/improvinghealth/](http://www.mbs.ac.uk/research/improvinghealth/)

Manchester Business School carried out this research project. Additional information and resources can be found on their website.

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