



Review Paper

# Factors Affecting the Role of Human Resource Department in Private Healthcare Sector in Pakistan: A Case Study of Rehman Medical Institute (RMI)

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## Abstract

*The role of Human Resource Management in healthcare sector and challenges it faces has always been an important area of research both in developed and developing countries. The objective of this study is to evaluate the role of HR department in private healthcare sector in the province of Khyber Pakhtunkhwa (KPK), Pakistan and to analyze the challenges/factors affecting the role of HR department. Being the largest private sector hospital in KPK the researchers have selected RMI as a case for this study. Data was collected through interviews from different levels of employees in RMI. Constant comparative method was used for analyzing the data. Results present that HR department plays the role of an administrative expert in RMI. The major internal factors include workload, top management interference, management style and organizational culture which negatively effect motivation, performance and morale of the employees. While small labour market, undue interference of government and other higher authorities and trade unions are the external factors that affect the role of HR department in RMI. All these external factors create difficulties for HR department to attract and retain the desired workforce.*

**Keywords:** Human resource management, factors, challenges, healthcare, Pakistan.

## Introduction

Human resource management is a system, a philosophy, policy and practices that can influence individuals working in an organization<sup>1</sup>. An effective and competitive human resource is the key strength of organizations in facing the challenges of business today. HRM is the part of an organization that is concerned with people working in an organization<sup>2</sup>. Successful organizations recognize the significance of human element in the organizational success and emphasize on their development, satisfaction, commitment and motivation in order to attain desired objectives<sup>3</sup>. Sustainable development of a company depends upon effective management of human resources<sup>4</sup>.

The importance of human resource management in healthcare lies in the fact that a well-managed human resource department is vital for the delivery of efficient and quality healthcare services<sup>1</sup>. When examining the role of human resource management in healthcare system from a global perspective, many challenges exist either internally or externally which adversely affect the delivery of quality healthcare services. In developed countries the human resource managers have identified the challenges they face and have developed different strategies to overcome these challenges<sup>5</sup>.

But in developing countries like Pakistan they are still facing many challenges<sup>6</sup>.

## Problem Statement

Despite rising attention to delivery of healthcare services in Pakistan, little attention has been paid to the role of human resource management which can transform health workers into a productive, motivated, and supported workforce capable of improving healthcare services and saving lives. Lack of attention towards the role human resource management in the health sector is a key factor standing between success and failure in Pakistan<sup>7</sup>.

Healthcare is provided through public and private sectors hospitals. Public healthcare is usually provided by the government through national healthcare systems while private healthcare is provided through "for profit" hospitals and self-employed practitioners. Healthcare in Pakistan is administered mainly in the private sector which accounts for approximately 80% of all outpatient visits<sup>8</sup>. Total sixteen approved teaching hospitals are working in the province of KPK, out of which eight are public sector teaching hospitals while eight are private sector teaching hospitals<sup>9</sup>. Rehman Medical Institute is the largest hospital in private sector operating in KPK. In the developed countries both public and private sectors have realized the importance of the human resource management in the delivery of quality healthcare services. But in developing nations like Pakistan, the private sector in particular, has either not recognized the importance of human resource management

or they are facing severe challenges in implementing human resource management practices.

## Research Objectives

This research study is focused to explore the challenges/factors faced by the HR departments in Private Healthcare sector in KPK, Pakistan. As RMI is the largest healthcare services provider in private sector in KPK, so, the researchers have selected it as a case study for this research. Previously, there has been no evidence of such research neither in the public nor in private healthcare sector of KPK, Pakistan.

## Organizational Context

Rehman Medical Institute is founded by Surgeon Professor Muhammad Rehman in 1991 in Hayatabad, Peshawar. Located at the gateway of Khyber, Rehman Medical Institute has revolutionized the concept of medical care in the K.P.K. For the first time ever, the people of this area have access to healthcare facilities of international standards<sup>10</sup>.

The mission of the RMI is to provide quality healthcare services through state of the art diagnostic facilities and treatment of the highest possible standard in a comfortable, caring and safe environment and also to facilitate the health professionals in their education, training and careers. The organizational structure of RMI is very simple. The whole organization has been divided into four directorates (Directorate of Administration, Directorate of Medical Services, Directorate Finance and Account and Directorate Procurement) and twenty one departments. The HR department is working under directorate of admission<sup>10</sup>.

## Structure of HR Department

HR Department consists of 5 personnel. HR coordinator is heading the HR department. There is no written HR strategy statement. HR department almost entirely focuses on administration and low value added activities such as dealing with contracts of employment, low-level recruitment and training or paper work associated with new starters and leavers. There are nine hundred and fifty (950) employees are currently working in RMI<sup>10</sup>.

## Methodology

Researchers have used constant comparative methodology for this study. The main tool used for collection of data was interviews. Ten persons: HR coordinator, HR assistant, two male and two female doctors and two male and two female employees from administrative staff were interviewed.

Data were collected by interviewing different levels of persons in RMI. Firstly, the coordinator was interviewed to gain understanding of pertinent challenges faced by the organization

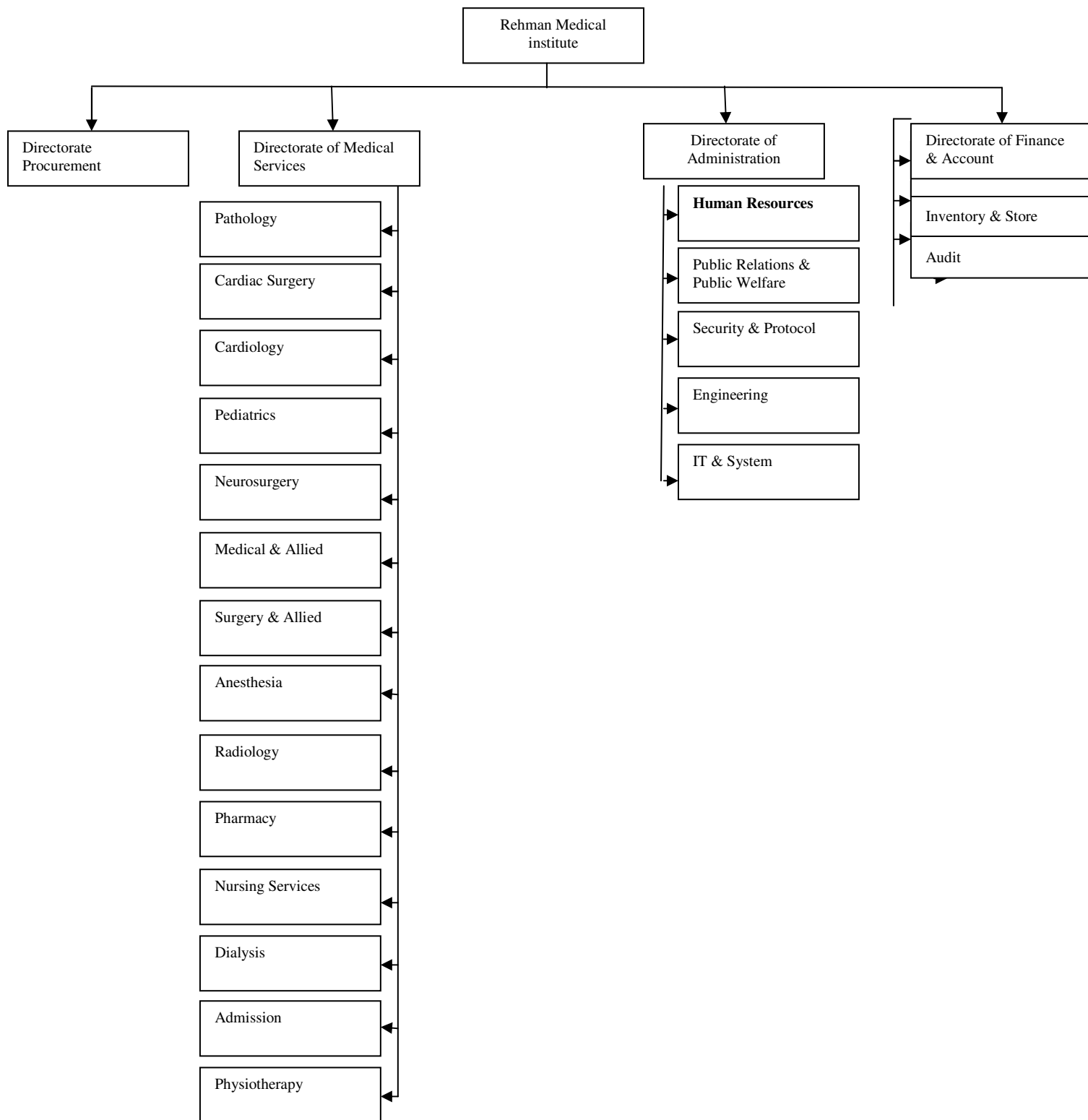
internally and externally, the strategy, structure and practices within the organization. Secondly the HR assistant was interviewed to gain insight into the reality of the implementation of HR practices and its implications for HR department in operational level. Both male and female employees were interviewed not only to ensure equality but also to know about the reality of the challenges faced by the HR department. The information gathered from the interviews was supplemented by documentary evidence such as the organization's brusher and the organization's web site. Data collected was compared with theory.

## Literature Review

In today's competitive business environment, company workforce is in a continual state of flux- skill sets and job requirement as well as the regulatory environment changes at such a rapid pace that the staff needs of tomorrow are very different to those of today. In the past decades, the HR manager has evolved significantly. The previous functional approach has been substituted for a strategic one<sup>11</sup>. Human resource management is mainly focused on leadership (getting ready for tomorrow) agenda and closely integrated with the business<sup>12</sup>. HR manager now typically having a much deeper understanding of key organizational challenges, play a proactive and more strategic role and no more consigned to a reactive and administrative role<sup>1</sup>. This is more desirable than what is perceived to be personnel's traditional administrative role. Ulrich even goes so far as to suggest that personnel department should be abolished if they fail to become more strategic<sup>13</sup>.

Now what is strategic role of HRM in an organization? Within the literature on strategic HRM, HR functions that play a strategic as opposed to a "tactics" or "administrative" role tend to be distinguished by focus on the long term, linking business and HR strategic objectives and forward planning<sup>14</sup>. The presence of the HR director on the board is also regarded as significant<sup>15</sup>. For HR function to be involved in strategic business decisions it needs to be at centre of power and influence within an organization<sup>7</sup>.

David Ulrich has distinguished between strategic and non strategic role. He describes four corresponding roles for HR to play within a business: a) as a strategic partner working to align HR and business strategy, b) as an administrative expert working to improve organizational processes and deliver basic HR services, c) as an employee champion, listening and responding to employees' needs, and d) as a change agent managing change processes to increase the effectiveness of the organization. One of unique things about Ulrich's approach is that it includes all of the ways that HR can deliver value to an organization, rather than shifting focus from one area to another<sup>13</sup>.



**Figure-1**  
**Organizational Chart of RMI**

Now the question arises that what are the internal and external challenges/factors that impact on the role of HR in an organization and how these factors affect HR. In today's intensely competitive and global marketplace there are a lot of internal and external factors that affect the role of HR department in an organization. These factors are discussed below.

**Internal and External factors that impact on the role of HR:**

Internal and external environmental influences play a major role in HRM. Organizational climate and culture, work organization and management style help to shape HR policies and practices, which, in turn, have an impact on the quality of candidates that a firm can attract, as well as its ability to retain desired workforce<sup>16</sup>. The economic environment labour market conditions and unions play a role in determining the quality and variety of employees that can be attracted and retained. There are external challenges that are dramatically changing the environment of HRM. These challenges include demographic trends and increasing workforce diversity, trends in technology, increasing government involvement in the employer-employee relationship, globalization, and changes in nature of jobs and work. After briefly describing the ongoing internal and external influences, first we will focus on the internal factors that are having the most significant impact on HRM<sup>17</sup>.

**Internal challenges/factors :** In the internal environment the factors that have the most direct impact on role of HR in an organization, includes organizational culture, organizational climate, work organization, management style, staff/management relations and budget process<sup>18,17</sup>.

Organizational culture consists of the core values, beliefs and assumption that are widely shared by members of an organization. It serves a variety of purposes including communicating what the organization "believe in" and "stand for", providing employees with a sense of direction and expected behaviour, shaping employee's attitudes about themselves, the organization and their role. Culture is often conveyed through an organization's mission statement, as well as through stories, myths, symbols, and ceremonies. Being aware of an organization's culture at all levels is important because the culture defines appropriate and inappropriate behaviour. In some cultures, for example, creativity is stressed. In others, the status quo is valued. The accessibility of management and the ways in which decisions are made are reflections of an organization's culture as well<sup>17</sup>. Having a positive culture earns critical acclaim, and has a positive impact on both retention and recruitment<sup>19</sup>.

Organizational climate, defined as the way in which organizational members perceive and characterize their environment in an attitudinal and value-based manner. Organizations have personalities, just like people. They can be friendly or unfriendly, open or secretive, rigid or flexible, innovative or stagnant. The major factors influencing the climate are management's leadership style, HR policies and

practices, and amount and style of communication. The type of climate that exists is generally reflected in the level of employee motivation, job satisfaction, performance and productivity, and thus has a direct impact on the role of HR department in an organization<sup>20</sup>. The positive organisational climate has a direct and positive impact on employees and organisation's performance<sup>21</sup>.

Within the internal environment management style especially towards employees is another factor affecting HR role in an organization<sup>17</sup>. Effective management style provides leadership that uploads the values of and creates commitment to organization, builds the capacity for improved productivity and creates an environment that brings out the best in the staff and recognizes the value of multiculturalism<sup>22</sup>. Staff-management relation serves a critical role in development and maintenance of trust and positive feelings in an organization. To establish good staff-management relation is another challenge for HR in an organization<sup>1</sup>.

**External challenges/ factor:** The external environmental factors that have direct or indirect impact on the role of HR department in an organization includes economic environment, labour market condition, trade unions, demographic trends and workforce diversity, technology and legal regulations. To be effective, HR managers must monitor the environment on an ongoing basis; assess the impact of any factor and be proactive in implementing policies and programs to deal with such factors<sup>23,24</sup>.

The economic environment has a major impact on business in general and the management of human resources in particular. Economic conditions affect supply and demand for products and services, which, in turn, have a dramatic impact on the labour force by affecting the number and types of employees required, as well as an employer's ability to pay wages and provide benefits. When the economy is healthy, companies often hire more workers as demand for products and services increases. Consequently, unemployment rates fall, there is more competition for qualified employees, and training and retention strategies increase in importance<sup>18</sup>.

The labour market is the geographic area from which an organization recruits employees and where individuals seek employment<sup>25</sup>. The labour market is often different for various employee groups within an organization. While clerical and technical employees are generally recruited locally, the labour market for senior managers and highly specialized employees is often national or even international in scope. Many factors motivate candidates to seek employment with a particular organization, including type of business/industry, reputation, opportunities for advancement, compensation, job security, working condition, location, climate and other aspects of firm's physical surroundings can help or hinder a firm's ability to attract and retain employees. The labour market affects role of HR, because, the labour market is not controlled or influenced by any one factor, it is unstructured and often unpredictable<sup>25</sup>.

A trade union is an officially recognized association of employees, practising a similar trade or employed in the same company or industry, who have joined together to present a united front and collective voice in dealing with management, with the aim of securing and furthering the social and economic interests and well-being of their membership<sup>24</sup>. Although both an internal and external challenge, we have listed unions as an external factor because they become an additional party in the relationship between the company and employees. The company is required by law to recognize the union and with it in good faith. Trade unions affect role of HR in several ways. Management has less discretion and flexibility in implementing and administering HR policies, procedures and practices when dealing with unionized employees<sup>26</sup>.

Another external factor that has an impact on role of HR in an organization is the demographics trends and increasing workforce diversity<sup>18</sup>. Demographics refer to the characteristics of the work force, which include age, sex, marital status, and education level. Demographic changes are very important for HRM strategy. Different tools have to be applied to motivate older and women workforce. Similarly the lack of educated and skilled employees also affects the role of HR in an organization<sup>27</sup>. Diversity refers to any attribute that human are likely to use to tell themselves, 'that person is different from me,' and thus includes such factors as race, gender, age, values and cultural norms. Workforce diversity has a direct impact on HR in an organization. Policies and practices must be adapted to embrace the diversity of the dominant values represented in an organization's work force<sup>24</sup>.

Technology's impact on HR cannot be ignored. The overall impact of technological changes is that labour-intensive blue-collar and clerical jobs are decreasing, while technical, managerial and professional jobs are increasing. This shift in employment opportunities has many implications for organizations. Jobs and organization's structures are being redesigned; new incentive and compensation plans are being instituted; revised job descriptions are being written; and new programs are being instituted for employee selection, evaluation and training/ retraining – all with the help of HR specialists<sup>25</sup>.

Various laws enacted by governments have had and will continue to have a dramatic impact on employer-employee relation. Some of the employment-related legislation is aimed at prohibiting discrimination in various aspects and terms and conditions of employment, such as human rights, employment equity and pay equity. Of course these legal changes complicate life for HR professionals by imposing demanding and detailed burdens on employers<sup>25</sup>.

## Findings and Analysis

Analysis was based on data collected from interviews, organization's web site, organizational brushes and annual reports. To know about the internal and external challenges/factors that impact on the role of HR department in

RMI, researchers examine in particular the evidence from the interviews of the HR coordinator and HR assistant and consulted secondary data obtained from the organization's literature and compare theory with practice.

The major findings of this HR audit are as follows.

**Structure and role of HR department:** The interview data and secondary data revealed that the HR department in RMI consists of five persons HR coordinator and HR assistant. HR department is functioning under the directorate of administration. The HR department has no written strategy. The HR department performs a number of activities in RMI including recruitment, training and development, wages, motivation of employees and performance management. In the words of HR coordinator the main role of HR department in RMI is: *'To provide the institute quality employees and improve the employees-management affairs and relations.'*

The HR assistant commented about the role of HR department in these words: *'The HR department mainly focuses on day to day activities and has no voice in organization strategic role.'*

Regarding the role of the HR department in RMI, one employee responded: *'there is always one-way traffic in RMI, the department only implements organisational policies on employees and never put forward employees' concern to management.'*

The words of respondents clearly reflect that the HR department in RMI plays the role of an administrative expert as defined by Ulrich<sup>13</sup>.

**Internal challenges/factors that impact on the role of HR in RMI:** Being a small HR department in RMI, so, the major internal factor which has been examined to affect the role of HR department is the total strength of the employees in the hospital (work load). In the words of HR coordinator: *'The total strength of employees in hospital is basic factor affecting the role of the HR department, HR department has to ensure that employment offer letters, payroll status changes & other benefits forms process in an accurate and timely manner so the more there will be number of employees, the more will be the issues that HR department will have to deal with'.*

Another internal factor that has an impact on the role of HR department in RMI is the organization internal culture. The HR assistant commented: *'Other factor which affects the role of HR department in hospital is the infighting for promotion which can negatively affect morale of institute.'*

Regarding the organisation inter culture one employee remarked: *'there is no set policy or procedure for promotion within RMI. Therefore, the internal politics and grouping are also affecting the performance of the overall organisation'.*

The top management interference/management style is another factor that impact on the role of HR department in RMI. The HR coordinator remarked: *'Another internal major factor which*

*affects the HR department is that when employees of the institute approach through some higher/other source to resolve their issues instead of direct approach to HR department'*

The same internal challenge/factor was identified by one of the employee in the following words: *'In the absence of written strategy and job description, no one is sure about his/her duties and responsibilities which always provide an opportunity to top management for interference'.*

**External challenges/ factors:** In addition to internal challenges/factors the collected data also presents the following external factors that affect the role of HR department.

The data presents that the major external factor that affect the role of HR department in RMI is the small labour market. Being a private sector hospital with limited resources, it is difficult to attract skilled workforce especially specialists doctors from other parts of the country.

Another external factor is the undue interference of the government and other higher authorities.

The HR coordinator commented: *'The main external factor which has been observed affects HR department is that when the applicants approach through other/higher source to get the job which mostly results in non qualified and non experienced employees within organization and it can hence affect the quality of work too.'*

The last factor that impact on the role of HR department is the trade unions. In Pakistan more than 6793 trade unions are registered<sup>28</sup>. In this respect the HR assistant responded: *'The trade union is a third party between the employee and management. Which always create unnecessary problems for the HR department'*

All these internal and external challenges/factors have either directly or indirectly effect on recruitment, motivation, quality, performance of the employees and ability to attract and retain desired workforce, which ultimately affect the overall performance of the RMI.

## Conclusion

The main objective of this research was to identify internal and external challenges/factors affecting the role of HR department in private healthcare sector in KPK, Pakistan. The researchers have taken RMI as a case for this research which is the largest hospital in private sector in KPK, Pakistan.

It was apparent from the primary and secondary data collected from RMI that it is a private sector hospital with a small HR department consisting of five persons. It mainly focuses on day to day administrative activities including recruitment, training, wages, employees' motivation and performance management.

To compare theory with practice, the role of HR department was compared with the David Ulrich model<sup>13</sup>, which recommends that successful HR department performs the role of change agent, strategic partner, employee champion and administrative expert.

And it was derived from the findings that the HR department in RMI plays the role of administrative expert.

To know about internal and external factors affecting the role of HR in an organization, researchers have compared theory with practice. In literature the internal factors that affect the role of HR in an organization are organizational culture, organizational climate, management style and lack of resources. These internal factors affect HR policies and practices and have an impact on the quality and variety of employees that can be attracted and retained<sup>18</sup>. While in practice at RMI, data presents that major internal factors include the total strength of the workforce, top management interference, management style and organizational culture. These internal factors have a negative impact on the motivation, performance and morale of the employees.

Similarly in literature the external factors that have a direct or indirect impact on HR include economic environment, labour market condition, trade unions, demographic trends and workforce diversity, technology and legal regulations<sup>23</sup>. While in practice, small labour market, undue interference of government and other higher authorities and trade unions are the external factors that affect the role of HR in RMI. All these external factors create difficulties for HR department to attract and retain the desired workforce.

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