Report Explaining the Difficulties in Recruiting, Training, Motivating and Rewarding Staff in the National Health Service Finance

Neeraj Beeknoo*

aNeeraj Beeknoo MBA, CMA, CSci, MSc, BSc,2 Wigmore Road, Carshalton Surrey, SM5 1RH, UK.
Email: neerajb1234@hotmail.com

Abstract

The National Health Service (NHS) remuneration scheme is very rigid and it hardly reflects the current business set up which is moving towards a more competitive and commercial market place. The commissioners of health are doing so by encouraging internal market health service providers to compete against each other and through the introduction of private health providers. It goes without saying that without a strong financial management support structure, the NHS would not be able to provide the core business of medical treatment and clinical care and continue to strive in this ever challenging environment of budget cuts and increasing patient's expectation. Managing the finances and budget of a health organization, whether it is a hospital, ambulance service trust, mental health trust or clinical commissioning group, is like running the finances of a large corporate organization. There are various roles/functions within the finance section ranging from payroll, financial accountant, Management Account to Finance Director. In order to attract quality staffs, the NHS has to adopt commercial human resource management (HRM) strategies to recruit, retain, motivate and reward talents in order to ensure tax payers money is spent effectively to delivery patient care. This paper discusses the finding of a research undertaken in a typical finance department of a Hospital in the UK. Various aspects of HRM with regards to recruitment, retention, reward and motivation were discussed.

----

* Corresponding author.

E-mail address: neerajb1234@hotmail.com

1. Introduction

With the introduction of a unified pay package system in the NHS where individual get paid as per jobs description as compared to their performance (. i.e. Agenda of Change ~ AfC), various finance directors have raised concerns that inconsistent implementation of the AfC pay system within the finance departments across the NHS is causing recruitment and retention difficulties [1]. In a survey conducted by HFMA, 57% of Finance directors have said that AfC had made it harder to retain staffs and have seen a rise in staff turnover [1]. Many argued that AfC was aimed at clinical staffs and it simply did not deal adequately with finance staffs. Whist there is evidence that some organization did not follow the NHS rules and were paying a higher rate on similar jobs to attract staffs [2]. The issue of AfC is that it is inflexible particularly around starting salaries to attract the right calibre staff and being able to adequately reward high performers within a team. The AfC system has made reward system, which previously existed in the NHS, not compatible with the Government agenda. Surveys conducted by HFMA post AfC implementation have reported nearly 70% low morale among junior finance staffs. The morale issue is merely as a result of unsatisfactory remuneration as compared to comparable jobs and qualifications in the private sector. This issue is further amplified by lack of initiative to promote training programs across the NHS. Very few NHS organizations have established training budgets devolved to them from central government. As such some organizations have been pushed to put aside some cash for training and development which most of the time are limited as compared to the number of employees in the Trust. More senior finance jobs in the NHS are affected in different ways. Again HFMA surveys [1] have revealed that:

1. Top finance positions are three time more likely to be filled by a man than a woman.
2. The proportion of black and minority ethnic (BME) were significantly low and that it did not reflected the population mix.
3. CIPFA was that most common qualification among UK NHS finance directors whilst a good proportion of finance staffs were not CCAB qualified.
4. Majority of senior finance staffs felt that a "single system working" has had detrimental impact on their career producing a flatter structure with fewer opportunities to move up the ladder.

2. Literature Review

2.1   *Motivation, Reward, Recruitment and Training in the Public Sector*

Motivation in the public sector also referred, as Public Service Motivation (PSM) is a key component of the development function in human resource management (HRM). Indeed, finding effective ways to motivate employees is an important and challenging role for any manager, regardless of the sector. Derived from the Latin word for "move," work motivation describes "a person's desire to work hard and work well-to the arousal, direction, and persistence of effort in work settings." [3]. More difficult for HRM is to discover these specific needs for each individual at any given time, and then to work within the various constraints of the system or organization to try and satisfy those desires. Finally, there is the challenge for HRM of measuring work

motivation. Developing a comprehensive measurement has not been easy for many; some have examined behaviors and attitudes using scales assessing job motivation, job involvement or intrinsic motivation, while others have attempted peer evaluations or proxy measures such as reward expectancies.

PSM would be classified as a self-actualization need under Maslow's Hierarchy of Needs (appendix 5) and as a Motivator in Herzberg's Two-Factor Theory but neither of these content theories gives management any insight into influencing motivation levels in their employees. The two major process theories, Vroom's expectancy theory (appendix 5) and Adam's equity theory also have limited applicability for addressing PSM. Both are rational choice theories mainly focused on inputs and outputs in the context of extrinsic incentives, while PSM is a combination of intrinsic motivation.

The theory developed by Perry and Wise [4] is perhaps the most applicable theory in the public sector. Perry defines PSM as "the individual predisposition to respond to motives primarily or uniquely grounded in public institutions and organizations". Perry and Wise [4] postulated that public sector organizations are more likely to employ individuals whose values and needs are compatible with the public sector mission of the organization. The nature of work will attract employees who desire greater opportunities to fulfill higher-order needs and altruistic motives by performing public services. Hence understanding the values and rewards preferences of employees is essential for employers in structuring organizational environments and incentives systems to satisfy those preferences.

The most important lesson from these competing and complimentary theories is that none of them will suffice on all occasions for all employees; HRM should instead follow a contingency approach, drawing upon knowledge of the various theories to address different individuals in different situations.

2.2   Reward

While an increased motivation level among workers is a key objective for HRM, increased productivity is the intended output. Assessing individual performance however is complicated due to structural complexities and multiple conflicting individual (and organizational) goals. In an attempt to manage performance and increase productivity, public organizations have increasingly turned to reward orientations such as merit pay and pay-for-performance approaches. Perry and Wise's work showed that government could harness the public service ethic to increase productivity and this echoed by the work done by Crewson [5].

Merit pay and performance related pay however face numerous challenges (unrelated to motivation) in the public sector, such as irregular and inefficient funding, difficulties assessing performance, and bureaucratic and structural nature of organization. NHS organizations do not have any performance related pay scheme. So it begs the question: Is merit pay effective or even counterproductive for individuals who are motivated by public service? A number of studies have shown that motivated individual place less emphasis on extrinsic reward motivators such as high income [5].

2.3   Recruitment, Selection, and Retention

Three additional areas where motivation might have an impact on HRM are recruitment, selection and retention. Because the quality of the employees is a significant factor in determining the performance of an organization, the acquisition functions of recruitment and selection play a crucial role in determining the success or failure of the organization. Lewis and Frank [6] encourage human resource managers to consider targeting applicants "who are favorably predisposed to government service" could be a formula for Success. So if PSM does prove to be highly productive then specialists could be hired to screen job candidates for specific jobs.

After an organization has invested the time to recruit and select new employees, an ongoing human resource management responsibility is to retain those workers that exhibit the commitment and qualities desired by the organization. Retention is a legitimate and growing concern at all levels of the government today. According to the 2002 Federal Human Capital Survey [7], more than one-third of federal employees report that they are considering leaving their organizations with fewer than half of those planning on retiring. On the other hand the same study revealed that pay satisfaction was not strongly linked to whether the employee was considering leaving, and only 36 percent agreed that their leaders generated "high levels of motivation and commitment." So overall public organizations must be careful not to ignore or damage the intrinsic (service needs) of public employees, so as to not hamper retention efforts.

3. Objectives

The objectives of this paper were to conduct a mini survey in the finance department of a NHS Trust. In particular the following parameters were collated and visited for further analysis:

- Recruitment process
- Age distribution
- Gender
- Qualification and training
- Reward system
- Staff morale and motivation

4. Methodology

In order to conduct the survey, a questionnaire was designed. A copy of the questionnaire is attached in appendix (4). The questionnaire was then sent for approval to the Head of Department (HoD) of the Trust before use. Although approval was given to conduct the survey, the HoD opted to stay anonymous in this report and hence all reference to the Trust in question was referred to as "Study Site" or Trust in this report. Due to the short time-scale of the study, some information was collated by sending questionnaire to finance staffs whilst a good proportion of information was gathered by face to face interviews. Some parameters like gender, length of service, salary band (AfC banding) and ethnicity were readily available from the local payroll system. 58 questionnaires were sent out whilst 20 face to face interviews were carried out. Overall 63 questionnaires were collated for analysis.

5. Finding and Analysis

The data was presented in form of tables and graphs with a brief observation as below.
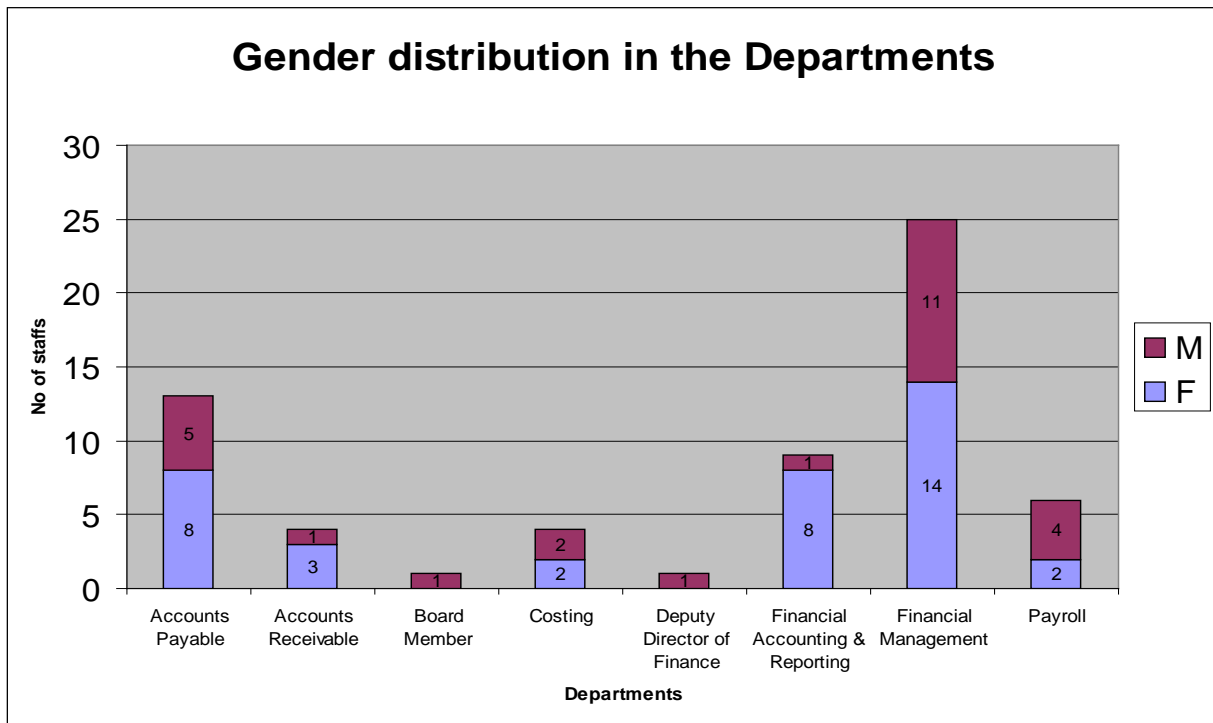
Figure 1: Gender: Number of Male v/s Female.

There were more female staffs (37) as compared to Male (26). Female staffs were mainly employed in Account Payable and Financial Management whilst the Director of Finance, Deputy Director of Finance and most Finance managers were male. This find is consistent with the survey conducted by NHS London [8], which commissioned recently to look at Finance staffs in the UK.

Table 1: AfC: Grade of staffs

	AFC Banding										
Department	3	4	5	6	7	8a	8b	8c	8d	DoF	Total
Accounts Payable	9	1	3			1					14
Accounts Receivable	1	1	1	1							4
Board Member									1		1
Costing			1			2	1				4
Deputy Director of Finance								1			1
Financial Accounting & Reporting	2		3	1	1			1			8
Financial Management		4	7	4	1	8	1				25
Payroll	2	1	2				1				6
Grand Total	14	7	17	6	2	11	3	1	1	1	63

The highly paid staffs were the Director of finance, Deputy Director of Finance and the Finance Managers, which are part of the Financial Management team. Staffs who worked in the Account Payable (predominantly females) were paid less since they were mainly AfC band 3 and 5. All Finance Managers were paid average ~ £40k AfC band 8a. Majority of staffs was between AfC band 3 and band 5. This finding is consistent across most of the NHS Trust in the UK.

There was neither a reward scheme at the study site nor a bonus scheme with the exception of Director's remuneration, which could be negotiated at board level.
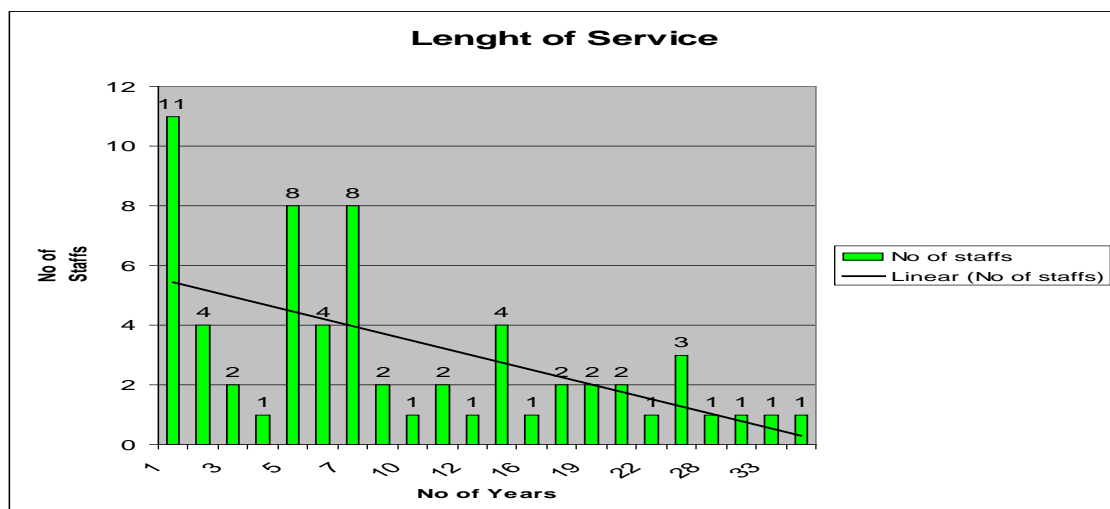
5.1   Length of Service:
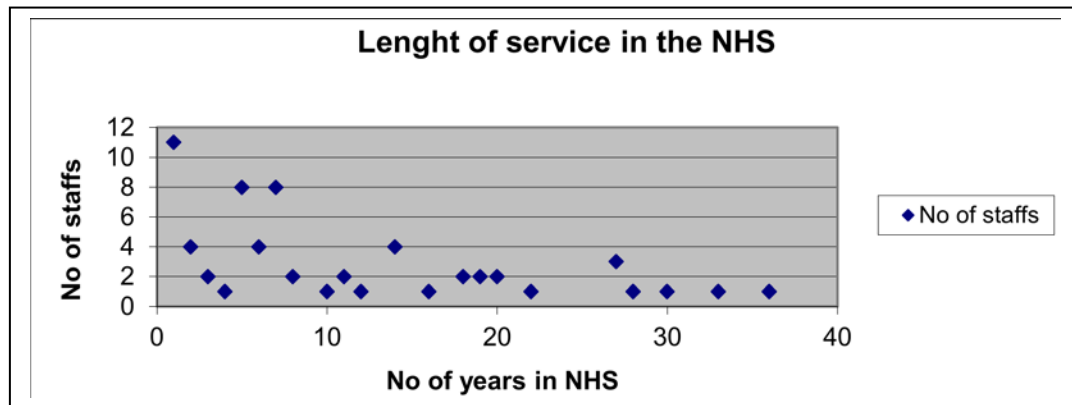
Figure 2: Length of Service in the NHS

Most staffs had 7 years of average service with 70% of those worked in more than 3 organizations before. This indicated a high turnover of staffs. In fact that vacancy rate has been around 18% for a while.

5.2 Length of Service trend.

Figure 3: Length of Service trend at the study site.

This graphs shows that very few staffs stayed for a very long time in the same organization.

5.3 *Length of Service versus grade of staffs*

Table 2: Length of Service by grade of staff

AFC Banding	0	1	2	3	4	5	6	7	8	10	11	12	14	16	18	19	20	22	27	28	30	33	36	Total
Band 3	5	1				1	1	1					1	1		1				1	1			14
Band 4	3		1			1	1												1					7
Band 5		1	2	2		2		2	1		1	1		2		1	1	1						17
Band 6						2	1	1					1				1							6
Band 7					1	1																		2
Band 8a		1	1					4	1				1			1			1			1		11
Band 8b								1			1												1	3
Band 8c							1																	1
Band 8d												1												1
Director of Finance														1										1
	8	3	4	2	1	8	4	8	2	1	2	1	4	1	2	2	2	1	3	1	1	1	1	63

The highly paid staffs tend to stay longer as compared to low paid staffs.

5.4   *Qualification*
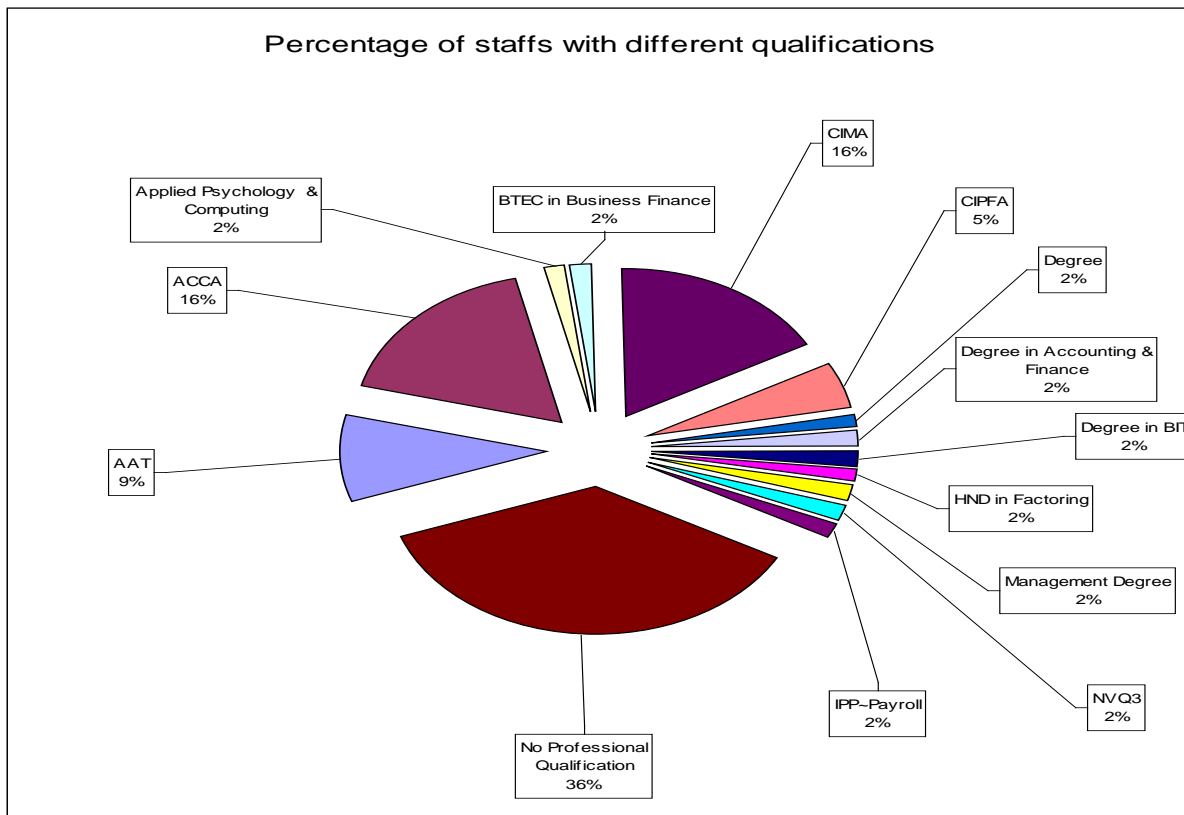
Figure 4: Most popular qualifications in the Finance department.

36% of the workforce was not qualified while 16% were CIMA fully qualified and 16% were ACCA qualified. The staffs with no professional qualifications tend to be working in the account payable section whilst most of the CCAB qualified accountants were Finance Managers which on average stayed in the organization for 7 years (table 2)
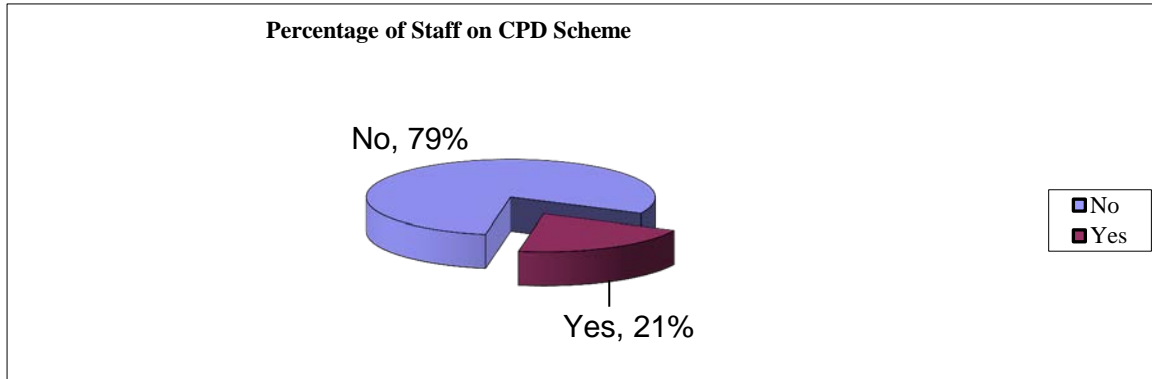
5.5   Further Education and Development.

Figure 5: % of staffs on a training and development scheme.

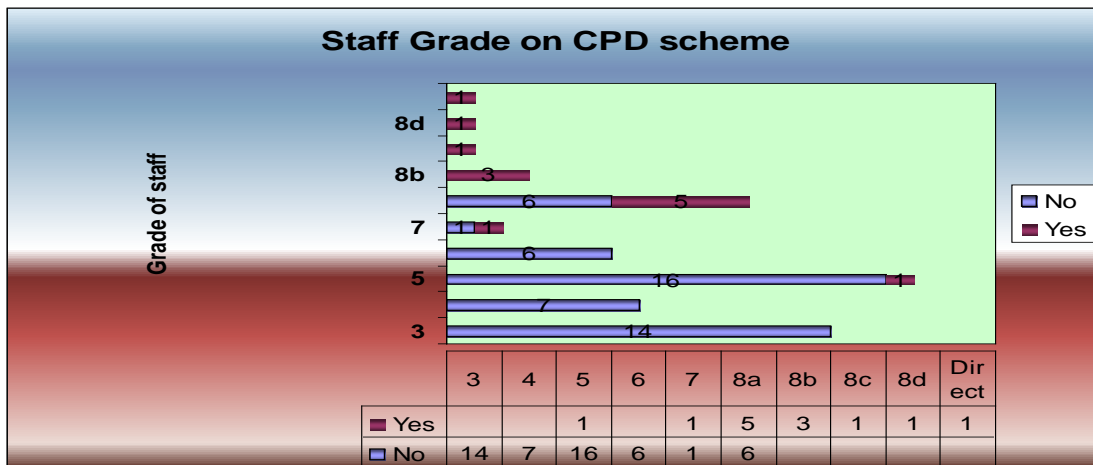|	3	4	5	6	7	8a	8b	8c	8d	Direct
Yes			1		1	5	3	1	1	1
No	14	7	16	6	1	6				

Figure 6: Staffs on a training and development scheme by grades

79% of the workforce was not in any training and development scheme whilst most of the senior highly paid staffs were getting very good access to career development programme (CPD). Although the study site had good CPD scheme the update by junior members were very low. This finding is consistent with survey conducted by HFMA [1].
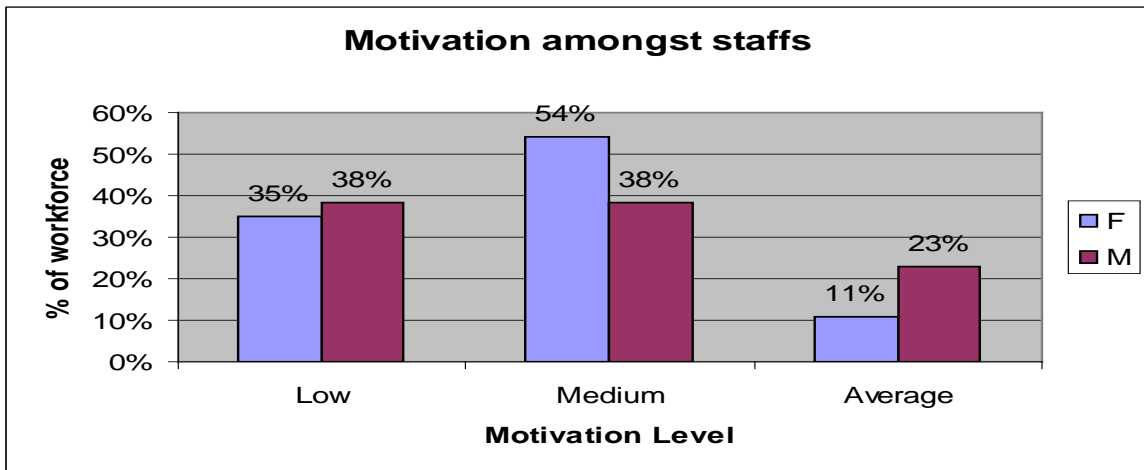
5.6   Motivation status

Figure 7: Chart showing motivation distribution from low, medium to average amongst man and women.

Motivations were Average amongst men than women whilst both men and women were equal with regard to Low motivation.
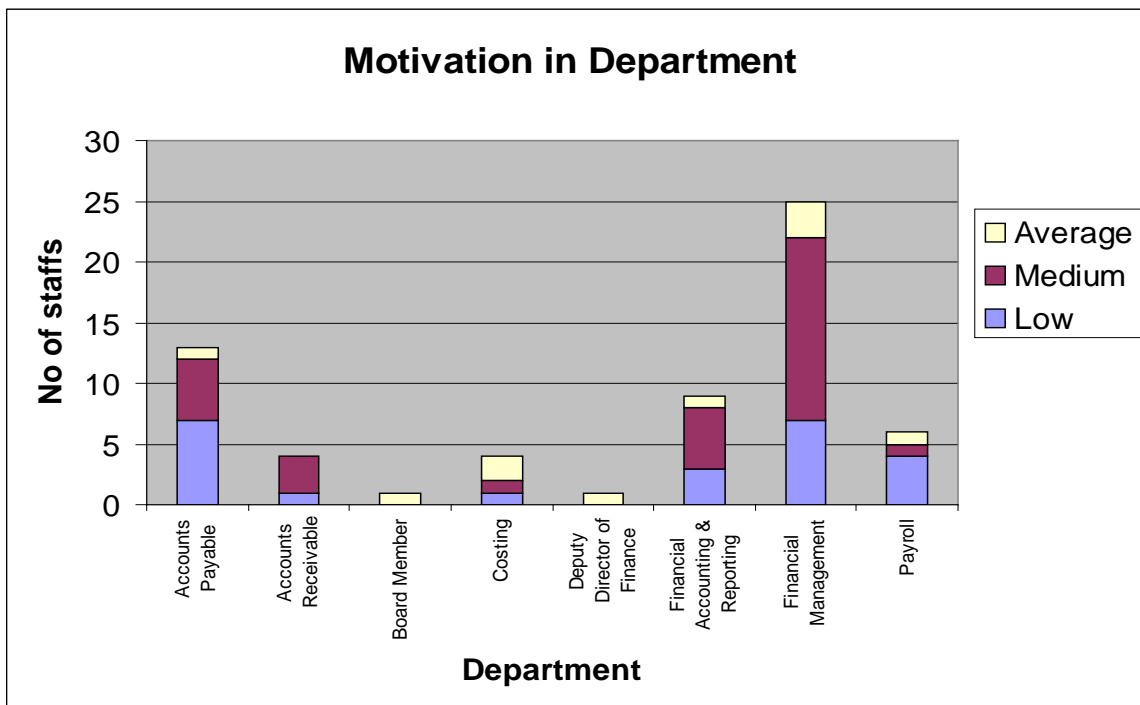

Figure 8: Chart showing motivation distribution within the various departments

Average motivation was notices amongst senior staffs whilst most Finance Managers were Medium with regards to motivation. The lowest motivation were observed in account payable and payroll where staffs were mainly grade 3 and 5 with an average pay of £20k.
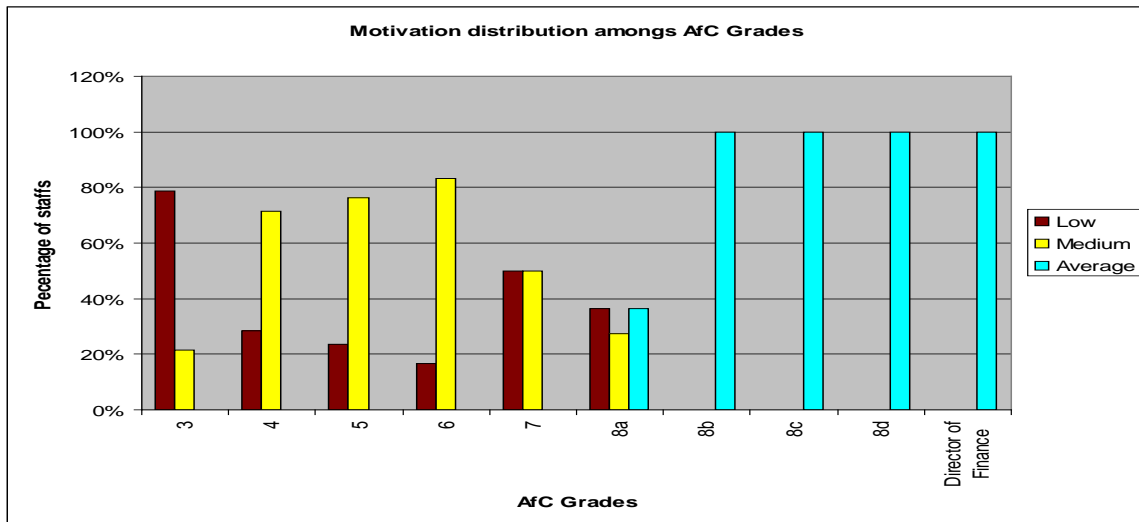
Figure 9: Chart showing motivation distribution amongst the various grades of staffs.

Most of the lower paid staffs with an average salary of £20k were Low in motivation whilst staffs with an average salary of £40k were Medium in motivation. Staffs with an average salary of £70k were Average in motivation. Most staffs with Average motivation also had good access to CPD and were qualified accountant. Most staffs with £20k salary had no professional qualification and had a low uptake of CPD.
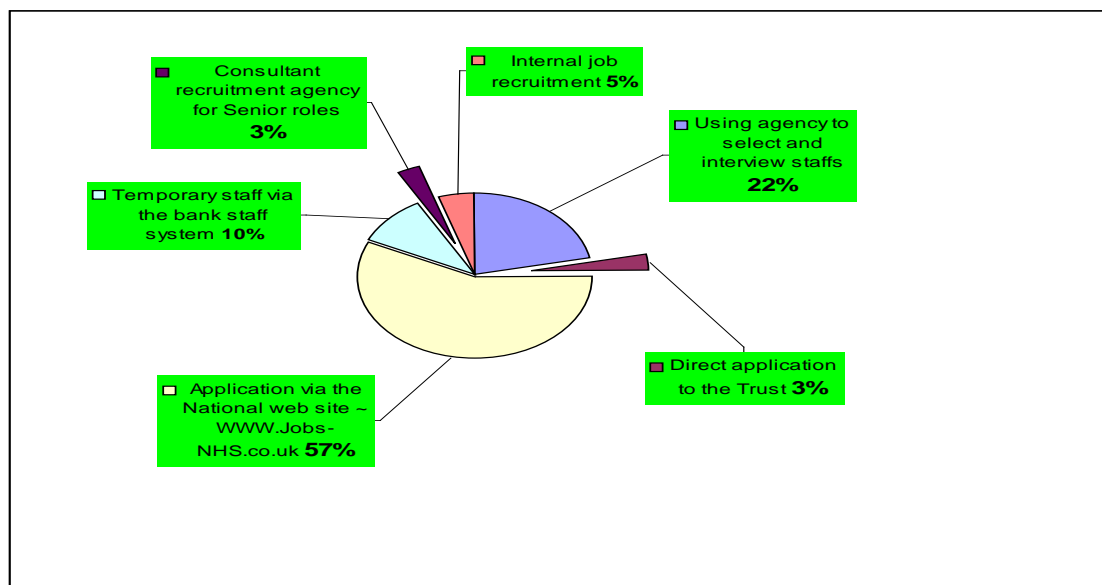

Figure 10: Method of Recruitment

6. Discussion

6.1   *Strategic fit between the Organization's current policy and delivery of its staff rewarding systems.*

The Trust has no formal rewarding system but has tailored its policies through the implementation of both financial and non-financial instruments that can reward the workforce.

6.1.2   Pay and Rewards

The AfC has been the biggest reform of pay since the 1984. As well as introducing a standardised pay structure across the NHS, it also aims to improve recruitment, retention and staff morale. Finance group of staffs has been identified to have a recruitment and retention problem. The case study showed that lower paid staff groups in particular band 3 to band 5 had a high turnover and compared to higher AfC bands. The Study Site has recently partially introduced a Recruitment and Retention Premium (RRP). This premium is applied to the post and not the individuals and is therefore paid only for as long as individuals occupy posts where a premium is in operation. The rationale behind this RRP payment is because it is more cost effective in retaining training and skilled employees as compared to recruit unskilled workforce.

6.1.3   Engagement

On the other hand the most important and motivational elements of the Trust's 'reward' offerings to its staff are the non-financial recognition and engagement systems. The Study Site is building a culture in which staffs are respected and their contribution recognized and valued. These features, together with an open and consultative approach to change, flexible employment packages, and a strong commitment to appraisal, personal development and training opportunities are key elements of the Trust's employment brand, designed to attract and retain staff. Securing the engagement of staff has been a constant challenge as staff's expectation change as a result of both internal and external influences. The Trust has to ensure that managers and other leaders cultivate an open climate of communication, in which contributions from all colleagues is both encouraged and expected, evaluated and supported by effective systems for constructive feedback to team members. Financial rewards are not permitted in the NHS except for Executive jobs nonetheless RRP could be regarded as a non-official financial reward.

6.1.4   Equality and Diversity

The Trust remains in the forefront of the equality agenda. Although progress has been made in addressing the shortfall of BME staff (Black Minority Ethnic staffs) in senior grades, more work still needs to be done in this area as well as further understanding of the application of Trust-wide policies [9]. The current Trust's equality policies enable the Trust to deliver innovative equality and diversity initiatives resulting in greater stakeholder involvement in the design and delivery of services; reduced health inequalities for patients and service users; and working environments that are fair and free of discrimination. The NHS is not a substantial employer of disabled staff and the Study Site even less so. The Trust is committed to increasing the number of disabled staff in its employment. No data is available but the Study Site has identified this as a priority area to be addressed and remedied.

6.1.5   Recruitment and planning the workforce

The Trust recognises that finance staffs need to keep their skills up to date and appropriate for the emerging needs of the service. The Trust in fact has strategies in place to provide the workforce with appropriate transferable skills through various schemes. For instance the Trust has a Training and Development scheme

where prospective employees are actively encouraged to undertake professional accountancy qualification. Up to now only 36% of the workforce has no qualification as compared to a national average of 58%. CPD schemes are also available but the uptake by junior member of staffs is relatively low, a trend which is likely to change in the near future [10].

Most of the recruitment is done via application through the Jobs-NHS web site (www.jobs-nhs.co.uk) around 57%. In-fact this is the leading online recruitment service for the NHS. It is dedicated to providing a single point of entry to NHS employment and NHS Jobs now provides every NHS Trust in the UK with the tools needed to manage every stage of the recruitment cycle online. The site saves the NHS £1m every week in advertising spend and the service to the Trust is free. The site attracts around 4.5 million visits to the site and hence gets assess to wide range of local and foreign audience i.e. potential employee. When posts are required to be filling quickly, the Agencies are good routes. 22% of the recruitment budget is spent with the agencies. The Trust has master vendor contracts with agencies to provide staffs at competitive rates. Since the turnover is mainly around lower grade of staffs which is also normally low skill, the affiliation with NHS Jobs services has been successful since there has been ample of staffs constantly on the job market.

6.1.6   *Knowledge and Skills Framework (KSF)*

The Trust has introduced NHS KSF for Finance Staff recently [11]. The NHS Knowledge and Skills Framework (KSF) define and describe the knowledge and skills which NHS staff needs to apply in their work in order to deliver quality services. The NHS KSF and its associated Personal Development Plan (PDP) process are the foundation for the career progression within the Trust.

The purpose of the NHS KSF is to facilitate the development of services by enabling people to work effectively. This is achieved by supporting the effective learning and development of individuals and teams and promoting equality and diversity for all staffs. The goal is that every member of staff will use the NHS KSF learning framework, have the same opportunities for learning and development and have the same structured approach to learning, development and review. The NHS KSF is about the application of knowledge and skills, not just about the specific knowledge and skills that the individual needs to possess. As a broad generic framework it is designed to be applicable and transferable across the NHS organization and to draw out the general aspects that show how the individuals need to apply their knowledge and skills within the NHS.

6.2   *Financial evaluation of cost implications for the Organization and its stakeholder, shareholders in particular base on the current HRM practices*

A cost evaluation and forecast was done for the Study Site and particular attention was given to the finance department supplementary cost with regards to its current HRM practices (Ref. Table 1 and 2).

The Study Site has no bonus scheme and hence it is highly unlikely to introduce one since the Study Site is legally obliged to follow rules from the Central Government. Should the Government introduce bonus schemes to reward staffs then the cost implication for the study site is likely to go up by around 30%. This 30% estimated increase cost more or less represented the gap in pay between public sector jobs as compared to the private

sector. The recruitment and retention premium (RRP) is only £8k in this financial year but it is likely to increase in future years. RRP is currently allowed by Central Government and the Study Site has just introduced this policy and this would be applied to more jobs in the future. It is estimated to reach a level of £140k in the next three years. Morale amongst staff is low at present. Hopefully RRP would help to buster morale amongst low paid staffs and consequently lead to a content and productive workforce. It is estimate that staff turnover in the future will reduce by 20% by year 2015/16 and by a further 50% by year 2018/19 as indicated by the reducing Bank and Agency cost. This is achievable since RRP will be fully implemented by year 2017/18 and more staffs would be given opportunities to undertake CPD and professional qualifications. Currently the Study site has 36% of it workforce with no professional qualifications. The aim of the current HMR strategy is to reduce % of unqualified workforce to 8%. The Study Site has good staff appraisal uptake of around 90% and with the recent introduction of KSF would allow the Study Site to achieve this 8% target.

Table 3: Budget plan of pay for the next 7 years

	Financial Year							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Pay Analysis	£'ooo	£'ooo	£'ooo	£'ooo	£'ooo	£'ooo	£'ooo	£'ooo
Admin Staffs	84,000	86,100	88,253	90,459	92,720	95,038	97,414	99,850
Scientific Professional	225,000	230,625	236,391	242,300	248,358	254,567	260,931	267,454
Medical staffs	480,000	492,000	504,300	516,908	529,830	543,076	556,653	570,569
Managers	66,000	67,650	69,341	71,075	72,852	74,673	76,540	78,453
Finance Staffs	54,000	55,350	56,734	58,152	59,606	61,096	62,623	64,189
Total Pay cost	909,000	931,725	955,018	978,894	1,003,366	1,028,450	1,054,161	1,080,515
	Financial Year							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
HR Strategy cost implication	£	£	£	£	£	£	£	£
Bonus	0	0	0	0	0	0	0	0
Recruitment and Retention Premium	0	8,000	8,000	80,000	140,000	140,000	140,000	140,000
Recruitment Agency fees	15,000	15,000	15,000	15,000	10,000	5,000	5,000	5,000
Bank and Agency staff cost	200,000	350,000	350,000	350,000	250,000	200,000	100,000	100,000
Continual Professional Development (CDP)	8,000	8,000	8,000	10,000	16,000	20,000	20,000	20,000
Professional qualification tuition fees	12,000	12,000	12,000	20,000	30,000	30,000	30,000	30,000
BME programme	0		120,000	240,000	360,000	360,000	360,000	360,000
	235,000	393,000	513,000	715,000	806,000	755,000	655,000	655,000
Net increase in supplementary cost to support Finance HR strategy		158,000	120,000	202,000	91,000	-51,000	-100,000	0
% Increase		67%	31%	39%	13%	-6%	-13%	0%

Very recently the Study Site took part in a national scheme called "Breaking Through Programme" (www.nhsleadtheway.co.uk/breakingthrough.aspx). This programme works by identifying, supporting and guiding people from black and minority ethnic (BME) backgrounds with the talent and potential essential to assuming senior leadership roles such as senior executives level. The percentage of BME at senior roles is nationally very low, unfortunately no data of obtained from the Study Site on this issue. Nonetheless the Study Site is actively promoting the Break Through Programme and has earmarked a recurrent budget of £360k by year 2017/18. This Break Through Programme is part of the equality and diversity policy of the Study Site. The HRM strategy is to have a workforce that reflects the population it serves which is indeed highly diverse. With fewer young people and a higher percentage from ethnic backgrounds, the NHS and the Study Site need to work

harder than ever to ensure it is an employer of choice for all. A diverse leadership would be best placed to develop policies and design services that meet the needs of all communities.

6.3   *Innovative recommendations of appropriate and effective HRM strategy deployment for the Study Site*

6.3.1   *Application and recruitment process*

There has been evidence that application and recruitment system and processes sometimes imposed by HR department results in unnecessary delays. Standard HR lacks flexibility. Some staffs complained that recruitment and assessment tests for low paid posts were unnecessary and deterred potential recruit from applying. 57% of current staffing is recruited via Jobs-NHS web site (www.jobs-nhs.co.uk) whilst only 3% via direct application through the Study Site web site. One recommendation is to increase the number of recruit via direct application as compared to Jobs-NHS. The Jobs-NHS is a standard web site that hardly allows any tweaking of the questions and selections criteria irrespective of the job being advertised. Thus tailoring the questions and selection criteria would attract the right candidate calibre and reduce staff turnover. The Study Site should actively promote its web site through local and national advertising, publication in journal and market specific journals.

6.3.2   *Economy and Workforce profile*

There is a national shortage of public accountant i.e. CIPFA qualified [13]. The Study Site should therefore encourage the appointment of recruits from the private sector and extend the RRP to more senior roles as well. This will ensure the organization would have a succession plan for more senior roles. There will always be competition to attract the best staffs but if the recruitment process is streamlined, as above then the Study Site will have an edge.

Flexible working is another arena that should be considered. There is a high supply of competent workforce that can only work a reduced number of hours outside the traditional 9 to 5 jobs especially amongst the female population or individual with familiar commitment. The Study Site should position itself in order to utilize this workforce category by perhaps introducing job share schemes or advertising more part time roles. In fact there are many retired accountants who formally worked in the private section who wants to join the NHS.

6.3.3   *Perceptions of the NHS as an employer and Finance management careers*

There is a common misconception from the general public that the NHS only offers clinical careers such as doctors and nurses and potential recruits are unaware of the careers offered in the finance department of the NHS and cannot relate a private accountancy practice to the finance department. As a whole NHS finance staff representatives should visit colleges and universities to promote careers as finance managers or sale ledger clerk etc. The job profiles and importance should be stressed in the public domain, which in return will lead prospective accountant to consider a career in the NHS.

6.3.4   Rate of Pay

The AfC pay is a function of job description and some organizations have been able to pay above the market rate to some staffs in order to retain them. Although AfC supposed to be unifying pay deals across the UK but it is in fact not the case [12]. One way the Study Site could review the pay package is to review the job description and look into job enhancement duties that will increase the job profile and hence attract and justify a higher pay band. Another alternative is to privatize the finance function in such a way that the finance staffs work for a different entity. This is very similar to a "Shared Service Partnership" model where different organizations pull recourses together to support those organizations in partnership. The finance shared service is then likely to involve more staffs hence more opportunities for people process with the private organization. This arrangement will have its own pay structure and can adjust accordingly to recruit, motivate and reward staffs according to their performance.

6.3.5   Separate strategic approach

The organization should have three strategic approaches to training and development. This is because not all staffs' issues can be tackled within a single policy. It is therefore recommended to separate the staffs into three groups before any national or local strategy could be implemented: Finance Staff, Finance Manager Level, and Director Level

Each group should have its own HRM strategy to handle staff's development, training, motivation and maintaining a content workforce

6.3.6   Graduate training programme

Graduate training programs are common in the private sector where prospective candidates need to have a first degree to be gain access to this programme. The programme could be structured in such a way that it covers the different aspects of public finance. This different to the traditional jobs where the recruit is restricted to a specific area. The graduate trainees will have a variety of transferable skills allowing them to specialize according to market demand and personnel preferences.

6.3.7   Budget and evaluation methods for recommended organization's HRM strategy implementation

A budget has been set for the proposed recommendation as detailed in table 3 above. The setting of shared services strategy will release some cost saving and for the Study Site it would be around £400k. This is because it is estimated that there will be economical of scale and some posts will be surplus to the requirement. There are significant vacancies currently hence redundancy cost will be nil if the shared service is implemented. The finance function has to be restructured and the consultation process will take 3 months. The saving realized by the shared service will be used to fund the additional cost investment in the local web, dedicated HR managers, additional training programme and the Graduate training scheme.

In order to ensure maximum benefits are obtained from the additional resources, each aspect of the strategy has

to be monitored. One way of doing so is the use of key performance indicators (KPI) and depicted in table 4 above. The current targets represent the current position of the Study Site and there after forecasted targets have been set which match the level of investment and expectation. The KPI are best monitored on a quarterly basis so that any deviations from planned could be investigated and corrective actions taken.

Table 4: Budget recommendation for the chosen HR strategy.

	Financial Year							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
HR Strategy cost implication	£	£	£	£	£	£	£	£
Local Website design and advertising	0	0	60,000	20,000	20,000	20,000	20,000	20,000
Dedicated HR managers			100,000	100,000	100,000	100,000	100,000	100,000
Recruitment and Retention Premium	0	8,000	8,000	300,000	300,000	300,000	300,000	300,000
Recruitment Agency fees	15,000	15,000	15,000	15,000	10,000	5,000	5,000	5,000
Bank and Agency staff cost	200,000	350,000	350,000	100,000	100,000	100,000	100,000	100,000
Tailored training and development	8,000	8,000	8,000	50,000	50,000	50,000	50,000	50,000
Graduate Training programme	0			60,000	60,000	60,000	60,000	60,000
	223,000	381,000	541,000	645,000	640,000	635,000	635,000	635,000

Table 5: evaluation methods and KPI

	Targets	2015/16	2016/17	2017/18	2018/19	2019/20
Performance indicators	Current			Forecasted		
Local Website design and advertising						
No of Hits	100	300	4,000	15,000	18,000	18,000
No of staffs recruited via the website	1	20	5	5	5	5
Dedicated HR managers						
Recruitment Cycle (weeks)	9	6	4	4	4	4
Satisfaction Surveys (Response time to queries days)	8	2	2	2	2	2
Recruitment and Retention Premium						
No of staff turnover	23	10	5	5	5	5
Vacancy Rate %	30%	15%	4%	4%	4%	4%
No of jobs with RRP	2	4	8	8	8	8
Recruitment Agency fees						
Amount spend per year	£15,000	£15,000	£10,000	£5,000	£5,000	£5,000
Bank and Agency staff cost						
Amount spend per year	£350,000	£100,000	£100,000	£100,000	£100,000	£100,000
Tailored training and development						
% up take	21%	50%	80%	100%	100%	100%
No of course available	3	8	8	8	8	8
Graduate Training programme						
Successful completion (No of Trainees)	0	4	4	4	4	4

7. Conclusion

The NHS as a whole is very inflexible in rewarding staffs and recruitment process has been standardized across the country. But it would appear that some organizations within the NHS such as the study site has been able to implement some local schemes for retaining and motivating staffs for example paying a recruitment and

retention premium. Although good access to training and CPD were available at the study site, there was a low uptake by junior member of staffs. Thus the organization has to focus more on junior member of staffs. It is without doubt failure to adopt strategies to maintain content and consistent workforce, the NHS would lose financial control. The adopted strategies should also crystalize basic concept of knowledge management which would also requires a system that will allow the creation of new knowledge, a dissemination system that will reach every employee, with the ability to package knowledge as value-added in products, services and systems. To remain competitive, the NHS will need to abandon their rigid systems and embrace commercial HRM strategies and knowledge sharing schemes. Competitive success will be based less on how strategically physical and financial resources are allocated, and more on how strategically intellectual knowhow is managed from capturing, coding and disseminating information, to acquiring new competencies through rewards, retentions, training and development, and to embrace diversity.

References

[1] HFMA. www.hfma.org.uk, date accessed: 20/4/2015.

[2] Monkey Survey. www.surveymonkey.com, date accessed: 20/4/2015.

[3] Rainey, Halv G. Understanding and managing public organizations. 2d ed. San Francisco, CA: Jossey Bass Publisher, p.201.1997

[4] Perry and Wise. The motivation bases of public service. Public Administration Review 50(3):367-73. 1990.

[5] Crewson, Philip E. Public Service Motivation: Building Empirical Evidence of Incidence and Effect. Journal of Public Administration Research and Theory 7(4): 499-518). 1997.

[6] Lewis and Frank. Who wants to work for the government? Public Administration Review 62(4): 395 – 404. 2002.

[7] FHCS. www.fhcs.opm.gov/pFriendlyIndex.htm. , date accessed: 20/4/2015.

[8] Department of Health. General Medical Services (GMS) contract, London, England: Department of Health, 2014.

[9] NHS Lead the Way. www.nhsleadtheway.co.uk/breakingthrough.aspx, date accessed: 20/4/2015.

[11] NHS Employers. www.nhsemployers.org/SimplifiedKSF , date accessed: 20/4/2015.

[10] FSD. www.fsdnetwork.com, date accessed: 20/4/2015.

[12] ONS "Expenditure on Healthcare in the UK, Office for National Statistics", 2014.

[13] Department of Health; National Service Frameworks. London: Department of Health, 2014.

Appendix 1

National Health Service:

History

The National Health Service or NHS is one of most well-known publicly funded healthcare organizations in England, Scotland, Wales, and Northern Ireland. The three national services Scotland, England and Wales, and Northern Ireland were formed by separate legislation that started to function from 5th July 1948. Before these there were a few public health services that were managed by the local authorities as well as other bodies. Each of this system operated in an independent manner. The NHS in UK makes available healthcare services to the residents of the region. While most of the services that are offered are free of cost there are fees for dental care, eye tests, prescriptions as well as certain other aspects of personal care. Majority of the population in England utilizes the services of NHS except only about 8% who are inclined towards private health care such as BUPA Health Care. The company is funded with the help of taxes. The UK government Department of Health is responsible for the management of NHS and most of the fund of the department is used on NHS.

NHS in UK looks after the Primary Trusts in the area. The several trusts in operation are the Primary Care Trusts for public health and primary health needs, NHS Hospital Trusts that manages the hospitals and special care in NHS hospitals that amounts to about 1600 in number, NHS Ambulance Service Trusts, NHS Care Trusts, NHS Mental Health Services Trusts and NHS Direct Trusts that provide customer support online.

The Primary Care Trusts are the major fund holders of NHS. Depending on the target given to them by the Health Department, they disburse the funds to the hospitals depending on the local need. The targets have to be achieved at the end of the year failing which may even result in the dismissal or replacement of a Board of Director.

National Health Service Scotland too was formed after the Second World War. The Health and Wellbeing Directorate of the Scottish Government take care of the financial aspects of it. There are some local healths boards which are in turn supported by the Special Health Boards such as NHS Scotland, NHS Quality Improvement Scotland, and Scottish Ambulance Service. There is also the Golden Jubilee National Hospital, State Hospital for Scotland and Northern Ireland, NHS 24, NHS Education for Scotland and NHS National Services Scotland.

NHS Wales was formed by National Health Service Act in 1946 but the Secretary of State for Wales took over the organization in 1969. The residents of Wales can visit the District General Hospital, which provides a range of services including special services like plastic surgery and cardiac surgery. NHS Wales makes available community services as well that includes health visitors, district nurses, physiotherapists, midwives, community based speech therapists as well as occupational therapists.

NHS is known as Health and Social Care in Northern Ireland. The Northern Ireland Executive through the Health, Social Services and Public Safety Department monitors it. It also has its own ambulance service.

Human Resource Management in the NHS

Nationwide the NHS employs more than 1.6m people. Of those, around half are clinically qualified including some 90,000 hospital doctors, 35,000 General Practitioners (GPs), 400,000 nurses and 16,000 ambulance staffs. The NHS is the fifth largest employer. NHS in Scotland has around 160,000 staffs while NHS in Wales employs 90,000 staff.
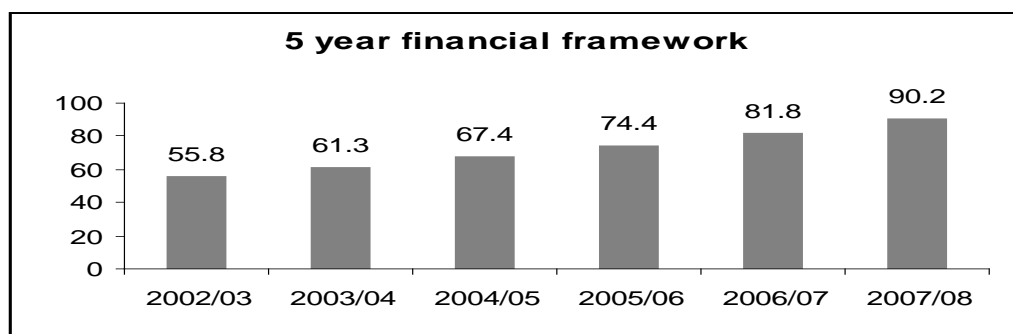
The NHS strategy is consistent with "Working together", "Improving Working Lives" and the Human Resource Performance Management Framework. In 1998 "Working Together" signalled a new service-wide approach to managing human resources in the NHS. It was based on recognition that key service developments will only succeed if the workforce implications were fully assessed. The challenge is to make best practice the norm in every organization within the NHS. The three strategic objectives which applied to all staffs including finance staffs are:-

• Ensure that we have a quality workforce in the right numbers, with the right skills and diversity, organised in the right way to deliver the government objectives for health and social care.
• Improving the quality of working life for the staffs.
• Addressing management capacity and capability required delivering the agenda and associated programme of change.

The HR policies were then to ensure employees have good training and development in place, conduct annual workforce plans, devise polices for staff involvement and conduct regular staff surveys to collate feedback. HRM is also expected to show year on year improvements in retention rates and sickness/absence levels.

Funding the NHS

In 1948, the NHS had a budget of £437 million (which equates to £9 billion in today's terms). In 2007/08, it received 10 times more than that amount i.e. in excess of £90 billion. Around 60% of these are spend on staff cost, 20% on drugs, 10% on building & equipment, 5% on medical equipment and 5% on training, catering and cleaning Fig 1 (£" Billions)

5 year financial framework

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	55.8	61.3	67.4	74.4	81.8	90.2

The funding for the NHS comes directly via the taxation and the Government ultimately decide how much money should go to the NHS. The UK economy spends less money on healthcare as compared to many other countries although the government has pledge to increase funding by 9.2% in financial 08/09. Currently UK spends around 7.6% of our "National Wealth" as compared to 13.9% for USA and 9.6% for France. The NHS has a vast number of sub organizations which sets health policy and hence control funding flow from a top down approach as depicted below:-

The organizations in the NHS are managed slightly differently in each part of the UK but most of the policies and changes are set from the top. NHS is a bureaucratic organization in nature and the system is very rigid.

Appendix 2

Situation Analysis for the NHS

2.1 SWOT

'An overall evaluation of a company's strengths, weaknesses, opportunities and threats.' (Kotler and Armstrong, 2008 p.52)

Strengths:

- The NHS has good cross-organization working foundation in place.
- Clear strategic plan to drive forward
- Programme approach has been set out where appropriate to focus
- There is a strong sense of organization drive and determination
- Good understanding from various stakeholders about successes to date but challenges ahead

Weakness

- Capacity may be insufficient when mapped against what need to be delivered for the Government.
- Gaps in communications capability across organization and media coverage and relationships are mainly local.
- Workforce shortage in the horizon.
- Very slow to response to external environment.

Opportunities

- To be recognized as a world class Organization
- To deliver effective campaigns and information which cause change in behaviors to help improve health and health inequalities.
- To training and motivate workforce so they can become experts in their own field.
- To raise awareness of performance and develop world class communication skills across the organization.

- To develop ways of working with various organizations within the NHS which maximise value and expertise.

Threats

- Not being able to move beyond the communications "Basic" (e.g. reactive media, corporate publication)
- Inability to protect the NHS brand resulting in worsened perception of the NHS services.
- Ability to maximize value through joint work force not realized.
- Poor credibility with public and other stakeholders

PEST

Political:

- World class service quotation provides various stakeholders clear direction for ensuring professionalism and high quality service. It also means that decisions and activities are built upon robust engagement and information from patient, staffs and the public.
- Lord Darzi's review of the NHS (www.doh.org.uk) has set a new foundation for the health service that empowers staff and gives patient more choice.
- Stakeholders in particular politicians and the media are increasingly driven by a political agenda.
- Regulatory bodies of the NHS need to be public to ensure that everything is transparent

Environment:

- Value for money. The NHS need to ensure that nay activity males the most of the resources available to it and represents value for money. This should be dome using local services and suppliers wherever possible.
- Partnership working. Need to work with communications and marketing teams within the individual organization to maximize fund usage, skills and other resources available.

Social:

- Increase knowledge among the public on what services and treatments are out there and how these can be accessed. This will particularly impact on NHS's media and political stakeholder relations.
- Increase expectations of services and benefits from the general public and staffs.
- Diverse population: Increasing number of languages spoken, different communities and therefore different needs. Communication, services and work force needs to e tailored to address any equality and diversity barriers.

Technology:

- Greater use of new media, particularly internet in the NHS to communicate with stakeholder.

- Use of advance technological instrument in diagnosis and treatment of patients.

- Increase in social marketing using research to inform and then tailored and approaches to bring about changes.

Appendix 3

Agenda of Change

Agenda for Change is the most significant reform of NHS pay since the creation of the health service in 1948. Supported by the NHS Job Evaluation Scheme (JES) and the Knowledge and Skills Frameworks (KSF) the pay system was designed to:

- Deliver fair pay for non-medical staff based on the principle of equal pay for work of equal value;
- Provide better links between pay and career progression; using the new NHS KSF;
- Harmonize terms and conditions of service such as annual leave, hours and sick pay, and more recently for work performed in unsociable hours.

How it works

Staffs are placed in one of nine pay bands on the basis of their knowledge, responsibility skills and effort needed for the job rather than on the basis of their job title. The assessment of each post using the JES determines the correct pay band for each post, and so the correct basic pay. Within each pay band, there are a number of pay points. As staff successfully develop their skills and knowledge they will progress in annual increments up to the maximum of their pay band, at two defined "gateway points" on each pay band pay progression will be based on demonstration of the applied knowledge and skills needed for that job.

Benefits of Agenda for Change

The new pay system provides benefits for both individual staff and for NHS employers. For employers the system provides greater flexibility to enable them to:

- Devise new ways of working that best deliver the range and quality of services required, to best meeting the needs of patients
- Design jobs around the needs of patients rather than around grading definitions
- Define the core skills and knowledge they want staff to develop in each job
- Pay extra to address local recruitment and retention difficulties.
- A system that is fair and transparent
- Recognition and reward for the skills and competencies staff acquire throughout their career
- Harmonized conditions of service

Appendix 4

Survey about Training		
Department		
Sex		
AFC Banding		
Studying		
Qualification		
Membership		
Years In NHS		
ECDL		
CPD		
Assigned Mentor		
Motivation		

Appendix 5

Motivation Theories

There are five major theories that have led to our understanding of motivation and they are Maslow's need-

hierarchy theory, Herzberg's two- factor theory, Vroom's expectancy theory, Adams' equity theory, and Skinner's reinforcement theory. According to Maslow, employees have five levels of needs: physiological, safety, social, ego, and self- actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level need would motivate employees.

Herzberg's work categorized motivation into two factors: motivators and hygiene. Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. Hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction.

Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards. Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated. Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs.

Skinner's theory simply states those employees' behaviors that lead to positive outcomes will be repeated and behaviors that lead to negative outcomes will not be repeated. Managers should positively reinforce employee behaviors that lead to positive outcomes. Managers should negatively reinforce employee behavior that leads to negative outcomes.