

## Best practice Cases of the 4th Quality Conference for Public Administration in the EU

Case title: Human resource management – way to total quality  
Country: Latvia  
Organisation: State Blood Donor Centre (SBDC)  
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Level: State  
Sector: Health sector

### Short description of the case:

In project „Human resource management – way to total quality” the necessity of effective human resource management system integration in the management system of organization and its influence on the development of the organization and on the motion to total quality is analyzed. Using of the competence approach, training system making process and its improvement, training culture are analyzed and determined as most important factors of the development of organization. Key points: • To substantiate the necessity of quality management and human resource management systems integration process; • To analyze the principles of quality management in the aspects of human resource management; • To consider and analyze competence approach as a modern approach in human resource management; • To analyze strategic aspects of the training system, which affects the internal culture of organization oriented on training.

### Main feature of the case:

- Strategic planning for achieving the targets set
- Developing and using the capacities and full potential of the personnel

### Key words:

management system, development of organisation, competence approach, training system

## **The Long Description**

### **1) Title of the case: Human resource management – way to total quality**

### **2) General description of the organization and/or project**

The State Blood Donor Centre of Latvia (hereinafter SBDC) is an institution of direct public administration subordinate to the Ministry of Health of Latvia. The mandate of the SBDC is to prepare blood and blood components for medical institutions, as well as to provide training and specialization for medical staff in the field of transfusiology.

#### **Mission of the State Blood Donor Centre (Quality Policy)**

To ensure high quality blood component preparation, through creating partner-oriented relationship with donors, personnel, healthcare institutions and suppliers. (Approved by SBDC director since January 3, 2005. New version)

#### **Vision of the Blood Service of Latvia (defined by SBDC since 2004)**

The Blood Service of Latvia occupies a unique place in the healthcare system; therefore, the Service must be perfectly **arranged and efficient**, thus contributing to patient's life care and health improvement.

The **functions** of SBDC are as follows:

- § to organize and co-ordinate the supply of medical institutions with blood components compliant with quality requirements;
- § to arrange the training and specialization for medical staff in the field of transfusiology;
- § to organize and co-ordinate international co-operation in the field of transfusiology;
- § to arrange advisory assistance and tests of immunohaematologic compatibility.

In parallel to SBDC, Blood collection units (hereinafter BCU), exist in Latvia as structural units of medical institutions (hospitals) to prepare blood to supply their hospital.

The activities of SBDC are financed through the state budget; budget is primarily oriented to assurance of blood components (material and technical provision and wages fund), which is a financially consuming process. Allocations for training needs have never been provided.

**SBDC staff: 227 employees.** The centre employs medical staff (physicians, nurses, laboratory assistants, assistant nurses) and personnel without medical education (IT specialists, engineering staff, quality management, human resources management, finance management specialists a. o.).

### 3) The main content of your case

The strategic decision about the elaboration of SBDC quality management system was taken in 1999; the system was elaborated, implemented and improvements are underway. In dealing with the requirements of a quality management system, or in the process of improvement, or in the contemplation about future needs of organization and Latvian Blood Service, the organization arrives at the necessity to elaborate an effective human resource management system. Such steps in development conform to the TQM (Total Quality management) philosophy.

When implementing the quality management system, a decision was made to develop an HRM system to influence the inside clients – employees, who, with their understanding, attitude, qualifications, knowledge and skills influence the satisfaction of outside clients.

The human resource management, management of documents, internal audit, and other elements of the system operate according to common requirements by the quality management system. Various management systems do not co-exist; all subsystems are integrated in a single system.

The decision was made to use the innovative approach – “competence model”, at the same time applying the requirements of ISO 9001. A “competent employee” in the understanding of the competence means: **an employee whose education, knowledge, skills, and meet certain requirements specified for the position he or she occupies.** Competences consist of professional **knowledge; education, experience; individual character traits**, such as communication skills, stress tolerance, decision-making and problem- solving skills; the person's appearance and **behaviour; skills**; a variety of **technical knowledge and skills**. The advantages of the “competence approach”: reduces bias in human resources management processes through the use of **measurable indicators**.

When designing a human resource management system, it should be kept in mind that human resources include not only employees but also managers, including top-level managers.

Training is the main strategic element for QM as well as for HRM. Training for QM and HRM managers, for all managers, for staff, training for trainers! The main principle: Person's knowledge effects SBDC knowledge-based management, which effects National Blood service knowledge-based management and continued improvement.

In May 2003, the competence approach was first used in the assessment procedure of a new employee. The situation simulation method was used. In 2006, it is planned to conduct competence assessment for all staff not only pursuant to requirements for assessment stated in legislature but also applying the competence approach.

### 4) The reasons behind the case

#### *Theoretical reasons*

- The ISO 9001:2000 standard directly (in Article 6.2. Human resources) and other applicable standards directly and implicitly define the requirements with regard to human resources.

- Certain knowledge and skills are necessary in order to have a systematic view on the processes. The approach of the system is oriented towards the development of operational skills and the use of full potential of every member of the organization.
- Involvement of employees is not only one of the principles of quality, but also an actual necessity, if an efficient management system is established.

#### ***External reasons***

- SBDC works pursuant to European recommendations in the sphere of blood components for a considerable period of time, and has been working pursuant to requirements of European Directives recently. Recommendations refer to ISO 9000 series of standards as a valuable basis for establishing a QM system. Quality system is mandatory only since December 2005. Blood safety and quality – one of the healthcare priorities in the EU and in the world.

#### ***Internal reasons***

- In the development (since 1999) of the QMS of the institution, we nevertheless encountered hindrances and made mistakes: opposition from the staff, lack of awareness how extensive the influence of staff's performance on clients is, placing the blame on error management system, formal approach, mere power as a substitute for leadership, poor analytical and planning skills. An opinion prevailed that professional knowledge and a minimum experience constitute a satisfactory competence for a manager. HRM fulfilled only the administrative duties, resulting in the absence of HRM staff in tactical and strategic decision-making.
- Internal Training system as an element of the quality management system was introduced in 2001, but its performance was unsatisfactory. There was a lack of understanding what additional knowledge the staff needs. Key hindrances for the implementation of the training system were the monetary-oriented motivation of the potential lecturers, and the need to earn credit points for certification purposes for the listeners (medical staff). It was necessary to try another way.
- As a result of the QMS analysis (management review) in 2003, a plan for correction measures was devised, resulting, after its implementation, in HRM system being formed. The weak sides were found – the training system did not work, managers lacked knowledge in human resources management, management competences were insufficient, prevalence of monetary motivation.

#### ***Personal reasons***

- One of the primary objectives was to improve my own, quality manager's, knowledge in HRM, and also to deal with the critical aspect, as established by the analysis of management review in 2003, human resource management processes.

### **5) The actors behind the case**

The HRM system was devised by a team of specialists: QM specialists, HRM specialists with the support and participation from the director.

The **quality manager** of SBDC took initiative (2003) and assumed responsibility about the development process. Since the moment HRM system's separate elements have been developed and HRM manual compiled, the responsibility for maintenance and improvement of the HRM system was delegated to **deputy director on HRM issues** (2004). The HRM system was devised by a team of specialists: QM specialists, HRM specialists with the support and participation from the director. Analysing the periods before the implementation of the project and during the project, that is, changes occurred within the course of 3 years, it can be concluded, that the functions of human resources management were transformed, human resource management specialists were hired and involved in formation of the tactics and strategy of the institution, thus influencing the strategy of the whole sector, through the planned establishment of a blood service in national level. The deputy director on HRM issues was included in the quality management board of the institution.

Outside advisors, due to lack of funding, practically did not take part in the development. At the beginning of the project, an advice was received with a view to make sure that our plans are real and manageable. Advisor from company *Trivium* remarked that usually commercial institutions (banks, corporations) are interested in this practice and that it requires voluminous financial investments.

In 2006, it was decided to invite an outside advisor on putting into practice of the competence approach and to train SBDC managers for competence assessment purposes.

Other managers and employees were involved through training activities. One part of our outside clients is Blood Service specialists, which were involved through training activities too.

## 6) The process leading to success

Since 1999, it was clear that SBDC needs an integrated management system, as SBDC were using the ISO 9000 series of standards, the ISO 17025 standard in accredited laboratories, the ISO 14001, and principles of OHSAS 18001 and GMP.

The development of an integrated management system was also fostered by assessment procedures - internal and external audits, self-assessment procedures, inquiries of clients, incl. employees; error analysis, and expert observations. A work group which initiated work on HRM system was established on the basis of mutual wish to cooperate and reach a common goal to improve the management system. The group consisted of 3 persons: SBDC quality manager and 2 human resources specialists. Gradually, other managers were involved and, through training activities and inquiries, also employees.

### **Human resources management policy was defined and approved:**

*To build a unified, effective, positively motivated collective for reaching common objectives, characterised by respect towards each member's individuality and appreciation of the contribution of each employee, thus creating a positive image and organisational culture of State Blood Donor Centre (Approved 11<sup>th</sup> of April, 2003).*

Was created the implementation plan and were defined HRM purposes.

A decision was made to attempt to apply the ISO 9001 standard in the formation of the HRM system. The first step, as always, was analysis of the current system. As a result of the analysis, the HRM processes were defined, current requirements revised, patterns for processes developed, critical points of the course of the processes were established, as well as HRM manual was compiled. In the formation of the HRM system, the pattern of ISO 9001 was used and 8 basic principles of quality management were applied.

<b>ISO 9001:2000 – Requirements</b>	<b>Interpretation of competencies</b>
<p><b>Introduction. 0.1. General</b>            “Introduction of quality management system in an enterprise is a <b>strategic decision</b>”.</p>	<p>Competencies of <b>top management</b>:            - appropriate knowledge and management methods applied;            - management-related activities of managers – leaders, their decision-making ability and ability to involve staff in decision-making - first, but strategically essential step.</p>
<p><b>0.2. Process approach</b>            “In order for an organization to operate effectively, it must <b>identify</b> and <b>manage</b> many interrelated activities.”            If the process approach is used in the quality management system, the following focuses gain importance:            “a) understanding and fulfilment of demands,            b) necessity to <b>analyze</b> processes from the point of view of adding value,            c) achieving efficiency of performance and yielding results of the process,            d) continuous <b>improvement</b> of processes <b>grounded</b> by objective measurements.”</p>	<p>Identification of processes, assessment and development of competences for employees – managers: knowledge; ability to analyse information, to delegate functions, to assess results of performance, as well as regarding human resource management processes (such as recruitment, training, assessment of staff's competences and performance results).</p>
<p><b>4.2. Requirements regarding documentation</b>  <b>4.2.1. General</b>            “Comment 2: In various organizations, the volume of documentation within the quality management system may vary and depend upon:            c) <b>competence of staff.</b>”</p>	<p>We directly encounter the staff's competences again. The volume of documentation must be sufficient and its content must be understandable to the staff. It depends not only on staff's level of education (higher education, masters degree), but also on training system and training methods of the organization.</p>
<p><b>6. Resource management.</b></p>	<p>Article 6.2. of the standard fully reflects a logical necessity</p>

<p><b>6.2. Human resources.</b>  <b>6.2.1. General</b>  “Staff performing work which influences quality of the products must be competent, on the basis of <b>appropriate education, training, skills and experience.</b>”  <b>6.2.2. Competence, understanding and training</b>  “The organization must:  a) define the competence necessary for the staff performing quality-influencing activities,  b) ensure training or other measures satisfying these needs,  c) assess the effectiveness of measures taken,  d) ensure the staff’s awareness of the importance and meaning of their work and their contribution to reaching quality objectives,  e) keep up protocols confirming the training, experience and qualification (see 4.2.4.)”</p>	<p>for the establishment, implementation and improvement of an effective human resource management system. The numerous human resource management processes are included in article 6.2., where it can be read between the lines: “introduce an efficient staff selection process, assessment process of work performance and staff’s competences, establish effective training and motivation systems”. To introduce an efficient staff selection process, requirements for positions must be set to ensure that the staff understand the importance of their work; teamwork must be fostered to ensure training according to needs of the organization, which must correspond to the training needs of the staff. A successful quality management system will involve all members of staff.</p>
<p><b>8.2.1. Client satisfaction</b>  “As one of the performance measurements of quality management system, the organization must obtain and continuously assess information related to clients’ perception of whether the organization meets the clients’ demands. Methods for obtaining and usage of this information must be defined.”</p>	<p>An unsatisfied employee is unlikely to provide a service or produce a product of a quality sufficient to satisfy the demands of outside clients. Discussions with employees, interviews, inquiry forms, as well as staff’s competence assessment process may be regarded as monitoring processes and sources of information to raise the level of satisfaction of outside clients.</p>
<p><b>CONCLUSIONS</b></p>	
<ul style="list-style-type: none"> <li>• No employee comes to work to perform their duties poorly. Employees must believe that management wants their involvement. The attitude and action of employees is determined predominantly by what the management demands from them. It is essential to clearly and unambiguously define the desired level of employee involvement;</li> <li>• Employees must be aware of the contribution they can give. People are usually reluctant to involve in activities unless they have been permitted to do so. Employees must know their duties, activities, rights and limits of their functions. It can be achieved by providing them an efficient job description.</li> <li>• Employees are in need for continuous training. To achieve involvement from each employee, they must be determined. Determination requires understanding. Understanding requires training. Training requires determination from the management, planning, time and funding.</li> </ul>	

Using the proposed pattern of process in human resources management, the processes have been also reviewed. Using the process approach in human resource management system, particular attention was paid to: **identification** of processes; study of **mutual interaction** of processes; **documentation** of processes; **allocation of resources**, incl. for **training of experts** in human resource management; **analysis** of the course and results of, as well as deviations and errors in processes; **assessment of efficiency** for the results of the processes; continued **improvement, well-grounded** by objective measuring.

The internal training system was developed as an element of QM system in 2001, but has been passed over to Human resources department since January 1, 2004. The system works practically without additional funding (occasionally, paid lecturers are invited). Seminars, lectures, practical classes are held by employees of the SBDC.

Questionnaires are used to identify the staff’s level of satisfaction and desirable topics for training activities. Staff assessment results are also considered to identify training needs. It is worth mentioning that a far-sighted company will foresee future needs as well.

## 7) Results indicating the success

Main factors contributing to the positive results of the project:

support from the director; scientifically analytical approach; desire to use contemporary management practices; planning; mobilisation of existing resources (human and time-restricted resources: 4 SBDC employees have master's degree in Total quality management); education activities - lectures, seminars, discussions on quality management issues; group activities; inquiries, polls, results of internal audits, management reviews, self-assessment results; a clear vision and understanding of the necessity to change; collective activities (Christmas balls, Whitsunday); compilation of Yearbooks; publication of the institution's own paper for all Latvian Blood Service specialists; publication of information in a common local network.

It was hard to change attitude and thinking. The main positive results and their indicators are following<sup>1</sup>:

1. Improved quality management processes:
  - 1.1. Self-assessment scheme first used in SBDC (ISO 9004) -2003;
  - 1.2. Quality Management Board of the SBDC established. One of its members – assistant director in HRM issues. -2003;
  - 1.3. a team of assistant directors was formed and the principle of delegating functions was introduced (since 2003);
  - 1.4. increased number of reported errors (fear of reporting errors among employees decreased) (since 2004);
  - 1.5. SWOT analysis in various aspects (since 2004);
  - 1.6. SBDC quality manager participate as temporary adviser in World Health Organisation Training course “Quality management in Blood Transfusion Service” – 2005, 2006.
2. integration of HRM requirements of ISO 9000 series of standards, the ISO 17025 standard in accredited laboratories, the ISO 14001, and principles of OHSAS 18001 and GMP in one system;
  - 2.1. Formal changes in HRM role: from administrative to tactic and strategic roles – 2004
  - 2.2. elimination of “parallel” HRM processes, e.g. all requirements for staff training are covered by common SBDC internal training system;
  - 2.3. increased perception of employees on HRM processes, especially of managers;
  - 2.4. increased work effectiveness by employees' understanding of responsibilities;
  - 2.5. 5 employees have been promoted as a result of new approaches and processes in HRM (the career planning process) (2005).
  - 2.6. HRM Manual (quality principles + process approach)- 2004 approved ;
  - 2.7. First SBDC Yearbook -2003;
  - 2.8. SBDC paper for all Latvian Blood service specialists (since 2003);
  - 2.9. SBDC collective agreement (between the employer and the employees) for the first time provides for financial allocations for training needs (no less than LVL 1000 annually within limits of the budget) (2005).

*Comment: commercial institutions allocate a certain percentage of wage fund, from the total budget. Funding is inadequate, but the first essential strategic step is made*
3. development of an effective training system:

### 3.1. Indicators for knowledge –based development, changes for attitude and personnel involvement (see table)

Indicators	2003	2004	2005
<b>Changes in principles:</b> Participation in international activities (number of employees)* is the important resource for training and improvements for another employees	17 = 9.4%	30 = 14.7%	23= 10.8%
<b>Changes in motivation:</b> Number of employees–students	14 = 7.7% (Higher school)	11 = 5.4% (3 university graduates–Master degree. One of them in TQM)	18 = 8.5% (incl. 14 Higher school and 4 secondary special)

<sup>1</sup> Unfortunately, the register before the elaboration of the human resource management system does not include the data we need. We offer you indicators we consider important in the development of our integrated management system in relation to this project

<b>Increase of personal interest:</b> Number of employees with Master Degree in Total Quality Management	1	2	3 +1 study Master program TQM+ 1 study Doctor program TQM
<b>Changes in motivation:</b> "It's a honour to support training system." Inside lecturers (lecturers in the framework of the internal training system: employees of SBDC)	15 = 8.3%	9 = 4.4%	7
<b>Intensification of activities:</b> Internal training system: number of seminars **	3	16	14 ***
<b>Personnel involvement:</b> Internal training system (total number of listeners- SBDC staff)	139	295	211

\* by 2005, to employees who participate in training in international level, an honorary task has been allocated to share their knowledge in the framework of the internal training system and/or to write an article for the institution's paper.

\*\* Free seminars delivered by SBDC employees for their colleagues without remuneration.

\*\*\* Understanding of the need to learn is rising, causing increased demands towards lecturers, seminars, materials.

In **2005**, the integrated approach in organising training activities was implemented ensuring the participation of all Latvian blood Service specialists (+ 18 establishments) in training activities for SBDC employees.

### **3.2. Intensification in knowledge –based internal training system:**

#### **Subjects for seminars on issues on integrated management system:**

**2003:** Introduction to QM; Error management (for SBDC staff)

**2004:**

1. Analysis of annual statements – management review; Laboratory assays; Equipment: metrology; Principles of adult learning and training methods; Human resources management: effective conflict management; SBDC internal audit: requirements; Correction and preventive actions; Quality system in the laboratory; Fire safety; ISO 9001: requirements (participants: staff of Blood Service Latvia);
2. Job descriptions; Requirements of EU directives Quality management system. Standards.; Principles of document management; (participants: staff of SBDC and another blood establishments);

**2005:**

1. Haemovigilance; ISO 19011-audits; Quality control; Human resources management: remuneration system (participants: SBDC staff)
2. Analysis of annual statements – Management review; Structure of the Blood Service and directions for development; Development concept of the Blood Service; New requirements for quality control; Haemovigilance; Application of process approach in the Blood service; New products – cryoprecipitate; New requirements of EU directives: explanations (participants: staff of Blood Service of Latvia)

## **8) The main obstacles of the case**

The management of SBDC was always highly regarded, which was a reason to consider that no serious changes are needed in the system. This was the basis of the staff's opinion that in order for the SBDC to function successfully, it is fully sufficient to maintain the management system at the same level. Also the requirement to introduce a quality management system in the institution was not compulsory by December 27, 2005. As obstacles lack of competences for employees, particularly managers, to manage, plan, distribute, assess, delegate functions. All possible training activities and time, analyze and corrective actions – it's all what we used and what we need to solve the problems.

## **9) Main sources of inspiration behind the case**

We decided to contribute our knowledge obtained in educational institutions and through self-education. In 2003, in the course of master studies in Quality Management at Riga Technical University, the quality manager of SBDC chose the integration HRM and QMS as the subject for the

master's paper; in cooperation with colleagues the integration was practically implemented in State Blood Donor Centre. This can be considered as one of the examples when private interests correspond with those of the institution.

One of the motivating factors: the wish to show that modern management practices, applied successfully in large commercial and profit-oriented corporations can be applied effectively also at institutions financed from the national budget.

### **10) The most important lesson learned**

The institution needs an effective integrated management system and, irrespectively of the scope of activities, the efficiency of human resource management influences the efficiency of the institution as a whole.

As to implementation of competency model, first, it is crucially important that methods for competence assessment are found, applied systematically and developed. Second, considering that a number of employees will be involved in competence assessment processes (human resources management specialists, managers of various levels, employees, clients etc.), the staff's understanding of competence approach and knowledge in the application methods for competence approach and interpretation of results is important.

When planning a training system, one must consider that the employees are adults characterised by their specific way of thinking, which influences the person's will to learn, necessity for specific type of education, as well as the training method. The readiness of adults to learn is related to:

- understanding of what type of knowledge they need;
- a prevalence of their own needs over subjects in their orientation;
- inner motivation to learn.

To recapitulate, the main conclusion is that the formation and improvement of quality management system accordingly to requirements of ISO 9001 standard (or another model), should not be restricted only to literal implementation of the stipulated requirements. The system can only work effectively if it has actual understanding among and support from all staff of the organisation, if all staff are involved in the formation and improvement of the management system, if the staff feel concerned about it. I am convinced that the individual is the most important and sensitive asset of an organization, reacting both on formal approach, both on constructive, purposeful and improvable management system of the organization.

An organization involved in education is able to adapt, change, develop and transform itself to the needs, wishes and endeavours of its clients.

In the course of implementation of the project, the perception of management system as such has changed. We have come to an understanding that contemporary management theories can be successfully applied not only in commercial businesses, but also in public institutions. We learned that even restricted resources in terms of finance may not hinder attempts to raise the efficiency of management system through integration of all elements of management. We have to improve Human Resource Management system to Human Capital Management.