

FIXING EMPLOYEE RETENTION & PERFORMANCE

Improve healthcare employee retention by utilizing the power of assessment. This white paper explains how to reduce interview and selection times and increase retention rates in all areas, from clinical to administrative roles. It will also cover how to develop and engage employees and the approach of leadership to ensure organizations have top talent for the future.

Critical issues facing the healthcare sector:

The following factors are driving turnover in healthcare:

- Feeling overworked
- Lack of role clarity
- Low control over job performance
- Lack of career opportunities
- Lack of trust and collaboration with coworkers
- Scrutiny of licensure
- Regulatory atmosphere
- Quickly changing atmosphere
- Patient ratings
- Quality and compliance issues
- Not receiving recognition or respect for contributions
- Poor communication with management around critical issues
- Job stress and burnout
- Reduced operating margins and staffing levels

As in other service-related businesses, the benefits of having engaged, empowered, loyal employees can lead to increased retention, lower costs, enhanced reputation, and a profitable business picture. Employee engagement and retention with leadership strategies will provide the healthcare industry with a competitive edge to deal with the evolving industry.

Talent shortages—lives at risk?

Talent shortages in healthcare may be putting lives at risk. As the U.S. population ages, the health care industry continues to grow in size and importance. Global shortages persist for nurses and doctors. According to American Association of Colleges of Nursing, there is a national RN vacancy of 8.1%, and nursing has some of the best projections for job growth in the coming decade.ⁱ The overall healthcare industry turnover rate is 26.2%, while certain sectors have even higher rates.ⁱⁱ Hospital CEO turnover is 17%.ⁱⁱⁱ Ramp up time is nearly 6 months for new leaders.

Turnover of clinical staff leads to systemic issues for healthcare:

- Decreased quality of patient care
- Patient loss
- Increased staffing and contingent staffing costs
- Increased accident and absenteeism rates
- Burnout, health complications, emotional exhaustion, verbal abuse, job tension
- Low morale and engagement

Population trends

Healthcare is the one of the fastest growing sectors in the US economy.^{iv} As the U.S. population ages, the healthcare industry continues to grow in size and importance, now representing 18 percent of GDP^v, and continues to grow.

Healthcare companies will continue to find it difficult to recruit and retain high quality professionals. The reasons are that a growing proportion of the workforce is retiring, and there are too few new graduates in the medical field.

A few solutions have been found to positively impact turnover, including increasing the number of candidates for hospitals through educational programs and increasing the benefits of the roles to make them more attractive. The methods providing most immediate benefits at the lowest cost are improving selection and the methods used to manage nurses after they are hired. The most dramatic improvements can be obtained through your human capital strategy, addressing employee engagement and selection.

THE FIX

The Employee Lifecycle focused talent planning

Talent planning will ensure your hospital is ready for the impending growth. Organizations need to think long-term, planning through 2030, when there will be a shortage of caregivers for the looming population of Baby Boomers.^{vi}

A careful combination of policy and talent planning will be necessary to ensure that you will have talent ready. Leaders need to apply employee engagement tactics around all steps of the employee lifecycle in order to extend it as much as possible.

The employee lifecycle is important as you figure out your human capital strategy.

- Recruitment/Selection
- Performance
- Development
- Succession
- Transition



Match these stages to your human capital plan:

- Selection/Fit for role
- Onboarding
- Leadership Development
- Employee Engagement
- Team Building

Organizations must carefully implement Talent Acquisition, Talent Development and growth strategies through people with a focus on all stages of the employee lifecycle.

Selection → Fit for role

Selecting the right people the first time and striving for the best fit of employees are the best methods healthcare organizations can use to improve their retention rates. The best fit is not identified through resumes or even skills testing, although certifications are essential, but by leveraging behavioral assessments as part of the screening process for applicants.

Scientifically validated assessments have the benefit of being objective and are a predictive alternative to selecting the right people for roles, rather than relying on “gut” feelings after interviews to make important decisions that can impact the organization and patient outcomes.

Even if the team has been together for years, periodic assessments to ensure that the right people are in the right places to execute duties are necessary. Organizations should develop key members and delegate responsibilities appropriately, based on scientific assessment results.

Selection is strenuous because of talent shortages and the need to develop talent within the company. Through the improved selection of healthcare leaders utilizing the power of assessment, organizations can increase retention rates in all areas, from clinical to administrative roles. Effective assessment tools identify high-potentials to prepare with specific training, so hospitals can retain them and mutually benefit from their skill sets as they progress through their careers. Leaders play a key role here as they select talent. Additionally, poor leaders can cause good talent to leave the organization.

Onboarding

According to the Aberdeen Report, how effective a company is at onboarding is directly linked to its retention, yet many organizations still do not focus on this critical period. 90% of employees make their decision to stay with a company within the first 6 months of employment.^{vii}

Top talent-focused organizations have effective onboarding programs and conduct initial performance discussions. Poor fit is one of the major reasons that

Kindred Healthcare: Defining and Filling the Job Requirements of the Future

Kindred Healthcare, Inc. is the largest operator of long-term acute care hospitals and inpatient rehabilitation hospitals in the United States and has 76,000 total employees. Looking forward in its strategic planning effort, Kindred’s Hospital Division recognized the need for sustainable improvements to its sales performance, and the Division set out to address the annual turnover of nearly 40% for this group. Using the Predictive Index® (PI®) behavioral assessment and Performance Requirement Options™ (PRO) job analytic tool, Kindred’s Hospital Division created a benchmark of the key behavioral characteristics needed for success in each of its sales roles. The Hospital Division also introduced a more objective recruitment and selection process that used the PI and PRO to reveal the fits and gaps between candidates’ behavioral tendencies and the requirements of the position. Kindred’s Hospital Division found that new hires who matched the benchmark outperformed those who did not by a wide margin. Behavioral assessment in the Sales Organization and other groups has helped Kindred’s Hospital Division slash turnover and save several million dollars over the course of three years.

leaders don't work out at company, and onboarding is the ideal time to acclimate them to the norms and role expectations. Creating goals together connects the new employee with how they affect the overall organization.

During onboarding, in addition to validating core capabilities, work values and priorities should be communicated effectively at this time when reports are looking for direction and a clear understanding on how to act. Internal customers need to hear messages directly. Managers should review new employees' behavioral assessments to show the employees that they care to make the right match between person and job, and that they understand what motivates employees and plan to lead accordingly.

This will set employees on the right path early on in their experiences at healthcare institutions and give expectations clearly and early. Additionally, checkpoints at 30, 60 and 90 day marks should be scheduled to review individual performance.

With a clear onboarding plan that is followed, healthcare providers can set expectations and developments plans early on, as well as increase the likelihood of retaining the employee short and long term and accelerating their ability to add value in the role.

Leadership Development

By growing their own people, organizations save money and avoid having to lure away personnel from other facilities. Whether bringing in new leaders to the organization through an internal, cross-functional move, or bringing them in from the outside, they need help to transition effectively between roles. Whether that role is CEO or Case Manager, healthcare organizations must ensure that leaders are set up for success by helping them to manage their transitions. Every level of management is distinct, whether leaders of leaders or of individual contributors. Here are some guidelines to help prepare people adjusting to new leadership roles.

- Leadership development provides an understanding of the organizational or departmental vision.
- Healthcare leaders need support and advice too. Advisors can guide them and to help them generate ideas. Internal or external coaches provide balanced advice to the transitioning employee.
- Mentoring Programs are excellent methods for information sharing.
- Nurse Managers can often be strong clinically, but many do not have the background to deal with personnel issues. Offer specific development in such areas to clinical leaders.
- During a critical change, a new employee's or leader's skills, time applications and work values must adjust, and the leader's behaviors will require adjustment, although his or her natural motivators will remain the same. Errors occurring during leader on-boarding that

According to the Aberdeen Group, Best in Class Organizations focus on the employee lifecycle, and those organizations engage in the following activities:

- Utilize assessments and other objective data to make management decisions throughout the employee lifecycle
- Ensure HR and management collaborate to meet business needs
- Train hiring managers in assessments and other tools
- Create individualized action plans

Furthermore, 94% of Best in Class Organizations leverage assessments for their entire employee lifecycle. Assessment data gives those organizations vital data on:

- Whom to hire
- Developing leadership capabilities
- Identifying high potential employees/leaders
- Developing skills

Source: Aberdeen Group, *Talent Assessment Strategies 2013*, March 2013.

prevent smooth transitions could even create a competitive disadvantage for an entire company.

Healthcare administrators must:

- Understand how they lead: realizing their operating style and figuring out how they can relate to their role demands, through risk and/or change.
- Receive clarity to their roles and how they can achieve results through people, leading a diverse workforce and transitioning through the levels of leadership in the healthcare track, from an individual contributor to leader of other to leader of leaders.
- Focus time on using communications to engage employees, in order to motivate them and provide feedback, in addition to conflict resolution and coaching.
- Develop performance management skills—setting, goals, objectives and performance standards to build a team that will have high performance and quality scores.

Employee Engagement

Low employee engagement is one of the largest drivers of turnover. Give your hospital leaders tools they can use to foster engagement. Have them listen to employees and let them adjust processes. Gallup estimates that disengaged U.S. employees lose productivity equivalent to \$350 – 550 billion annually.^{viii}

Engagement surveys provide important analytics about employees' levels of engagement in the organization. They provide objective insights and give healthcare organizations a clear view of opportunities for change and improvement in the organization. Combined with employee performance and patient satisfaction reviews, this data gives organizations an idea of where to focus leadership efforts. If performance is high, for instance, while engagement is low, this may indicate significant leadership issues and a compliant, but not committed team. Behavioral engagement tactics can be used to increase engagement while creating an environment that fosters employee growth and participation.

Indiana University Health: Retaining employees

Indiana University Health Bloomington provides comprehensive, high quality, cost-effective, caring services to the people of south central Indiana. The hospital network continually strives for clinical excellence by aiming to exceed the expectations of those they serve. With over 3,000 employees supporting dozens of outpatient locations, two hospitals and five physician practices, the foundation of their success is their people. For team building, Predictive Index® is used at off-site meetings as a common language for team leaders to discuss communication patterns and work styles, which work to build stronger relationships. PI® is also used when a team experiences a change in management. The loss of a manager can raise a team's emotions, and the insight from PI can help to understand the impact of the loss and how much it will potentially affect the team.

In 1968, Frederick Herzberg published the results of a study in which he identified what drives employee engagement. His work resulted in what is often referred to as the Dual Structure Theory. Herzberg's work demonstrated that there are things that drive satisfaction and things that drive engagement. He demonstrated that satisfaction is tied to "hygiene" or maintenance factors, such as policies, salaries and environmental elements, while engagement is independently driven by "motivator" factors:

- Achievement
- Recognition
- Work itself
- Responsibility
- Promotion
- Growth

Herzberg demonstrated that people may be dissatisfied by a bad environment, but they are typically not transformed into being “satisfied” by a good environment. The prevention of dissatisfaction is as important as the encouragement of “motivator satisfaction.” An individual can be highly motivated in her work and be dissatisfied with her work environment. Current thinking refers to motivator satisfaction as “engagement.” His study showed that hygiene improvements have short-term effects. This means that companies that focus solely on things like pay, benefits, break rooms and parking lots are only dealing with a small and fleeting part of what will impact retention and drive performance.

Assuming the leader has placed the right people in the right roles and engaged in the “work itself,” the risk of poor leadership still exists. What good would it do to hire the right people, doing the right work, only to have them run off by poor leaders? Many of us have heard the saying, “People don’t leave companies, they leave people.”

Applying Herzberg’s “motivator factors,” a leader can impact how an employee is engaged. While some of this may come in the form of the individual’s intrinsic ambition to achieve, leaders can certainly engage employees through developing them and providing the resources that enable autonomy in the role. In his book *Drive*, Daniel Pink refers to autonomy (along with purpose and mastery) as one of the three legs of the stool of motivation. His work clearly reflects the same themes as Herzberg’s over 40 years ago and what Gallup^x surveys continues to validate today. From that baseline, the leader can impact achievement, recognition, responsibility and how the employee experiences her role and her potential, beyond the work itself.

Team Building

“No one of us is as smart as all of us.”

That Japanese proverb pretty well sums up the importance of teamwork in today’s competitive business world. But strong teams don’t just happen. They must be developed and nurtured.

Building the team’s performance can help leaders realize their goals more easily and support the organizational strategy. Organizations that take the time to understand individual differences among team members will be better off with the team and individual performance realized. You can measure your bench strength and your team’s progress with check-ins to review goals and performance. Even after members have conquered initial challenges it’s important to review how things went before charging onto the next challenge. This feedback is critical.

Of course, even on effective teams, differences of opinion will occur. But productivity suffers when team members are distracted by conflicts and low trust levels of teammates. Therefore, effective team development must also include strategies to resolve disagreements.

Leaders have ultimate responsibility for developing effective teams. That responsibility includes:

- Establishing common goals
- Assembling the right team members

- Helping team members understand each other's strengths
- Assigning work/roles based on strengths
- Fostering open communication
- Creating a structure for resolving disputes
- Building trust through accountability and shared experiences

Throughout the development process, the team learns how to make decisions and take actions that will lead to improved efficiency, productivity and patient quality.

Conclusion

Selecting, on-boarding and fostering the right people from within will set up your company for growth and success for years to come. You will be creating an empowered and engaged organization with leaders and employees that have truly transitioned into their roles.

In the healthcare industry, as in other service-related businesses, the benefits of having engaged, empowered, loyal employees can lead to increased retention, lower costs, enhanced reputation, and a profitable business picture. This competitive environment has healthcare administrators increasingly feeling the pressure to manage costs and provide new treatments and better outcomes for patients. In an industry where success is being driven more and more by patient satisfaction scorecards, reliable access to and retention of top talent is essential to meet the demand for quality patient care.

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ⁱ <http://www.lchc.org/research/documents/NrsgShortageFS.pdf>

ⁱⁱ <http://www.healthleadersmedia.com/page-1/HR-272773/High-Hospital-Turnover-May-be-Linked-to-Underfunded-HR>

ⁱⁱⁱ <http://www.ache.org/Pubs/Releases/2013/hospital-ceo-turnover-rate13.cfm>

^{iv} <http://jobs.aol.com/articles/2013/06/26/georgetown-recovery-study/>

^v <http://www.npr.org/blogs/health/2012/03/19/148932689/health-care-in-america-follow-the-money>

^{vi} http://www.washingtonpost.com/national/health-science/huge-shortage-of-caregivers-looms-for-baby-boomers-report-says/2013/08/25/665fb2aa-0ab1-11e3-b87c-476db8ac34cd_story.html?sf16753189=1

^{vii} http://www.hreonline.com/pdfs/10022007Extra_AberdeenReport.pdf

^{viii} <http://www.gallup.com/strategicconsulting/163007/state-american-workplace.aspx>

^{ix} <http://www.gallup.com/poll/155924/mondays-not-blue-engaged-employees.aspx>