



# Employee Retention *in an* Era of Shortages *It's All About Leadership*

BY KATE JACKSON

Often, money has little effect on whether or not valued employees stay put.

**M**oney talks. Or does it? When it comes to addressing shortages of allied health professionals, the conversations often focus on budgets and bottom lines.

The solution, many believe, is more money—to increase salaries, bolster benefit packages, and improve training. But employees walking out the back doors of hospitals across the country typically won't be tempted back by dollars, suggest experts, nor will higher salaries necessarily keep good staff members from jumping ship.

Administrators wanting to prevent employee mutiny would do well to heed the message delivered by William Holden in *Executive Suite*, a 1954 film dealing with industrial integrity. To a board of directors erroneously enraptured by the dollar sign, he explained that a company has to give a man more than wages or it starves his soul.

Job hopping in the healthcare industry is rampant. Within an industry in flux, the players move frequently, as if in an endless game of musical chairs, robbing the field of consistency and eroding the ability to develop the true spirit of teamwork on which healthcare depends. The nursing shortage has captured the lion's share of attention as rising numbers of nursing positions are vacant in American hospitals.

However, there's a dearth of allied healthcare workers of nearly every stripe. This workforce is aging and many are retiring, and the numbers of younger people poised to take their place are dwindling as the healthcare field becomes less appealing to new generations. At the same time, for a host of reasons, dissatisfied healthcare workers are bailing out of the profession.

Healthcare, notes Greg Nelson, vice president, Health Care Practice Group, Development Dimensions International, has been in a state of upheaval for two decades. "It's been very unpredictable and people haven't felt safe," he says.

He points to the reengineering and redesign that took place in the 1990s that cost many people their jobs and flattened the middle managers out of organizations. Now, the industry is beset by shortages. There's a high rate of turnover at most levels of the healthcare workforce, but particularly at the lower levels, he notes, adding that workers tend to bail in the first year to 18 months of employment, largely due to three factors. The first is poor leadership, from which stem the second and third: the inability of staff to perform meaningful work and a lack of opportunities for them to develop professionally.

## THE COSTS

The costs of this out-of-control employee turnover are at least threefold. The financial cost impacts the hospital's bottom line; the psychological cost is deflated morale; and the productivity cost is threatened patient care.

Estimates of the dollar cost of employee turnover vary considerably. According to Beverly L. Kaye, PhD, coauthor of *Love 'Em or Lose 'Em: Getting Good People to Stay and Love It, Don't Leave It: 26 Ways to Get What You Want at Work*, the cost to the hospital alone ranges from 70% to 200% of an individual's salary. The loss of a nurse, for example, might set a hospital back as

much as \$120,000. Why so much? Anytime you lose an individual on the healthcare team, the cost of replacement includes time for recruiting, interviewing, training, precepting, and assimilating. There are also costs for media/advertising campaigns, hiring temporary employees, and paying staff overtime to fill the gaps.

More likely to be overlooked than the dollar costs, explains Nelson, are the costs with respect to productivity and knowledge. "Healthcare, probably more than any other industry, is a team-based knowledge-transfer type of work. The patient isn't treated by one person but a whole team of people, including nurses, technicians, physicians, housekeepers, and others. All of those people must communicate to make sure they're providing optimal care."

The price of turnover is not just the financial cost of replacing the employee. "It's also the cost of the knowledge gap that's created when a person leaves a job," he notes. "When team-based knowledge is critical to good clinical care and when clinical outcomes depend on how well people communicate with each other, there's a significant cost each time you take someone out of that loop. It's the most costly of all factors because it relates to mortality and morbidity rates."

## A CRISIS OF CONFIDENCE

The overriding reason that healthcare facilities fail to keep their best employees, suggest industry experts, is poor leadership. A workplace dominated by poor leaders is not conducive to productivity, efficiency, or job satisfaction and fuels wanderlust. Says Nelson, coauthor of *Zapp! Empowerment in Health Care: How to Improve Patient Care, Increase Employee Job Satisfaction, and Lower Health Care Costs*, workers need to be engaged by their jobs, but few facilities encourage such engagement. "A lot of people came into the healthcare field because they wanted to help others," he says. "They want to take care of people, be nurturing, work at the bedside."

The longer they're in the field, however, the more time they spend mediating issues and becoming dispirited by a lack of true team players. Nelson recalls a recent conversation with two veteran nurses. He asked whether or not they'd encourage their children to go into the healthcare field. "Both replied, without question, 'Not in a million years,'" he says. It's not because the work isn't important to them, but rather because they don't feel as if they're able to do enough of it. "There's too much organizational politics, funding reimbursement issues, or efficiency concerns—things that have nothing to do with the reasons they got into the business in the first place," he observes.

Hospitals have a mission to take care of people, Nelson adds, but they also need to take care of their employees by supporting their ability to do meaningful work and thus reinforce the organizational mission.

According to Nelson, such deficiencies point toward a crisis of confidence in leadership. He suggests that in the healthcare field, little more than one-third of workers have a high degree of confidence in the abilities of their upper-level leaders, and

approximately two-thirds have low or moderate confidence in their first-line supervisors. It's demoralizing, he suggests, because workers who lack deep trust in strong leaders have no one to help them manage their work. Yet, people often fail to recognize the link between first-line supervision and turnover.

According to Nelson, there's a great deal of research, bolstered by exit interviews, to suggest that more than 70% of employees don't leave organizations—they leave their supervisors. Judith Briles, DBA, MBA, author, speaker, trainer, consultant, and expert in workplace issues, emphatically agrees. Her survey of 1,300 healthcare workers demonstrates that the No. 1 reason people quit the workplace is to distance themselves from an abusive manager.

The lack of strong leadership, experts indicate, can be traced to inadequate training. "Someone is a nurse on Friday and a nurse manager on Monday, and the question is: What happened on Saturday and Sunday to get her prepared?" asks Nelson. There's not nearly enough development of people in their current roles, he observes. Good clinical nurses, for example, are more likely than less skilled nurses to advance as leaders and managers, yet clinical nursing and leadership depend upon completely different skill sets. One can have great clinical skills, he notes, and be a poor leader. Administrators are often puzzled when these new managers struggle and fail because they overlook the need for additional training. Curiously enough, training is often ignored when it's most needed.

Explains Briles, author of *Zapping Conflict in Your Workplace* and *Creating Confidence Out of Chaos*, one of the things administrators often do in a rapidly changing environment or following financial cutbacks is slash education and training. In her surveys, only 4% of managers, as opposed to 34% of staff, believed this practice contributes to conflict. "It's a horrible disservice to these talented people who get thrown into situations and aren't given the growing space to meet the challenges," says Briles.

## SOLUTIONS

According to Karen Hart, RN, BSN, senior vice president, healthcare division, Bernard Hodes Group, and former executive director of the National Association for Health Care Recruitment, there are so many organizational priorities in healthcare that retention is often overlooked. "Everyone talks about wanting to retain employees and acknowledges that they need to do more retention work, but there [are] so many other things going on that it gets put on the back burner," she says. To create change, Hart says, retention has to be a culture that is pushed by people at the top of the organization. "Retention has to have a godfather or godmother in the organization who is really going to make a case for it," she says.

Nelson says the first aspect of a retention plan is to develop an assertive strategy on leadership, examine what kind of skills are needed by first-line leaders, second-line directors, and executives, and put in place opportunities for leadership training to develop those skills. Executives, for example, may have great tactical skills but often have little in the way of strategic skills. "Look at the leaders and examine their overall performance in terms of quality, efficiency, patient orientation, and employee morale, as well as their ability to lead with vision and values, teamwork, collaboration, coaching, and mentoring," he advises.

Leadership, Nelson maintains, is about behavioral competencies, so it's important to assess candidates' professional and clinical skills as well as their interactive abilities. The leadership strategy should be created by a cross-section of the organization that determines what the leadership levels and organizational structure will be, as well as how the strategy will be executed.

According to Kaye, an important component of the plan is holding all healthcare managers accountable for retention and the loss of talent. Some facilities include development and retention of talent as skills to be rated during appraisals and some include them as criteria for a bonus. "But companies that are serious

about retention insist that it's part of a manager's job to take good care of and grow the talent they have so that it does not move elsewhere," says Kaye.

"You've got to create accountability measures," agrees Briles, "but it's essential to spell out the components so that everyone starts on the same page at the same time and is held to the same standards."

Commitment from senior leadership, Nelson says, is essential, not merely to finance and motivate support for supervisors but also to serve as examples of managerial style and skill. "You want their participation, their visibility," he says. "Senior leaders need to model what effective leadership behavior is and communicate the relevance of the leadership program to the rest of the organization. The more you have vested leaders who are involved in the organization, the more it helps confirm that people are doing meaningful, worthwhile work."

But it's not enough, Nelson suggests, to evaluate and reinforce leadership abilities among first-line supervisors, directors, and senior-level leaders. "In healthcare, you also have a fourth-level leader by default—all of the physicians who refer patients to the hospital," he says. Because they manage the patient intervention, they're "de facto" leaders and their behavior is very important in the workplace.

"If you teach all of your first-line, middle, and senior leaders the importance of respect for individuals in order to improve the workplace environment, and then you let doctors come into the organization and fail to show the same respect, that's not a good message," Nelson explains. "You have to exert your leadership across the board, communicate your strategy, and insist that it will be reinforced by rewarding the good leaders and having consequences for the poor leaders."

Once a strategy is in place, Nelson says, give leaders the opportunity to improve or move on. When it comes to such a necessary showdown, inertia often rules the day. There's a reluctance in organizations to directly engage in

## GOING TO THE SOURCE

Employers often overlook the obvious when trying to determine what to do to keep good employees: Ask them!

Retention, says Karen Hart, RN, BSN, senior vice president, healthcare division, Bernard Hodes Group, and former executive director of the National Association for Health Care Recruitment, is a matter of listening to employees—doing posthire and exit interviews and taking that information and making use of it. They'll find that satisfaction isn't just about money. "It's about fairness as well as compensation and benefits," she says. "It's about quality of work life and quality of home life." Managers who listen and communicate keep their employees, while managers who assume what the problems are may find that they're far off the mark. Hart suggests holding focus groups to uncover employee concerns.

Examine your turnover rate, she advises. Is the vacancy rate higher in a specific area, unit, department, or shift? Find out the reasons behind the problem. "Ask what might have kept people," she says. If you can get to employees who've left and ask what you could have done differently, you'll gather valuable information. "Talk to the managers and find out what their issues are," she adds. "Many times they're in the middle, but no one asks their opinions.

Beverly L. Kaye, PhD, coauthor of *Love 'Em or Lose 'Em: Getting Good People to Stay*, notes that there are five "stay factors": challenge, learning, the ability to grow, having a great boss, and working with great people. In her book, she outlines A-to-Z strate-

gies to make a workplace a "love 'em" environment, but she suggests that the most important of the tactics is the A strategy: Ask.

"Ask your people what you can do to keep them," Kaye says. "Ask what they need and want and what small things you can do." Organizations often fail to take this obvious step because they're afraid the answer is money, and they fear that if they can't offer money, why ask the question. "Managers think it's all about money across the board, but it's not. It's about everything else that matters. If you ask the question and the answer is money, inform the employee that you can't provide more money at this time but ask what else matters. If you hang in there, you will find that there are a number of things that you can do something about if you just take the time to ask."

Sometimes the solutions are simple matters of respect delivered through everyday courtesies and kindnesses. "We see this on a unit or department level in healthcare organizations where certain managers intrinsically know what to do to retain people," Hart says. "They're the managers that send birthday cards to everyone on the unit, who put little notes on pay stubs, or who have many recognition programs." There are people with an innate understanding of that, she says, and if—even in the absence of a formal retention plan—others could duplicate some of those best practices, they'll find that their staff is less quick to look for greener pastures.

— KJ

conflict and confront individuals who aren't making the grade, notes Briles, who maintains that it's absolutely imperative to confront people to banish mediocrity and what she terms toxicity—the by-product of overlooked or unresolved conflict.

On par with good leadership is an emphasis on employee professional development—helping staff develop strong skills and collaborative attributes of exceptional team players. "If you align your visions and values with the expectations of your employees and allow them a lot of opportunity to develop, you help to make them feel that they're doing meaningful work in the organization," says Nelson.

Another attribute of good leaders that similarly bolsters workers' satisfaction and fulfillment is the ability to show appreciation. "When you are short staffed," says Kaye, "the time to

say thank you is cut way back, but in reality it only takes a nanosecond to say thank you."

Selecting the best employees in the first place will also help matters. While hospitals may strive to be the employer of choice in their areas, what they really should aspire to, says Briles, is being the employer of choice of choice employees. That demands selectivity—an insistence on choosing the best of the best from the talent pool. "It means learning to use all available assessment tools to make sure that prospective employees fit in with the environment, the model, and the mission of the organization," she says.

According to Kaye, labor statistics project a profound labor loss in healthcare in the coming decade. "All fields are going to be short staffed in healthcare and there's going to be a talent war," she says. Employees in the healthcare field will be snatched up by other

fields that might offer more.

"If it becomes clear that everyone who loses precious talent will suffer the consequences, as will patients, perhaps we'd stop taking this issue so lightly and would demand that managers treat staff well," Kaye says. She points to numerous studies noting what should be obvious: the more satisfied the healthcare worker, the more satisfied that worker's patient.

These may be desperate times, but the measures needn't be desperate. "At the core of retaining talent is leadership," insists Nelson. "We have to step up and be counted and be visible. We can't stay in the back office with our doors closed. If you've got a leader who doesn't recognize this, that leader needs to be replaced."

— Kate Jackson is a staff writer at **For the Record**.