

Healthcare @Work[®]



**Workforce Commitment Report
Third Edition, 2002**

www.aon.com

Copyright © 2002 by Aon Consulting, Inc. All rights reserved. No part of this document may be used or reproduced in any manner without the express written consent of Aon Consulting, Inc.

Healthcare @Work, *United States @Work*, *Workforce Commitment Index*, *WCI* and *Performance Pyramid*™ are trademarks owned by Aon Consulting, Inc.

Foreword

Numbering over eleven million jobs, health services is one of the largest fields in the country. According to the U.S. Department of Labor, nine of the nation's 20 fastest-growing occupations are in health services. This projected growth presents the healthcare field with significant opportunities but significant challenges as well, particularly with respect to developing the workforce to fill these positions. Increased demand for trained workers creates an unprecedented labor shortage in healthcare; a shortage compounded by a limited number of prospective employees in the pipeline and the increasing proportion of employees approaching retirement.

For the last three years, Aon Consulting has partnered with the American Society for Healthcare Human Resources Administration (ASHHRA), a personal membership group of the American Hospital Association (AHA), to investigate the employer/employee relationship in the healthcare field. Our *Healthcare @Work* studies identify not only the strengths that enable American hospitals to provide first-rate care but also pinpoint the workplace weaknesses that contribute to the worst labor shortage in years. Our purpose in this ongoing body of research is to outline what healthcare organizations must do to attract, develop and retain the workforce they need for success, both short-term and long-term.

This year, the AHA Commission on Workforce for Hospital and Health Systems published its landmark report, *In Our Hands: How Hospital Leaders Can Build a Thriving Workforce*. This work offers real-world examples and recommendations for averting problems in healthcare delivery now and in the future. The AHA report includes excerpts from Aon Consulting's *Healthcare @Work* research as a means of improving the workplace partnership. This year's *Healthcare @Work* study expands on the AHA research in an effort to provide even more guidance to healthcare leadership.

Healthcare organizations that understand the shifts in workers' expectations and respond to them will attract and retain the employees they need to be successful. We at Aon Consulting trust that this report will enhance your efforts to assure the continued and future success of your own organization.



Donald C. Ingram
Chairman and CEO
Aon Consulting Worldwide

CONTENTS	Executive Summary	1
	<i>About Healthcare @Work 2002.</i>	3
	About the Study Population	3
	Investigating Commitment:	
	The @Work Research Model	5
	<i>A Look Back at Healthcare @Work 2001</i>	6
	Workforce Commitment in Healthcare	7
	The Healthcare @Work 2002 Results.	8
	Attract	10
	Develop	13
	Retain	15
	The State of the Field.	16
	Summary and Conclusion	26
	The Drivers of Commitment.	26
	The Road to Recovery	28
	About Aon Consulting	30



Executive Summary

Unprecedented changes in the U.S. healthcare field are having an impact on organizations of every type and size. These changes include:

- Increasing average age of the population and longer life spans, leading to an aging workforce and increasing demand for healthcare services;
- Rapid technological innovation and scientific advancement;
- Increasing capital demands resulting from a rise in hospital construction and operating costs; and
- New laws, regulations, reimbursement mechanisms and debate over ethical issues intensifying involvement of various government groups.

For the most part, the healthcare field is addressing these and other changes through innovative technology, breakthrough drugs and treatments, and enhanced quality control in an attempt to provide excellent, cost-effective patient care. As a result, these advancements have propelled healthcare into one of the few industry sectors that is expected to continue growing, even in a time of economic uncertainty.

While the healthcare field has been focused on reducing costs and improving technology, workforce development has lagged behind, leading to a serious

workforce shortage. The AHA Commission on Workforce for Hospitals and Health Systems reports that this shortage is a result of an aging labor force with fewer potential workers following the “baby boomer” generation, a lack of interest in healthcare as a career to those entering employment, and the dissatisfaction of current healthcare employees. The AHA Commission reports that this shortage is not only immediate, but also a long-term threat that is the most important issue facing healthcare.

Aon Consulting’s annual *Healthcare @Work* study, conducted in partnership with the American Society for Healthcare Human Resources Administration (ASHHRA) and the American Hospital Association (AHA), investigates the relationship between healthcare organizations and their workforce. This research shows the varying success the human capital practices of U.S. healthcare organizations have in meeting the needs and expectations of their employees. The results of this year’s study illustrate that there is much room for improvement. For change to occur, healthcare organizations must put forth their best effort in **attracting, developing and retaining** a workforce that will ensure their success.

Attract. Over half of the *Healthcare @Work* respondents had considered pursuing a job in the healthcare

field prior to high school graduation. Most cite “a desire to help people” as the primary motivator. The passion to provide service to others, however, is soon overshadowed by the reality of the burdens of policy, paperwork, lack of resources and overall poor workplace environment. Study data tell us that employees are looking elsewhere, as 49% are considering leaving their current organization. To attract new employees, healthcare organizations must reinvent the healthcare workplace to enable caregivers to answer their calling: caring for patients.

“Study data tell us that 49% (of employees) are considering leaving their current organization.”

Develop. The AHA Commission on Workforce for Hospitals and Health Systems identified eleven key middle management competencies in their report, *In Our Hands*. In *Healthcare @Work*, we discovered that the majority of employees feel their leaders do not exhibit those competencies. In fact, employees lack confidence in leadership, as 51% say their

organization is not doing a good job in developing effective supervisors and 36% do not have faith in leadership to do what is right. Healthcare organizations must develop leadership with the skills necessary to motivate a workforce and manage the organization.

Retain. Retention is the key to success in an environment riddled with shortages in just about all allied healthcare professions. Increased turnover is looming, as most employees do not feel affiliated with their organization. In fact, 49% of respondents say their managers fail to involve them in planning changes, and 49% feel their organizations fail to demonstrate the importance of retaining employees. Over time, organizations must retain workers of all ages and skill levels, but to address the short-term crisis, older workers must also be a key focus for retention. Older workers comprise the largest segment of the healthcare employee population and should be encouraged to stay with an organization as long as possible. For this approach to be successful, healthcare organizations must redesign the physically demanding healthcare process currently in place.

About *Healthcare @Work* 2002

For seven years, Aon Consulting's Loyalty Institute has conducted national workforce research to investigate how organizations can build employee commitment. The @Work body of research has been conducted across the United States, Canada, Australia and the United Kingdom with employees from multiple industries.

This year's *Healthcare @Work* research focuses on the employee behaviors that define commitment, employer workplace practices that impact commitment and the link between the two: the drivers of commitment. In addition, *Healthcare @Work* 2002 continues to make use of the Performance Pyramid™ model to examine performance within each of the five levels: Safety/Security, Rewards, Affiliation, Growth and Work/Life Harmony. This year's study expands upon the 2001 study by including an in-depth look into attraction, development and retention.

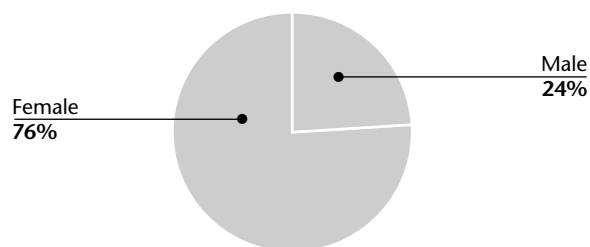
About the Study Population

The *Healthcare @Work* 2002 study results are based on responses from 1,646 U.S. healthcare employees from all areas of the healthcare field. The response rate yields a 95% confidence level of ± 0.06 . The data were collected via the Internet and phone interviews. Respondents were informed of the study and the web site through active communications from ASHHRA and all of the personal membership groups of the AHA, as well as through Aon Consulting. Aon Consulting has now collected data from over 8,000 healthcare workers during the past three years through the *Healthcare @Work* study.

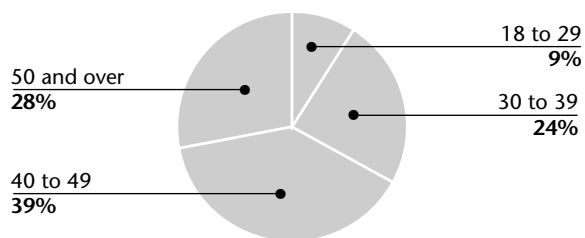
The sample population shows a good distribution of participation by age, job role, organization size and other demographics.

The following charts show the breakdown of the respondent population.

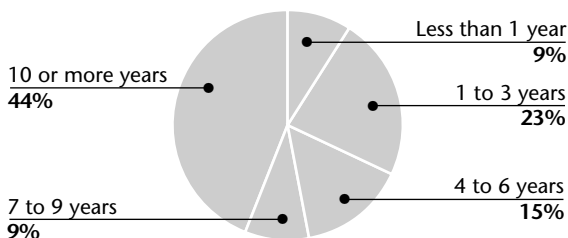
Gender



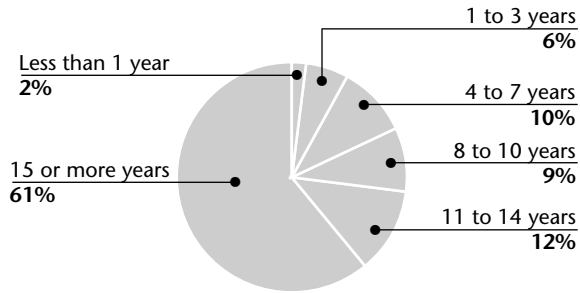
Age



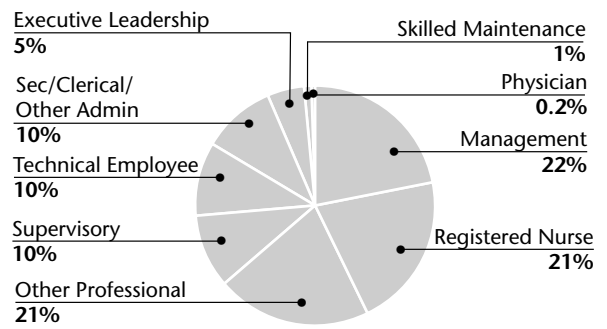
Tenure at your organization



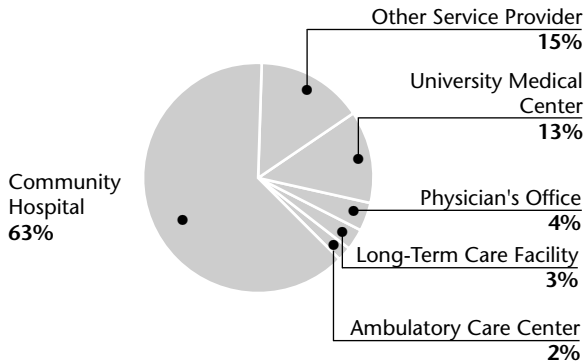
Tenure in healthcare



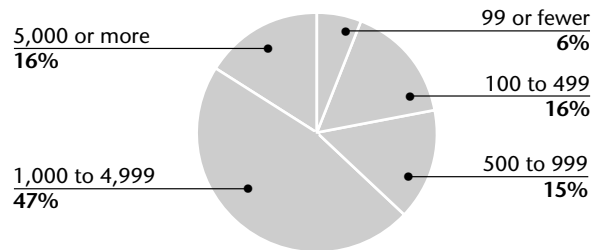
Which one of the following categories best fits your job?



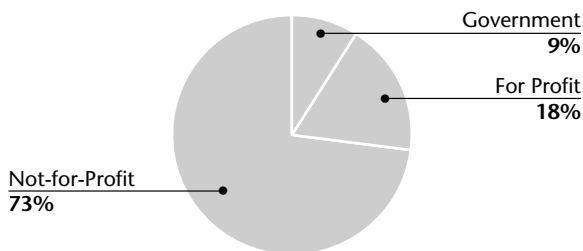
Type of healthcare organization



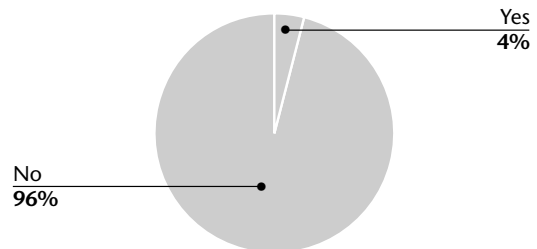
Number of employees



Profit status



Are you a dues-paying member of a union at your place of work?





Investigating Commitment: The @Work Research Model

STUDY OBJECTIVES

The days of job security and lifelong loyalty to any one organization have largely disappeared. A new model of employment has emerged in America, driven by the simple fact that employees still need fulfilling and rewarding work. A “mutual commitment contract” for the Information Age has been written, replacing the old social contract of the industrial era. This mutual arrangement is based on an evolving definition of the value exchange between the employer and employee.

Healthcare @Work research investigates this commitment pattern from the perspective of the employee. The study quantifies the overall level of employee commitment through calculation of the Workforce Commitment Index® (WCI®), which is described in this report. The healthcare WCI, established in 2000, is the first national measure of employee commitment in the healthcare field. The research then explores how organizational workplace practices impact that level of commitment.

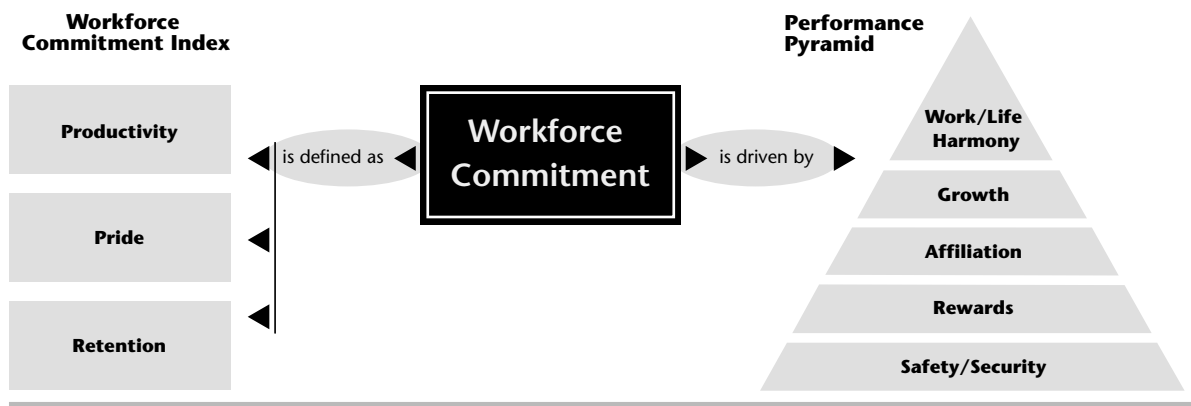
This report provides a discussion of four main workforce research objectives:

1. How committed are healthcare employees to their organization? (Workforce Commitment Index)
2. What are employees’ perceptions of organizational performance on workplace practices? (Performance Pyramid)
3. Which workplace practices are the prime influencers of workforce commitment in the healthcare field? (Drivers of Commitment)
4. How can healthcare organizations **attract**, **develop** and **retain** a workforce that will ensure their success?

THE @WORK RESEARCH MODEL

In the @Work research model (below), the WCI is the outcome, or dependent variable, and the workplace practices, shown in the Performance Pyramid, are the independent variables.

The @Work Research Model



A Look Back at *Healthcare @Work* 2001

This is the third consecutive year that Aon Consulting has used the Performance Pyramid model to analyze and interpret the findings from *Healthcare @Work*. The Pyramid Model examines organizational performance in each of five areas: Safety/Security, Rewards, Affiliation, Growth and Work/Life Harmony.

In last year's *Healthcare @Work* study, Aon identified a metric to quantify performance within the Pyramid. Each of the five organizational areas within the Pyramid was assigned an indicator measuring that level's performance. This performance indicator measured how many employees' expectations were being met at each level; conversely, it also allowed us to look at the percentage of employees at each level with unmet expectations.

We compared our healthcare findings with those of our *United States @Work*® research. In that study, we examine workforce commitment in U.S. workers across a wide range of industries. As seen in the chart, the proportion of healthcare workers whose expectations are not being met was far greater than for U.S. workers in general at all five performance levels.

Realizing that each level in the Pyramid was in need of improvement, Aon issued a "Call for Leadership" in the healthcare field. One year later, the third annual *Healthcare @Work* study reinforces this need for leadership and gives an expanded look at the needs and perceptions of the healthcare workforce.

2001 Respondent Expectations: Healthcare Workers versus U.S. Workers in General

Percent of respondents with unmet expectations in healthcare (2001) **Percent of respondents with unmet expectations in the United States, overall (2001)**



Workforce Commitment in Healthcare

DEFINING WORKFORCE COMMITMENT

Commitment is more than just an employee's intention to remain with an organization. Aon Consulting conducted nationwide employee focus-group research, which revealed that committed employees:

- Work hard to improve themselves and make sacrifices to ensure their organization's success, thereby increasing their value to their employer. They are **productive**.
- Recommend their organization as a good place to work and recommend their employer's products and services. They take **pride** in their work and their organization.
- Intend to stay for the next several years, even if offered slightly higher pay elsewhere. They are **retained** by their employer.

Aon Consulting's Loyalty Institute has defined workforce commitment as a measured outcome derived from responses to questions addressing six specific items pertaining to Productivity, Pride and Retention. This measured outcome forms the basis of the Workforce Commitment Index (WCI) and defines employee commitment.

The WCI score addresses the first study objective: **How committed are healthcare employees to their organization?**

WORKFORCE COMMITMENT INDEX

In the *Healthcare @Work* 2000 study, Aon created the baseline Workforce Commitment Index for the healthcare field. To do this, we combined the six items into a single measure with a score of 100.0 and a standard deviation of 25. Scores above 100.0 represent a higher level of employee commitment, while scores below 100.0 indicate a lower level.

Annual measurement of the WCI allows us to track and trend the national level of employee commitment in the healthcare field.

WCI Items

Productivity

1. The people I work with make personal efforts to improve their skills so that they can make a better contribution to their jobs.
2. The people I work with make personal sacrifices when required to help our work group succeed.

Pride

3. I would recommend my organization's services as the best that a customer could buy.
4. I would recommend my organization as one of the best places to work in my community.

Retention

5. I intend to stay with my organization for the next several years.
6. I would stay with my organization even if offered a similar job with slightly higher pay.



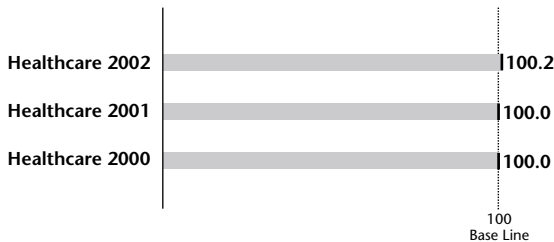
The *Healthcare @Work* 2002 Results

2002 WORKFORCE COMMITMENT INDEX

The first question the *Healthcare @Work* study investigates is the level of commitment employees are willing to give to their organization.

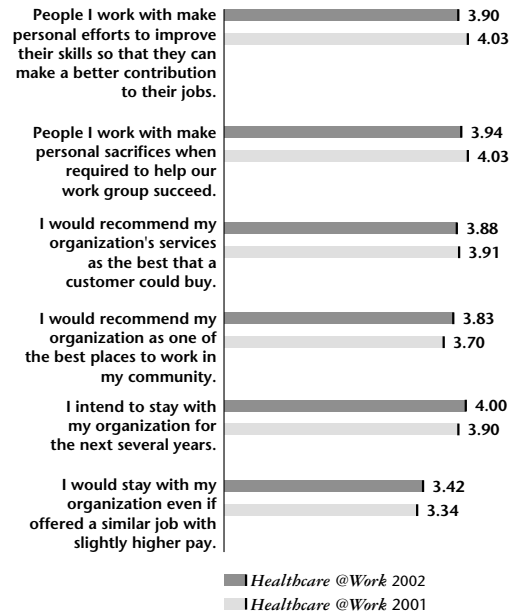
In the *Healthcare @Work* 2000 study, the WCI was baselined at 100.0. In *Healthcare @Work* 2001, the measure did not change. This year's WCI is 100.2. This means that for the past three years, over 8,000 healthcare respondents have been telling us virtually the same thing. Little has changed in terms of the commitment that healthcare employees are willing to give their employers.

Workforce Commitment Index



The average scores of the six WCI items remained relatively unchanged between 2001 and 2002. The average scores for the two Productivity items and the Pride item, "Recommend my organization's services as the best that a customer could buy," decreased slightly from last year. The minor decreases in these three items were offset by the small gains in the average scores for the two Retention items and the Pride item, "Recommend my organization as one of the best places to work in my community."

WCI Item Scores

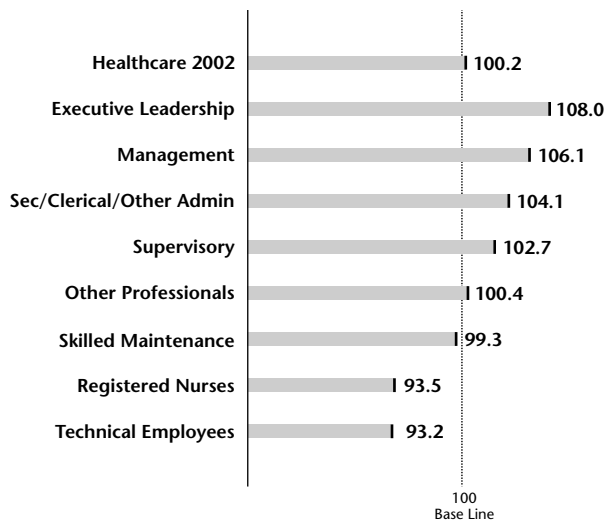


PROFILES OF COMMITMENT

Analyses of the *Healthcare @Work* data identify different "profiles" of commitment based on organizational events and demographic factors. The following charts illustrate how commitment levels change based on these factors.

The results of the *Healthcare @Work* 2002 study indicate that both executive leadership (108.0) and management (106.1) have the highest levels of workforce commitment. Meanwhile, registered nurses (93.5) and technical employees (93.2) report the lowest levels of commitment.

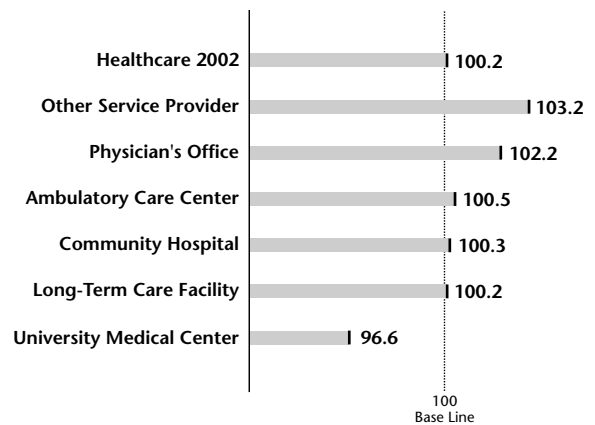
WCI by Job Category



The greatest decrease in commitment is shown in the registered nurse group, where the WCI score decreased from 96.5 to 93.5 between 2001 and 2002.

Among the different types of healthcare organizations, five of the six types of organizations have a WCI score greater than or equal to the national norm (100.2). Of the six types listed, other service providers (103.2) and physician’s offices (102.2) report the highest levels of commitment. Only university medical centers (96.6) have a WCI lower than the national average.

WCI by Type of Healthcare Organization



SUMMARY

The Workforce Commitment Index remained consistent in 2002 from the baseline measure taken in 2000. However, the research continues to show a variance in the WCI based on demographic factors.

It is important to note that a WCI of 100.2 is not a goal or a standard for individual healthcare facilities to attain, but a score identifying the level of workforce commitment that is “normal” for healthcare workers across the United States.

For instance, if an organization with 100 employees has the same responses as the national study, it would indicate that:

- 17 do not believe the team improves skills;
- 16 do not believe coworkers sacrifice for the work group;

- 16 would not recommend the services of the organization as the best a customer could buy;
- 18 would not recommend the organization as one of the best places to work;
- 15 do not intend to stay for the next several years; and
- 29 would leave for a slight pay increase.

Attract

The limited pipeline of new workers entering the healthcare field is a key factor contributing to the long-term workforce shortage. Far fewer young people are choosing healthcare as a career than ever before. Not only do current job applicants have more career choices, but the healthcare field's image has shifted from a high-tech workplace with job security to an environment filled with stress and excessive governmental regulations.

WHAT ATTRACTED EMPLOYEES TO THE FIELD?

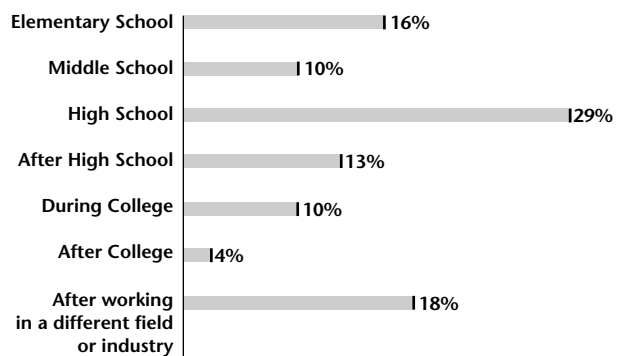
Determining ways to lure new healthcare employees to the field is vital to its future. We addressed this issue in this year's national study by examining the factors that prompted workers to pursue the healthcare profession.

We asked employees to remember when they first considered joining the field. Determining the point in life when individuals are most open to learning about new career choices is crucial for the field to attract the workforce it needs for the future.

Our research indicates that the majority of respondents first imagined going into the healthcare field while in high school. This information is critical because in the past, recruitment efforts were primarily focused on community colleges and universities.

Our data indicate that healthcare organizations should introduce the benefits of the healthcare field to young people in elementary, middle and high school.

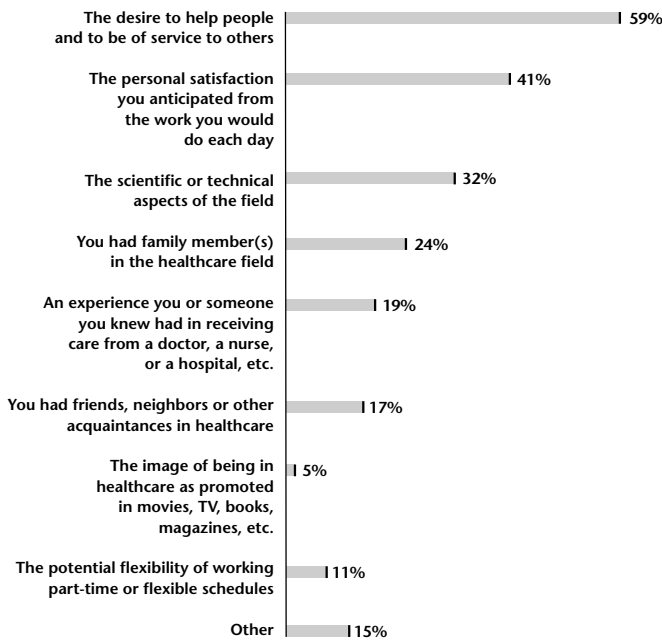
At what age did you first imagine that the healthcare field might be a place where you would like to have a job/career?



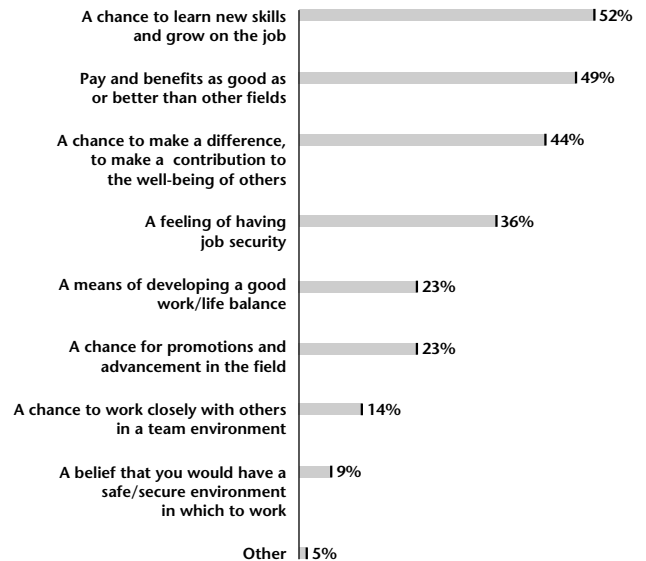
Healthcare @Work respondents were also asked why they first considered the healthcare field as a viable career option. Most individuals claim they joined the healthcare field with the desire to help people and be of service to others. Because our healthcare depends on the professionals providing treatment, this is a comforting thought. However, it also underscores the urgency of enhancing the workplace environment so that dedicated employees will not simply enter the field, but stay in the field.

Several factors influenced healthcare employees when they accepted their first job. When asked to identify these factors, over one-half (52%) responded that they wanted the chance to learn new skills and grow on the job. This answer is followed closely by the belief that pay and benefits would be as good as or better than in other fields (49%).

When you actively considered starting a career in healthcare, what do you think were the major influencers behind your decision?

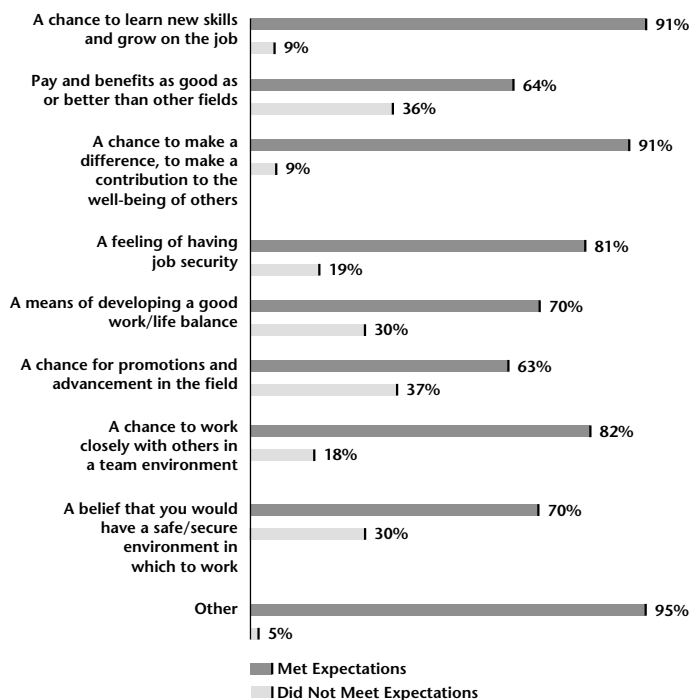


What factors were most important when accepting your first job?



In general, some of these initial expectations were realized. Of those respondents who joined the health-care field seeking the chance to learn new skills and make a difference in the lives of others, 91% agree that their expectations had been met. On the other hand, nearly 40% of respondents, who entered the field because they felt the compensation and benefits would be as good as or better than other professions or who believed they would have the opportunity for advancement, report that neither of these desires were satisfied.

Did these factors meet your expectations at that time?



BUILDING THE PIPELINE: ATTRACTING THE YOUNGER WORKER

Choosing a profession is one of the most important and difficult decisions a person will make during a lifetime. This is particularly true when choosing a profession that requires intensive, field-specific training. Our data indicate that decisions to join the healthcare field begin in the early to middle teenage years. The healthcare field must therefore begin recruiting as early as the elementary and middle school levels. A long-term, well-defined strategy is important.

In general, middle school and high school students are not exposed to the variety or rewards of healthcare opportunities or how to pursue them. In addition, the field has high barriers to entry, such as job-specific training, which make it difficult for even motivated students to obtain the necessary education and entry-level exposure. These challenges give further credence to the idea that it is important to introduce students early to the healthcare field so they may receive the education, experience and support they need to pursue the profession.

Part of appealing to a younger generation is updating traditional perceptions of what it's like to work in a healthcare setting. So rather than using a traditional recruitment approach, emphasis should be on education and image building. It may help to partner with local elementary, middle and high schools and create different types of educational programs.

Types of recruitment efforts could include:

- **Job Fairs:** Local healthcare organizations must have a strong presence at job fairs and be represented by enthusiastic practitioners who are willing to speak openly about their jobs and the healthcare career path.
- **Health and Science Classes:** Interesting and timely curricula will introduce younger audiences to the healthcare field and attract future workers.
- **Volunteer and Work/Study Programs:** Expanding the traditional hospital volunteer and work/study programs can provide real-world experience and improved career-decision information to larger numbers of future healthcare workers.

Develop

It is important to ensure that tenured employees are not neglected. After all, it is these employees who, in the midst of the worst workforce shortage in years, must remain committed to their organization's success. For the organization to thrive, they must invest in the development of their current workforce.

MANAGEMENT COMPETENCIES IN NEED OF DEVELOPMENT

First-line managers and supervisors play an integral role in the growth and development of employees. Unfortunately, the managers themselves sometimes do not have the skills necessary to effectively motivate and develop their team.

The AHA Commission report, *In Our Hands*, indicates that a major challenge in the healthcare field is finding qualified and capable supervisors and managers. The report suggests that organizations should continually measure, improve and reward the capabilities of front-line managers since these managers are crucial to the retention of valuable employees.

The AHA Commission report identifies eleven key middle management competencies. It recommends that healthcare organizations assess and hire managers based on each of these competencies. In this year's *Healthcare @Work* study, we asked respondents to rate their supervisor's performance in several of these key competency areas.

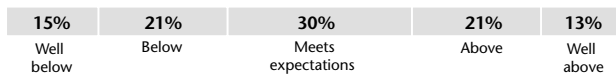
Results Orientation. A leader should be able to manage for results in key areas such as service excellence and financial management. In our *Healthcare @Work* national study, we asked respondents about their supervisor's ability to achieve results through his or her effective management style. Thirty-five percent of respondents report that their supervisors are performing below expectations in this area.

Your supervisor's ability to achieve results through his/her effective management style

14%	21%	37%	19%	9%
Well below	Below	Meets expectations	Above	Well above

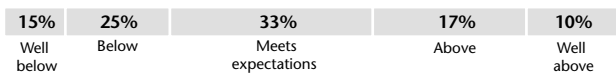
Personal Integrity. Research has shown that trust is a key factor in the new employer/employee relationship. Although 64% of respondents indicate that their supervisor's ability to create an environment of mutual trust, respect and open communication meets or exceeds their expectations, 36% are not experiencing this level of integrity.

Your supervisor's ability to create an environment of mutual trust, respect and open communication



Team Builder and Agent for Change. Again, respondents indicate that, in general, their supervisors are not performing at satisfactory levels. When asked to rate their supervisor's ability to build team spirit, 40% of respondents give their supervisors failing marks. Similarly, 37% percent of respondents indicate that their supervisor's ability to challenge traditional practices and actively pursue positive change falls below expectations.

Your supervisor's ability to build team spirit



Collaborative Relationships. For an organization to provide quality healthcare, departments must work together. Seventy-three percent of respondents indicate

that their supervisors are faring well when it comes to collaborating with other teams for the benefit of the organization as a whole. Another 27%, however, are not as confident.

Commitment to Service. Study results are much more positive in regard to service. According to the data, employees feel strongly that healthcare organizations, first and foremost, exist to provide service to the patient. When asked to rate their supervisor's commitment to excellent service, 82% of respondents say their expectations are being met or exceeded.

Your supervisor's commitment to excellent service



Strong leadership is the cornerstone of any successful organization. Often, an employee's decision to stay with or leave an organization is based on his or her relationship with an immediate supervisor. Healthcare, like many industries, is sometimes at fault for promoting individuals to managerial positions simply because they have been with the organization for a long period of time or because they succeed at their daily tasks. Unfortunately, excelling at the tasks of one's job does not necessarily indicate effective management skills. Leadership must be cultivated and developed on the job, as well as through development courses, with emphasis not only on job skills, but also on people skills.

Retain

Retention, many say, is the key to success in a health-care environment riddled with shortages in just about all allied healthcare professions. Most experts believe that retaining valued employees currently in the workforce is the key to addressing the ever-expanding workforce shortage. Organizations must meet certain fundamental needs before employees will agree to commit themselves to their jobs. Aon's @Work research identifies these needs via the Performance Pyramid.

MEASURING WORKPLACE PRACTICES: THE PERFORMANCE PYRAMID

The @Work research design has always maintained that there are societal, economic and psychological factors that influence individual motivation and commitment. These are considered the uncontrollable variables in the commitment equation. Aon Consulting's investigation of commitment focuses on the controllable factors and conditions that organizations can leverage to increase employee commitment. The research has led us not only into the future, but also back to the 1950s and the pioneering work of Abraham Maslow.

Maslow's model conceptualizes an individual's growth needs, ranging from physiological through self-actualization. The @Work research attempts to understand how organizational attributes influence employee commitment. So while Maslow's model looks at the individual in relation to the totality of his or her personal environment, the @Work research

looks at the dynamic that takes place between an individual and the organization within which the person is employed.

Meta-analyses of the responses of more than 60,000 individuals led to a hierarchy of commitment needs in the modern employer/employee relationship. The Performance Pyramid asserts that needs at the hierarchy's foundation (Safety/Security) must be met before addressing those needs at higher levels (Work/Life Harmony).

Following are descriptions of the five levels of workforce needs as shown in the Performance Pyramid.



Performance Pyramid

SAFETY/SECURITY

Employees must have a sense of physical well-being as well as the confidence that their workplace environment is safe from fear, intimidation or

threatening interpersonal treatment. Most employees accept that change is a constant in today's workplace. However, believing that change will radically disrupt the employment relationship exacerbates an employee's inherent basic need for security.

REWARDS

For years, research has shown that compensation and benefits are the primary reasons that people accept jobs. Similarly, it has also been shown that motivation and commitment power diminish exponentially once a candidate becomes an employee. As such, compensation and benefits have evolved into entitlements rather than motivators. The Performance Pyramid, however, places Rewards as a fundamental need that must be met before higher-level needs can become commitment drivers.

AFFILIATION

A sense of belonging is a key factor at this level of the Pyramid. For decades, researchers have understood that being part of something larger than oneself is vital to human psychology and translates into an employee's feeling that he/she is more than just a "worker" when on the job. Successful cultures capitalize on this natural need to belong and, as such, encourage the individual to be a strong contributor. Leaders who communicate a strong sense of mission, vision and strategy create an environment where an employee's need for affiliation can be met.

GROWTH

Employees want opportunities to change, learn and have new experiences on the job. The @Work studies

have shown that this level is not only about individual growth, but also about a desire that the organization flourish in terms of work processes, products and ability to satisfy customers. Employees also want their work team to improve in efficiency, effectiveness, quality, service and productivity. At this level, the overall need can be characterized as achievement, whether that achievement is manifested within the individual, the work group or the overall organization.

WORK/LIFE HARMONY

Employees want to achieve at work, and they want to succeed in their personal endeavors. Commitment suffers when employees believe that workplace demands prevent them from achieving that balance.

Employees' responses in these five areas answer the second study question: **What are employees' perceptions of organizational performance on workplace practices?**

The State of the Field

As mentioned earlier, the *Healthcare @Work* 2002 study, via Aon's Performance Pyramid, takes a snapshot of organizational performance within health-care organizations across the United States. The Performance Pyramid allows us to look at a hierarchy of workplace needs that have an impact on commitment and retention in all organizations.

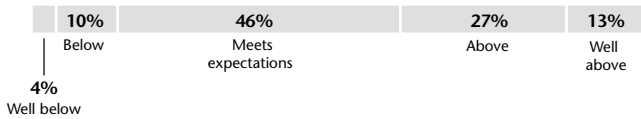
Strengths and weaknesses in the healthcare field are identified in the next few pages of this report. To yield an increase in workforce commitment and retention, changes must be made in areas identified as

weaknesses. This focus on retention is not a one-time initiative, but a long-term culture shift in which organizations cease reacting and begin proactively **attracting, developing** and ultimately **retaining** their workforce.

SAFETY/SECURITY

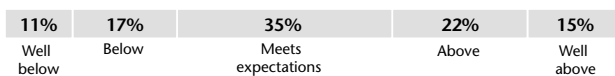
At the foundation level of the Pyramid, investigation into physical and psychological safety as well as job security takes place. Most healthcare employees (86%) continue to have confidence in their organization’s efforts to create a safe, secure physical environment.

Your organization’s efforts to create a safe and secure work environment



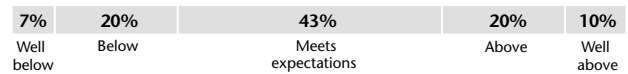
However, in some areas, employee needs are not being met. Most notably, when asked about their organization’s ability to create a work environment free from fear, intimidation and harassment, 28% of respondents state that their expectations are not being met.

Your organization’s creation of a job environment in which you feel free from fear, intimidation and harassment



Job security also remains a concern for healthcare employees. Over one-quarter (27%) of workers say their organization is not meeting their expectations for ensuring job security, which is comparable to results obtained in studies conducted over the past two years.

Your organization’s ensuring job security for people like you



In the area of stress, 52% of the respondents say their organizations are not helping them manage stress. In fact, in the 2002 study, this item has the highest failure rate, which is defined as the percentage of respondents with unmet expectations.

Your organization’s efforts to help you manage workplace stress



Efforts to create a safer workplace environment are not reaching registered nurses and technical employees. Similar to last year, nearly two-thirds of RNs and technicians indicate that their organizations are not meeting their expectations in managing workplace stress. RNs and technical employees are also more likely to feel that their organizations are failing to address fear, intimidation and harassment.

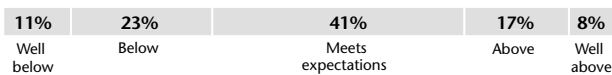
Overall, employees believe their organizations are meeting their expectations in creating a safe and secure work environment. However, there is still much room for improvement on psychological issues.

REWARDS

The next level of the Pyramid investigates a fundamental part of any employer/employee relationship, compensation and benefits.

Benefits. When asked about the adequacy of their benefits package, two-thirds of the respondents (66%) say that their benefits package is covering the needs of their families. The remaining 34% of respondents claim their expectations are not being met.

Your benefits package covering the needs of you and your family



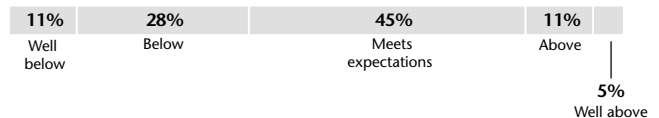
Compensation. When asked how they are rewarded for their on-the-job contributions, close to one-half (49%) of healthcare employees are not happy with the link between their pay and their performance.

The link between your job performance and your pay



Pay equity is always a key issue in any discussion about compensation. In healthcare, often new employees are hired at a greater salary than long-term workers, leading to unwanted turnover of tenured employees. When asked about their pay's fairness compared to others in similar jobs within their own organization, 39% of respondents do not feel they are paid fairly.

Your pay's fairness compared to others in similar jobs within your organization



When compared to others in similar jobs at different organizations, there is an even greater belief of pay inequality. Nearly one-half (48%) of respondents feel that their pay is not as competitive when compared to other workers in similar jobs at different organizations.

Your pay's competitiveness with others in similar jobs at different organizations



AFFILIATION

Affiliation is more than catchy slogans that tout the employee as the key to organizational success; it is a sense of purpose and involvement that is experienced in some way on a daily basis. For employees to be truly committed to their jobs and feel affiliated with their organization, they must perceive themselves as more than just workers filling a role. They must have a higher sense of purpose, a feeling of belonging and importance and an involvement in the future direction of their team and the organization.

Many U.S. healthcare organizations are not taking the action necessary to satisfy these needs. "Upstream" communication that flows from employees to management is critical in both bringing ideas from the front lines to management and in involving employees in organizational decisions. Nearly one-half (49%) of employees questioned do not feel their organization involves them in planning changes.

The participation of employees in planning changes in your organization



Similarly, 51% of employees do not feel that all levels of management hear their opinions. Actively involving employees is not always an easy task, but it is vital to an organization's success.

Your opinion being heard by all levels of organizational management



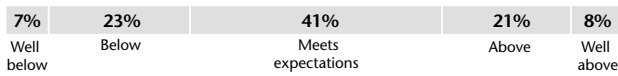
Although retaining employees is the biggest challenge facing healthcare leaders today, nearly one-half (49%) of employees do not feel that the organization demonstrates the importance of employee retention. If organizations continue to fail to involve and retain their workforce, employees will never experience the sense of affiliation and partnership they need from their jobs. As a result, the organization will continue to suffer the effects of skilled labor shortages.

Your organization's demonstration of the importance of retaining employees



When asked about the organization's efforts to build spirit and pride, 70% of respondents indicate that their expectations are met or exceeded. However, 30% disagree, claiming that their leaders are not doing enough to build spirit and pride.

Your organization’s efforts to build a sense of spirit and pride

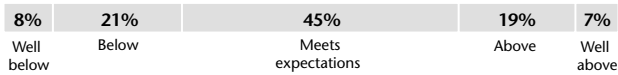


GROWTH

The concept of Growth in the *Healthcare @Work* study encompasses both personal growth and organizational growth.

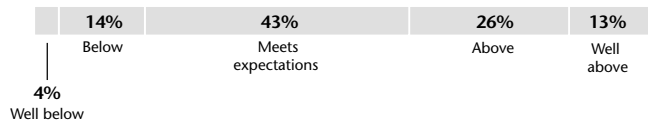
Personal Growth. When asked about the opportunities for personal growth provided by doing their jobs, 29% of respondents indicate that their expectations are not being met.

The opportunities for personal growth provided by doing your job



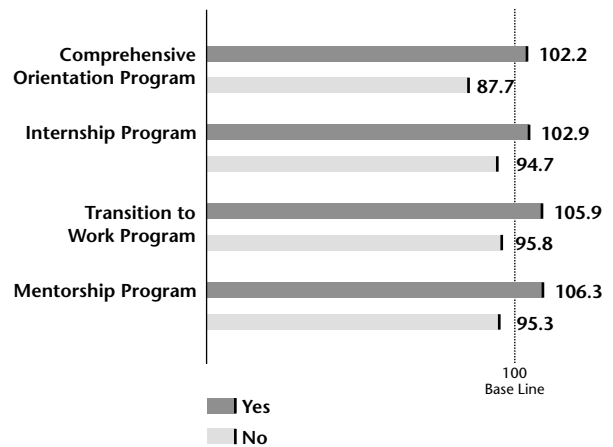
However, when asked about the satisfaction they receive from the work they do each day, 82% indicate that their expectations are met or exceeded. This level of satisfaction reinforces the assertion that healthcare workers enter the field because of a passion to serve patients. Having this need fulfilled by the organization, then, provides employees with great personal satisfaction.

The satisfaction that you receive from the work you do every day



Opportunities for training and development are important elements of an employee’s personal growth. The AHA has contended that organizations with comprehensive orientation programs, internship programs, transition to work programs and mentorship programs are more likely to be considered “best in class.” When asked if their organizations provided these programs, respondents who answered “yes” also have much higher commitment levels than respondents whose organizations do not.

WCI by Program Offerings

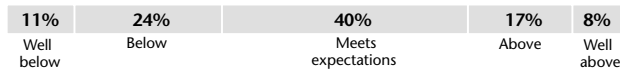


Organizational Growth. With regard to organizational leadership, three levels of leadership receive relatively low marks. One-half of respondents (51%) say that their organization has not met their expectations in developing effective supervisors, who are generally the first line in building employee commitment. With regard to physicians, 35% give them low marks for their leadership, and 36% do not have faith in the current leaders of the organization to do what is right for the organization.

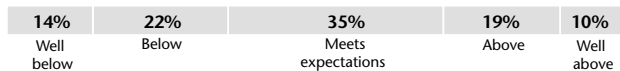
Your organization’s development of effective supervisors



The physician leadership that exists in your organization



Your faith in current leaders in your organization to do what is right for the organization

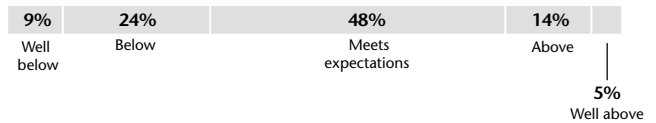


Two key measures of internal communication also reveal a failure in leadership. One-half of all employees questioned (51%) do not believe that changes in their organization are well managed or well communicated, and 33% do not feel they are adequately informed about career opportunities.

The way changes are managed and communicated in your organization



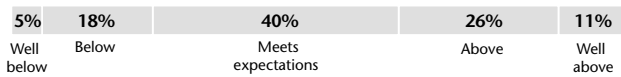
Communication of career opportunities within the organization



In order for healthcare organizations to maintain their employee base and survive the changes that are affecting the field, leadership must re-focus their efforts. An invigorated emphasis on developing effective supervisors and managers will energize the organization at every level and provide a strong foundation for future growth.

Patient Care. When asked about how effectively their organization will provide service to patients in the future, 77% of respondents claim that their organization’s ability to deliver quality care for the next few years meets or exceeds their expectations. However, when compared to resource allocation, the respondents believe their organization’s efforts fall a bit short. Although 72% of employees feel their organization has allocated sufficient resources to meet or exceed patients’ needs, more than one-quarter of the respondents (28%) believe they have not.

Your organization's ability to deliver quality patient care during the next few years



Your organization's allocation of resources to meet or exceed patients' needs

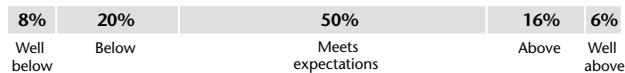


WORK/LIFE HARMONY

The highest level of the Pyramid, Work/Life Harmony, examines how successfully organizations satisfy their employees' needs to balance workplace demands with their personal lives.

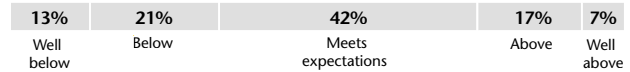
Although 72% of respondents say they have achieved a satisfactory balance between their jobs and other parts of their lives, there is room for improvement, as 28% remain dissatisfied with their work/life balance.

The balance between your job and other parts of your life



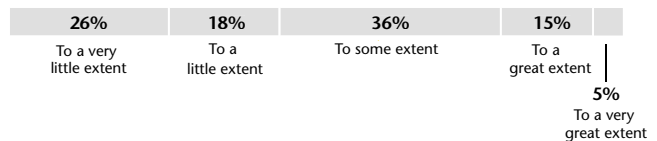
When asked if their organization recognizes the importance of an employee's work/life balance, responses were even less favorable. Thirty-four percent believe their organization could do more to recognize the importance of their personal lives.

Your organization's recognition of the importance of your personal and family life



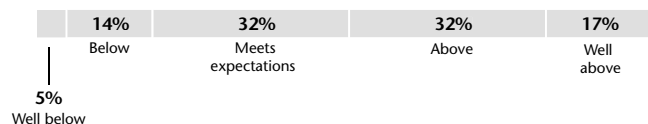
Just less than one-half of the respondents (44%) say they see very little effort by organizations to provide them with adequate control over their assigned hours.

To what extent has your organization developed a work assignment system that provides employees with increased control over their assigned hours?



One positive note, however: healthcare workers are team players. Eighty-one percent claim their coworkers help one another during times of heavy workload.

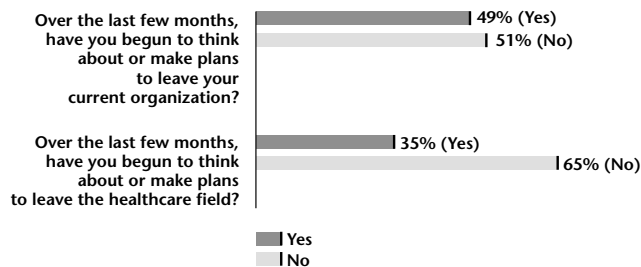
The willingness of coworkers to help one another during times of heavy workload



WHAT'S CAUSING HEALTHCARE WORKERS TO LEAVE?

Most employees in today's environment do not consider their current job a lifelong career. In healthcare, perhaps more than any other field, the shortage of qualified employees has created tremendous opportunities for workers at every skill level. Try as they might to protect the talent they currently employ, most healthcare organizations know that these key employees may be lured elsewhere.

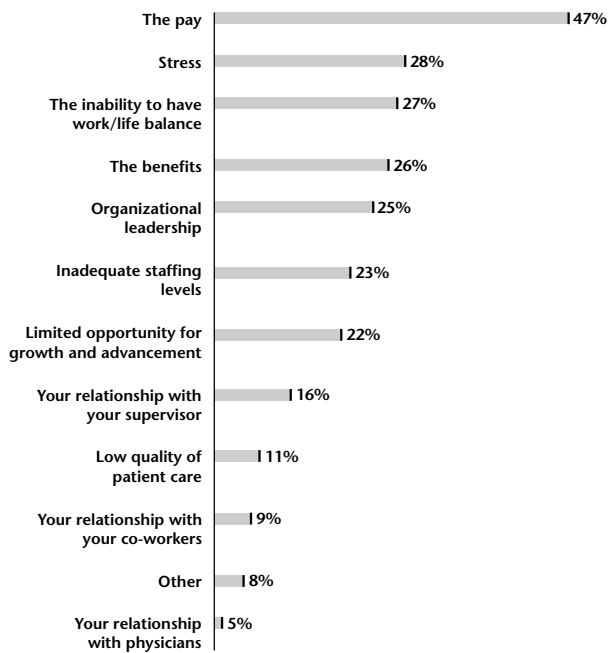
Respondents were asked if, within the past three months, they had been thinking about—or taking steps toward—leaving their current organization. Almost one-half (49%) respond that, indeed, they have considered leaving their current organization.



These numbers are startling. Even more startling is the number of respondents who have considered leaving the healthcare field altogether. Although 65% indicate that they have not considered leaving the field over the last few months, 35% of respondents indicate they have begun to think about or take steps toward leaving.

When asked to define the driving force behind a potential decision to leave their current organization, the majority of respondents (47%) say that pay is the biggest factor, followed by stress (28%). The data also indicate that the primary reasons individuals entered the healthcare field in the first place (a chance to help and the opportunity to grow) are being overshadowed by long hours, administrative tasks and the inability to strike a successful work/life balance. If healthcare professionals are leaving their jobs because the negative factors outweigh the positive, organizational leaders must redesign processes and procedures to alleviate employees' burdens and allow them to get back to the job they love.

If you were to leave your current organization for another healthcare provider, which of the following would influence you to leave the most?



TAKE THE FOCUS AWAY FROM DOLLARS

Although 91% of our respondents do feel they have been able to make a difference by contributing to others' well-being, our study indicates that these same individuals are struggling with other issues that are causing them to be deeply dissatisfied with their chosen profession.

More and more, healthcare workers are faced with burdens that take them away from patient care, which should be their primary focus. Since these daily stresses are top of mind, it seems as if healthcare professionals are saying, "You can't pay me enough to do this job." This comes to light as close to one-half (47%) of respondents claim that compensation would be the driving force if they were to leave their current organization.

Although money will not reduce employees' stress, hospitals continue to overextend themselves financially by offering potential workers sign-on bonuses and other monetary incentives. Many healthcare organizations, in fact, cannot keep up with the bidding wars. Sign-on bonuses may be a good short-term solution, but more long-term strategies are needed to recruit new employees into healthcare professions. If hospitals in a community are drawing from the same pool of workers, providing a bonus incentive may temporarily ease one hospital's shortage, but may contribute to the shortage at another facility. Furthermore, relying on quick and limited solutions (i.e., sign-on bonuses) may actually delay efforts to implement long-term and more comprehensive improvement strategies.

Ultimately, this ongoing focus on money may prove to be fruitless. Instead, organizations must identify and change fundamental elements of the workplace, no matter how difficult. If systemic changes are made to workplace practices, people will want to stay because they respect the leadership, feel less stressed and have more time with their patients—the reason they joined the field in the first place.

In order to attract and retain a reliable workforce, leaders must undertake a systemic overhaul of work processes and procedures. Daily administrative tasks and undue stresses need to be mitigated so that clinical workers can perform the jobs they love. Only then will people view healthcare as a field they can call their own for years to come.

RETAINING THE OLDER WORKER

The baby boomer generation comprises the largest segment of the healthcare workforce. The fact that these employees are moving closer to retirement makes the workforce shortage all the more critical. Many healthcare organizations are desperately trying to persuade this generation to stay in the healthcare field longer than they had once planned. Retaining these employees has become an important component of the short-term solution to the workforce shortage. Results of the *Healthcare @Work* 2002 study clearly indicate that older healthcare workers have a great deal to offer:

- Healthcare workers 40 and older report a significantly higher commitment level, with a Workforce Commitment Index of 102.1, compared to 96.4 for healthcare workers under 40.
- Workers 40 and older are more likely (47%) than their younger counterparts (37%) to feel that the chance to make a difference in others' lives was an important factor when they accepted their first job offer.

The healthcare workforce is aging rapidly, a demographic shift that increases the likelihood of occupational injuries. These individuals will face the usual effects of aging, such as reduced muscle strength, changes in vision and the possible worsening of chronic conditions. Older nurses, for example, are more prone to back injuries and chemical sensitivities. On the other hand, older employees are likely to be highly experienced and skilled in specialties. They are mentors and leaders. Changes can be made to make the work environment more accommodating and more attractive to the older generation of workers. Healthcare organizations should offer “mature” employees shifts that are shorter than twelve hours and flexible schedules that will enable them to travel or spend time with their spouses or family members. In addition, the compensation strategy should reward long-term employees for demonstrating loyalty to their organization.



Summary and Conclusion

Healthcare organizations are facing the dramatic and growing challenge of attracting, developing and retaining talented caregivers. The AHA Commission on Workforce for Hospitals and Health Systems reports that the healthcare labor shortage is both an immediate and long-term threat as well as the most important issue facing healthcare leaders today. This shortage results from an aging workforce; a smaller pool of younger potential employees; a lack of interest in healthcare as a career; and the dissatisfaction of current healthcare professionals within the workplace.

Aon Consulting's *Healthcare @Work* study is a long-term investigation of workforce commitment in healthcare. Our goals are to define commitment, measure it and help organizations maximize it.

This study addresses four main objectives. The first objective was to examine the level of workforce commitment that currently exists in the healthcare field. Our research indicates that the WCI has remained essentially the same for the last three years. In other words, commitment levels have not changed since 2000.

The second study objective was to quantify and analyze employees' perceptions of how successfully their organizations performed. Indications of poor organizational performance will point to areas where improvements may increase retention. We determined that no one level of the Performance Pyramid should be identified as a "magic bullet." In fact, there are

opportunities in all five levels of the Performance Pyramid. Although certain high points do exist in the healthcare pyramid, such as patient care and job satisfaction, deficiencies in all five levels necessitate some degree of attention from healthcare leaders.

Now, let's address the third study objective.

The Drivers of Commitment

All issues discussed in this study have an impact on workforce commitment. However, certain items have a stronger influence than others. Performance in these areas deserves a closer look so that organizations can focus on the strategies that will give them the most return for their efforts.

The WCI serves as the outcome or dependent variable in this research study. The question items within the five levels of the Performance Pyramid make up the independent variables. Statistical analyses then determine which of the independent variables have the most impact on the WCI. This analysis of the "drivers of commitment" completes the @Work research model.

Examination of the link between the dependent and independent variables addresses the third study objective: **Which workplace practices are the prime influencers of workforce commitment in the healthcare field?**

Driver of Commitment	Failure Rate (% of Unmet Expectations)
Your organization’s efforts to help you manage workplace stress	52%
The link between your job performance and your pay	49%
Your faith in current leaders in your organization to do what is right for the organization	36%
Your supervisor’s ability to create an environment of mutual trust, respect and open communication	36%
Your benefits package covering the needs of you and your family	34%
Your organization’s efforts to build a sense of spirit and pride	30%
The opportunities for personal growth provided by doing your job	29%
Your organization’s ensuring job security for people like you	27%
Your organization’s ability to deliver quality patient care during the next few years	23%
The willingness of coworkers to help one another during times of heavy workload	19%
The satisfaction that you receive from the work you do every day	18%

Listed above are the top drivers of commitment for the U.S. healthcare field, as identified through correlation analysis. In looking at these high-impact drivers of commitment, what is noteworthy is the percentage of employees whose expectations are *not* being met (failure rate) for each item. Items are listed in order of least favorable score (largest failure rate) to most favorable score.

It is also important to note that eight out of eleven of these drivers have failure rates of 25% or greater. In fact, four items have failure rates that exceed 35%. Our research indicates that these four items signify areas of critical importance. Organizations should focus improvement efforts on these areas because they currently have the most negative impact on workforce commitment in the healthcare field.

The Road to Recovery

In today's healthcare workplace, more so than in any other field, people are of paramount importance. Recognizing that human capital management is an indispensable element of organizational success, CEOs are moving the issue to the top of the agenda. In order for healthcare organizations to survive and prosper in the wake of the worst workforce shortage in years, the fourth study objective of the *Healthcare @Work* study, providing information for the **attraction, development and retention** of employees, requires immediate and focused attention.

Attract. Over one-half (55%) of respondents considered joining the healthcare field prior to high school graduation. This is important information since most organizations do not know how to adequately recruit the necessary workforce, and thus eventually fail. An insufficient workforce can have disastrous results for an organization, which means that healthcare professionals must have a better understanding of how young people approach their career decisions. In many cases, it may be significantly different from how those in charge of hiring or providing leadership in the healthcare setting approach their decisions. Younger people, many of whom are "Generation Xers" entering the workforce, have different opinions and experiences than their older managers. These differences must be understood and accepted in order for a new group of healthcare workers to enter the field.

Develop. Healthcare organizations use skills and creativity to successfully promote their institutions to the outside world. The same effort should be used to communicate with and influence an organization's own employees. Many organizations are so focused on recruiting employees, they forget to "recruit" or "attract" their existing workforce. It is critical that organizations develop their own employees from their first day on the job throughout the employment life cycle, rewarding them along the way for the loyalty and hard work they give the organization.

Retain. In general, healthcare organizations are failing to satisfy many of the expectations employees had when they first entered the field. Although organizations are doing well in some of these areas, they are failing to meet needs in providing adequate compensation or in providing opportunities for advancement. Replacing an employee can cost one to two times an employee's annual salary and benefits, which means it can cost the organization at least \$75,000 to replace an employee who makes \$50,000 a year! Replacement costs include recruiting, training, lost productivity during the first six months of employment and use of temporary employees during transitions. But beyond the financial ramifications is the loss of knowledge associated with long-term employees. In healthcare, retaining key talent is critical to delivering the healthcare services that patients depend on.

Summary. For healthcare organizations to “catch up” in the human capital arena, leaders must focus on the **attraction, development and retention** of their workforce. The road to recovery is not a short one; it is one that requires diligence and commitment from all those involved. Hospitals and other healthcare organizations must work in partnership with the community and local education systems to develop strategies to ensure quality care in the near term and for many years to come.

About Aon Consulting

Aon Consulting is among the top global human capital consulting firms, with 2001 revenues of \$938 million worldwide and more than 7,500 employees in more than 140 offices. The organization provides a full range of employee benefits, compensation, management consulting, human resources outsourcing and communications consulting services. Aon Consulting links people strategies with business strategies to help employers maximize human performance, improve bottom-line results and insure their vision.

Aon consultants have a depth of knowledge and experience in a variety of fields including actuarial science, business, computer science, employee benefits, industrial psychology, information systems, employment compliance issues, and organizational and leadership development.

Aon Consulting is the first human capital consulting organization to define employee loyalty and examine the factors that influence workforce commitment. In 1997, Aon Consulting established the Workforce Commitment Index (WCI). This measurement continues each year in the United States, with special studies of U.S. small business and the healthcare, high-technology, retail and manufacturing industries. Workforce commitment is also being measured in Canada, the United Kingdom and Australia.

Aon Consulting is the consulting arm of Aon Corporation, a leader in helping companies identify and address the full range of business risks through its insurance brokerage, consulting and underwriting operations. Aon's common stock (NYSE: AOC) is listed on the New York, Chicago, Frankfurt and London stock exchanges.

For more information about the Workforce Commitment Index, please call Aon Consulting's Loyalty Institute at 1.888.88.LOYAL.

For more information about the services available from Aon Consulting, call 1.800.438.6487 or visit our home page at www.aon.com.



AON