

The Revolution in Employee Relations



Critical Issues for a New Era

In today's changing workplace, leaders of Catholic health organizations are taking new approaches to new problems. This special section explores some possible solutions to three issues:

A New Social Contract, p. 18

→ In the face of economic and technological change, employers and employees need a new relationship based on mutual responsibility.

Commitment to Diversity, p. 23

→ The CEO's vision of a diverse work force led Franciscan Health System of Cincinnati to establish a three-year management action plan with seven major goals.

Hospital Layoffs, p. 26

→ Leaders at St. Joseph Hospital and Health Care Centers, Memphis, took an organized approach to the difficult task of laying off 162 workers.



A NEW SOCIAL CONTRACT

Seismic shifts in economics, technology, and social order have radically altered the American labor force and the way work is done in the United States. The ubiquitous personal computer and the lightning speed of communications today have changed not only the work, but the need for workers. Job loss—whether it's called “downsizing,” “realizing,” or “rightsizing”—is often the result of change.

Since 1983, U.S. businesses have added 25 million computers. Since 1987, 10 million fax machines and 26 million e-mail addresses have been added. In 1993 alone, 12 billion messages were left in voice mailboxes. And, demonstrating the effects of information technology on work roles, since 1987 521,000 secretarial jobs have been eliminated (Rich Tetzeli, “Surviving Information Overload,” *Fortune*, July 11, 1994).

In the aftermath of these sea changes, the relationships between organizations and their workers have been profoundly disturbed. The promise of lifelong employment—once the foundation of the “social contract” between employer and employee—has evaporated.

Healthcare organizations, long thought to provide job security, have not been exempt from pressures that lead to layoffs. The growth of managed care, driving down payments for healthcare services, is a major factor bringing about “reductions in force” throughout the healthcare industry.

For Catholic healthcare organizations, committed to mission-driven ministry shaped by Gospel values, the dissolution of the employer-employee social contract creates tension. Managers are asking, If we can no longer guarantee lifelong employment, then what is our relationship with employees?

*Catholic
Healthcare
Leaders
Rethink
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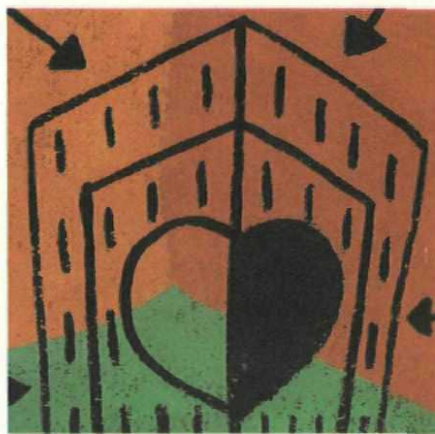
Participants in two think tanks sponsored by the Catholic Health Association's Center for Leadership Excellence addressed this question. Regina M. Clifton, the center's executive director, said the think tanks were convened in response to comments from chief executives officers (CEOs) of Catholic health facilities. “In

Summary The sea changes that have occurred recently in economics, technology, and social order have profoundly disturbed the relationships between organizations and their workers. The promise of lifelong employment—once the foundation of the “social contract” between employer and employee—has evaporated. The dissolution of this social contract has led managers of Catholic healthcare organizations to ask, If we can no longer guarantee lifelong employment, then what is our relationship with employees?

Participants in two think tanks sponsored by the Catholic Health Association's Center for Leadership Excellence addressed this question. Participants in the first think tank (i.e., one senior executive and

several human resources professionals from Catholic healthcare systems) agreed that a new social contract with employees was needed, one of mutual responsibility to replace the paternalistic relationships of the past. To begin constructing such a contract, the group articulated a set of values held by Catholic healthcare regarding employees.

Based on the values they identified, participants in the first think tank drafted the “Social Contract for Turbulent Times.” Participants in the follow-up think tank expanded this draft contract in the “Elements of a New Relationship Agreement with Employees.”





1993 we held a series of gatherings with CEOs around the country," said Clifton. "Everyone, it seemed, was concerned about the changing relationship between the institution and its employees. They were experiencing downsizing, and they were looking for a just and compassionate way of treating employees."

The first think tank, convened in spring 1994 in Atlanta, brought together one senior executive and several human resources professionals from Catholic healthcare systems. The second, held a year later in St. Louis, had an expanded participant list with representatives of human resources, mission, and administration from Catholic systems and facilities (see **Box**).

To prepare for the meetings, participants read *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations* (David M. Noer, Jossey-Bass, San

Francisco, 1993) and *Reengineering Management: The Mandate for New Leadership* (James Champy, HarperCollins, New York City, 1995). "Noer's premise is that we in organizations have treated employees like children," said Linda Robin of Accord Limited, a Chicago-based consulting firm. "We've made employees dependent. They are not in a position to take care of themselves."

Robin, who facilitated both think tanks, pointed out that workers treated as children by their employer are less likely to be prepared to look for new work when layoffs occur. "Organizations must start treating people like adults, with honesty," she stated.

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MOVING TOWARD A NEW CONTRACT

Participants in the first think tank agreed that a new social contract with employees was needed,

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one of mutual responsibility to replace the paternalistic relationships of the past. To begin constructing such a contract, the group articulated a set of values held by Catholic healthcare regarding employees. Among these values are:

- Balance between employer paternalism and employee self-reliance
- Inclusion of all people directly affected in decision making
- Recognition of the dignity of each person
- Acknowledgment of the intrinsic motivation of each worker—the desire to do a good job

Participants agreed that employer-employee relationships should be honest, compassionate, respectful, just, fair, and collaborative. In addition, such relationships should demonstrate a valuing of diversity among people.

The group also named a set of values regarding the organization. These included:

- Commitment to excellence and quality
- Determination to act with integrity
- Elimination of internal competition
- Recognition of the importance of education and development.

In addition, participants recognized the need for all employees to have a knowledge of and be guided by the organization's "stories" and cultures and to maintain the heritage of the sponsoring congregations.

But values without action mean nothing, Robin asserted. Therefore a new social contract must describe what the employing organization promises and what it expects from its workers. Based on the values they identified, participants in the first think tank drafted the "Social Contract for Turbulent Times." Participants in the 1995 follow-up think tank expanded this draft contract in the "Elements of a New Relationship Agreement with Employees" (see Box, pp. 21-22).

VALUES

The center's Clifton pointed out that a new relationship agreement with workers can be used as a communication tool for discussing change within an organization and for clarifying that the employer-employee relationship is more than an exchange of money for talent. "Perhaps most important, the new agreement should guide our interactions with employees and the decisions we make that affect them."

"This is a process of codifying your values in actions," Robin said. "It's important that this new contract not be just an activity of human resources, but that it help to shape all leadership thinking. The value comes not just from the document itself, but from the process of developing this new agreement," she continued. "Being a

part of the process builds commitment to it."

Once an organization has identified the promises and expectations in its agreement with employees, the next step is to look at policies, procedures, and programs to ensure that they support the agreement, Robin said. "It's important not to send a conflicting message of values versus structure. So, you have to ask questions like: Do your benefits programs make assumptions about lifelong employment? Are your recognition programs based on length of service? Are benefits portable within your healthcare system? How generous are you with training and development?"

FOUR STEPS TO A NEW AGREEMENT

Robin outlined a four-step process to guide organizations in the creation of a new social contract with employees.

"It starts with realizing that what was done in the past won't work in the future. You have to recognize that some kind of new social contract is needed," Robin said.


The second step is to identify how the organization values employees. "Articulate what you want to uphold in the relationship that evolves," Robin advised. She added that there are many ways to name organizational values—from leadership brainstorming to focus groups with employees. She advocated involving employees from all levels of the organization to help identify values. "Make sure it's a realistic assessment. Ask, 'Can we really stand by those values?'"

Once the values have been identified, determine how the values are lived through the actions of the organization and its employees. What does the organization promise going into this agreement? What is asked of employees? This process can be the result of discussion among the organization's leaders, but involving people throughout the organization will build commitment to the new relationship.

Finally, the organization must assess organizational and human resources programs, policies, and procedures for alignment with the new contract. Flexibility is important as an organization revises its relationships with employees, Robin said. Technology has allowed for flexible, nontraditional time schedules and opened possibilities for working at home or job sharing. These are elements that organizations can offer to workers instead of the old promise of lifelong employment.

—Ed Giganti, Senior Associate,
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A new social contract must describe what the employing organization promises and what it expects from its workers.

 For more information on this or any other activities of the Center for Leadership Excellence, contact Regina Clifton at 314-253-3477.



ELEMENTS OF NEW RELATIONSHIP AGREEMENT WITH EMPLOYEES

Leadership

Individuals

Communications

Be open and truthful in communications. Provide information to employees at the earliest possible time.

Be open to new information and respect the confidentiality of information received. Share with management information of importance to the organization.

Fairness

Strive to be logical and rational in decision making, applying policies consistently throughout the organization.

Treat one another fairly, and provide feedback to leadership when something is perceived to be unfair.

Respect

Demonstrate respect for individuals who work in the organization and for the dignity of all work.

Demonstrate respect for those who work in the organization and for the dignity of all work.

Living the Values

Through decisions, rewards, and recognition, articulate the organization's purpose and values and then model its actions in line with these values.

Support and act in line with the organization's purpose and values.

Empowerment

Recognize the value of employees' participation, and foster responsibility among employees to influence their work environment.

Participate actively in organizational initiatives, and apply talents to further accomplish organizational goals.

Development

Support the development of employees by providing fair and honest feedback and development plans, striving to find opportunities for new learning and skill development, and providing feedback throughout an employee's tenure at the organization.

Take responsibility for doing the best job, keeping up to date on position and profession, accepting feedback offered, and recognizing self-responsibility for career and development.

Valuing Diversity

Recognize the richness of perspectives in a diverse work force; promote equality of opportunity; and oppose discrimination, prejudice, or stereotyping.

Value the richness of perspectives in persons from different cultures and backgrounds; support equality of opportunity; and oppose discrimination, prejudice, and stereotyping.

Supporting Creativity and Risk Taking

Foster an environment in which creativity in support of organizational goals can flourish. Recognize that responsible risk taking is needed for creativity and improvement. Recognize and reward creativity and risk taking.

Find opportunities to improve the way work is performed and to help further organizational goals.

Safety

Provide safe working conditions and policies to support safety.

Perform work in a safe manner, and follow all policies concerning safety.

Continued



ELEMENTS OF NEW RELATIONSHIP AGREEMENT—CONT'D

Leadership

Individuals

Common Economic Security

Recognize that the leaders' and employees' economic security are linked and vigorously seek a common security, sharing both burdens and rewards. Provide ongoing education on healthcare economics, and share information on the organization's health.

Recognize that security is linked to the long-term success of the organization, and share its commitments and burdens. Strive to understand the long-term impact of decisions and responsibility in generating revenue and reducing costs.

Leadership

Select and develop leaders who exhibit long-term thinking in line with the organization's mission, balancing financial and human resource issues.

Accept leadership roles in assigned work, and support the organization goals established by leadership.

Selection

Understand the competencies needed in jobs, and promote and hire people who can succeed.

Seek out opportunities that match abilities and in which success is attainable.

Creative Tension

Strive to surface conflicts, keeping in mind that conflicts are healthy; use and accept due process to resolve them.

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Resource Accountability

Provide the resources needed to achieve the organization's goals.

Be good stewards of resources provided.

Work and Family/Personal Life Balance

Recognize the importance of employees' lives outside work by:

- Demonstrating a balance in own life
- Recognizing that work can be performed in a variety of sites
- Supporting balance in scheduling and policies
- Aligning expectations with process capabilities (i.e., making reasonable demands)
- Recognizing that "family" may be defined in a variety of ways

Recognize responsibility for achieving a balance in work and personal lives and finding personal renewal by:

- Recognizing and communicating needs and personal limits to management
- Being flexible in scheduling work and meeting personal needs

Promoting the Community Good

Work toward the good of the community by promoting wellness and a healthier environment.

Participate in community building, and take personal responsibility for own health.

Environmental Protection

Preserve the environment in the conduct of business, and engage in environmentally sound practices.

Follow environmentally sound practices on the job.