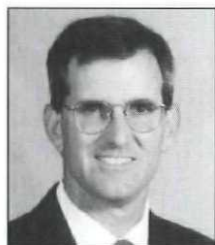


MISSION-BASED HR DRIVES BUSINESS SUCCESS

A Catholic Hospital's Culture Will Attract Employees Who Value Justice, Charity, and Human Dignity

BY JOHN L. SINCLAIR



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Recent *Health Progress* articles* have discussed Catholic health care organizations' desire to reflect their Catholic mission in employee compensation practices. This interest has historically been driven by ethical issues of equity and social justice, but there are also sound business reasons for adopting mission-driven human resources practices.

Employment relationships and the promises they imply vary from one organization to another. At one extreme is the employment-for-life philosophy, now rarely seen. At the other extreme is the organization that focuses only on bottom-line results, disregarding employees' interests. Today's Catholic hospital CEO may sometimes fear that it will be impossible to reconcile the fiscal pressures of business with the ethical responsibilities of the church.

However, evidence exists that businesses can achieve organizational success without sacrificing mission orientation. As a part of the 1998 Mercer/HCIA 100 Top Hospitals Survey, William M. Mercer, Inc., conducted focus groups with the multiple-year honorees to identify their "best practices." The 100 top hospitals were those that had achieved objective excellence in financial, operational, and clinical measures.

Interviewing executives and employees of the 100 top hospitals revealed two key themes:

- A focus on human resource practices and the role of compensation and reward systems
- Integration of the organization's mission and values into all activities

The 100 top hospitals consistently recognize

the value of their employees and effectively communicate how their employees contribute to the organizational mission. This commitment to employees and mission is strongly linked to their financial, clinical, and operational success.

In a separate analysis, Mercer compared the compensation levels and pay practices of the 100 top hospitals and others. That study found no discernible difference in pay levels; on average, compensation and benefit levels in the two groups were about the same. The only differences observed were in how the total rewards package was explained to employees and the extent to which it was valued by them. Several of the 100 top hospital executives specifically mentioned that communicating their organization's vision and mission was a distinctive factor in attracting and retaining employees. Mercer's study showed that hospitals that link their compensation and benefits programs to their mission and values consistently achieve greater operational and financial success than hospitals that do not.

Catholic health care systems are making tremendous strides in communicating the Catholic mission to their employees and linking Catholic values to their services and activities. Most hospitals espouse the values of justice, dignity, ministry, and stewardship. These values provoke difficult decisions concerning just and fair compensation, the right to universal health care, workplace environment, and employee benefit design. The next challenge is to develop human resources practices, including benefit plans, that support the mission and the core Catholic values. Unfortunately, our health care systems operate in a world of limited resources in a competitive marketplace.

How can hospitals balance stewardship of resources with the need to offer just and fair compensation and benefits? The answer is twofold:

*Gordon Burnside, "Compensation in Catholic Health-care: A Roundtable Discussion," January-February 1999, pp. 50-52; Burnside, "Toward a Compensation Philosophy," May-June 1999, pp. 56-58.

• By designing effective, efficient benefit programs, hospitals can attract and retain more of the most desirable employees

• By fostering behaviors and competencies consistent with the organization's mission, hospitals can enhance employee satisfaction and generate greater productivity and higher customer satisfaction

By using a total compensation philosophy linked to the mission

and strategy of the organization, hospitals can achieve tangible business results without sacrificing Catholic values.

IMPROVING ATTRACTION AND RETENTION

In this era of low unemployment, employers who attempt to compete on the basis of salaries frequently find that this approach only leads to higher costs and does nothing to help retention and loyalty. Health care organizations must compete in the broader employer market and, with today's cost constraints, they cannot compete on pay alone.

Frequently overlooked keys to the success of a Catholic health system are the inherent value in being Catholic and the impact spirituality has on attracting and retaining employees. According to a study conducted in March by Gallup's Princeton Religion Research Center, 88 percent of Americans feel that religion is important to them, which suggests that the majority of the workforce is receptive to messages and values that support spirituality in their lives. Employees want to see a relationship between their efforts and the organization's goals and want to find meaning in those efforts and goals.

Human resource programs offer ways to demonstrate commitment to Catholic values, and central to these efforts is effective employee communication. Three approaches to communicating compensation and benefits are:

• *List the services.* The most basic approach is to simply bundle the compensation and benefits together as a package. Benefits are listed as services for employees to use as needed. Employees are not shown the value of the benefits.

• *Put a dollar value on the compensation and benefits.* A better method is to explain the dollar value of the compensation and benefits so the employee understands the worth of the total com-

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Health care organizations cannot compete on pay alone.

penetration package. This explanation may be given during the benefits enrollment process or in benefit statements. This approach, however, shows value only in monetary terms, without regard to employee appreciation.

• *Demonstrate program's physical, emotional, spiritual, and financial value.* The best approach is to communicate not only what the benefits are and what they are

worth, but also how they support the physical, emotional, and spiritual needs of the employee and how they are consistent with the mission of the organization. This is the employer's opportunity to show concern, compassion, and appreciation for the employee through rewards and benefits.

The days of lifetime employment with one employer are probably behind us. However, employers that show concern for the needs of employees can build greater employee appreciation and loyalty. Improving employee satisfaction also leads to improved financial results.

COMMUNICATING MISSION THROUGH BENEFITS

Corporate values are commonly stated along with mission statements. Long before it was fashionable, Catholic health care organizations were espousing the values of respect, beneficence, justice, community health, and stewardship. Organizations that live these values reflect them not only in their interactions with the community and patients, but with their employees. Living the values has implications for benefit delivery.

Respect Many Catholic health care organizations identify respect for employees as a key value. Identifying respect as an organizational value suggests that employees would be able to decide among benefit programs, and that management would communicate openly and honestly. In this case, organizations can offer flexible benefit programs and broader choices of benefits.

In addition, respect for employees implies recognition of their diverse needs. Benefit plans can consider variations in income, family status, health status, social factors, age, and location of employees and their dependents. Remember, employee benefits are those services offered by the employer and *valued* by the employee.

Benefit Choices Community health care and com-

mitment to the underserved are common elements in a mission statement. In an ideal world, health care coverage would be provided to all employees and their dependents, regardless of position or hours worked. Unfortunately, this is not economically feasible. Assuming that the benefit expense pie is not growing, slicing it up in more pieces would simply mean less for everybody. However, research conducted by Mercer on employee benefit preferences confirms an intuitively simple conclusion—not everyone wants or needs the same benefits. This realization suggests that expanded choice can lead to lower per-employee costs as employees purchase and use only those benefits they actually need.

Benefit choices traditionally have been somewhat limited due to the complexity of administering multiple benefit plans. However, new technologies such as voice response and web-based benefit administration can expand benefit choices while reducing administrative costs.

Community Health Mission statements often emphasize improving the health of the community; Catholic health care organizations can start at home with their own employees. They can promote the health of the employee “community” through preventive health and wellness programs such as flu shots, immunizations, well-child exams, diagnostic tests, prenatal counseling, and fitness programs. Such investments can pay off in improved employee health and reduced long-term health costs. Healthy lifestyles correlate highly with lower benefit expenses, lower absenteeism, and higher productivity.

Promoting spiritual and mental health is also valuable. Too often benefit plans reimburse the cost of treatment for illness but do little to encourage programs that promote good mental, spiritual, and physical health. A Catholic-based benefit plan can advocate pastoral counseling, parish nurse ministries, and other health system services.

Stewardship Stewardship suggests that the organization should manage its resources with proper regard for the benefit of the community. The organization that views employees as a resource is obligated to invest in and maintain human resources. From this perspective, we are stewards of the welfare of our employees. We have a duty as em-

New technologies can expand benefit choices while reducing administrative costs.

ployers to strive to assure the security, safety, and emotional well-being of our employees. Organizations’ ability to satisfy their employees’ needs of safety and security through a well-designed plan of employee benefits allows them to seek higher levels of self-actualization and spiritual fulfillment.

WHY ARE CATHOLIC HOSPITALS SPECIAL?

For Catholic hospitals, benefit design issues

create everyday ethical dilemmas not found among other employers. Some benefits are clearly prohibited by the *Ethical and Religious Directives for Catholic Health Care Services* (coverage for abortions, certain forms of contraception). Technology continues to expand the range of ethical questions concerning fertility benefits, genetic testing, and end-of-life care.

Benefit questions often arise:

- Should a pension plan be cut back if doing so would penalize a select group of employees?
- Should the organization offer supplemental executive benefits, which would create distinct classes of employees?
- Should there be a lifetime maximum benefit for health care coverage?
- Should the organization cover pastoral counseling versus psychological counseling?
- Can benefits be offered to other religious entities?
- Can employees donate vacation days to fellow employees in need?
- What are reasonable accommodations for family medical leave? Should the organization be more generous?
- Should the organization provide a safety net of benefits for all employees (including part-time)?
- Should the organization provide coverage for domestic partners?

The answers to these questions demonstrate an organization’s commitment to its values.

Too often, human resource managers face these issues as they arise from specific employee situations. Managers may feel pressured to focus on the immediate personal needs of the individual rather than the moral preferences of the organization. These issues are better addressed actively through a well-communicated benefit philosophy that confirms that benefits will reflect

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the Catholic mission, values, and principles. This guiding philosophy provides a spiritual and moral framework to address these hard issues consistently and ethically.

In today's tight labor market, employers complain that they cannot afford to be selective and must take whomever they can. Although much is said about the differences in services provided by for-profit hospitals (on one hand) and not-for-profit ones (on the other), little attention is given to their cultural and employment differences. The cultural differences between Catholic and for-profit nonsectarian hospitals may be especially pronounced. Given the choice between hospital A, a highly regarded Catholic entity known to value its workers and committed to a values-driven culture, and hospital B, a for-profit bottom-line oriented facility, employees with values consistent with hospital A will naturally gravitate to hospital A.

Employees of all religions appreciate the typical hospital mission and values. The Catholic health care system can create a distinctive culture to attract employees who believe in the fundamental importance of spirituality, justice, stewardship, respect, human dignity, and charity. Employee benefits and human resources policies are a perfect vehicle through which a hospital can influence its workers and communicate these values to them. □

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RATING THE "SOFT" SIDE

Continued from page 27

time, Ancilla's leaders should be able to anticipate potential problems.

Even better, those leaders can follow trends throughout the entire organization. In 1998, for example, they noted a lack of compliance with Standard 10, Indicator 2 ("Programs to develop persons at the minimum wage level to improve opportunities for promotion are in place") and made improvement in this area a high priority. The system's mission effectiveness leaders got together with those for human resources and designed a threefold action plan. As a result, Ancilla now:

- Assesses minimum-wage employees' language, reading, and computer skills
- Insists that supervisors discuss development needs with the employees during annual evaluations
- Encourages employees to take advantage of the system's new policy of reimbursing them for the costs of workshops and nondegree, work-related courses, as well degree-related ones (for which they could already be reimbursed).

Today all Ancilla hospitals cross train staff so that, if they choose to do so, they will be equipped to take advantage of more highly paid employment opportunities in the system. Supervisors routinely draw up action plans for skill enhancement during employee evaluations. The system has also implemented new tuition reimbursement policies with increased funding.

VALUES AT WORK

The Characteristics of Service program was designed, in part, as a marketing tool. But it has since become an important component in the system's assessment process. The program does a number of things, but perhaps the most vital is this: It shows all system board members and employees the extent to which Ancilla's values can be made real in our everyday activities. □

☎ For more information call Sr. Nora Hahn, PHJC, at 219-947-8511; e-mail: nhahn@ancilla.org.

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