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Retention and Employee Satisfaction: A Case Study in Long Term Care

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Abstract

This case study presents comparisons between employee satisfaction and retention data in two long term care companies. Strategic and operational management decisions and differences in race, sex, age, length of service and hourly pay rates are examined and indicate that management and organizational differences contribute to variations in employee satisfaction and retention. This case allows analysis of the possible causes for the variations and what actions would best respond to these differences.

Introduction

Purpose:

Strategic and operational management of long term care organizations is taught in all Health Care Management (HCM) and Healthcare Administration (MHA) programs. These management skills often allow employers to make decisions based on evidence leading to best business practices. The purpose of this case study is to identify strategic and operational management decisions and the impact those decisions have on the individual employee and the health care companies where they work.

Organizational Differences:

Two long term care providers operating in the same geographic space and market service areas have similar demographics of their employees, yet produced noticeably different traditional measures such as employee retention and employee satisfaction. One of the providers is a privately owned, for profit, vertically integrated organization with ownership held by one family. The organization includes a corporate company and several companies operating nursing homes, pharmacies, rehabilitation services, home care, hospice, medical supply, community care and consulting services.

The second long term care company is a not-for-profit organization which operates a vertically integrated health care system in the same service area. It has a corporate organization structure and works with several affiliated organizations including nursing homes, pharmacies, rehabilitation services, home care, hospice, medical supply, community care, administration services and consulting services.

Management Differences:

The differences in management style and decision-making for these two companies are substantial. The first company's Chief Executive Officer (CEO) is the owner. He has an 8 or 9 member executive leadership group, a strong, top-down, hands-on operational style, with the corporate executive leadership, the owner, making most decisions. The second company has a smaller 4-member system governance team and a more separate system oversight approach to governance. The operating entities are practically autonomous in operations.

Strategically speaking, each company has similarities in their directional strategies including mission and vision statements. The differences in the mission statements for these two long term care companies are relatively minor. Where the first company's mission statement references family, commitment to caring, and the company as a whole working to make a difference in provided care, the second company's mission statement references dedication to patients, commitment to employees, and working together to meet the challenge of delivering excellence.

Similarly, the differences in vision statements are technically unique to each company, however, they took the same approach. The first company's vision statement references innovation, the superior and seamless health delivery system they are and the communities they serve. At the second company, their vision statement references family, the environment and success. This includes being leaders and improving the facilities as well as being a secure place to work, being satisfied and developing as a team.

The last routine strategic directional strategy is values. Both companies chose to create lists of values based on either the corporate name or the corporate motto. Each contains moralistic and accepted values such as teamwork, ethical behavior, etc

Operational management differences, however, are more disparate than the strategic similarities just discussed. The first company clearly operates with financial performance as the first tier of interest, thereby making most operating decisions with the emphasis on financial gains. The second company makes decisions with a heavy dose of paternalistic spirit toward its employees. Both companies state that they hold their customers, and those who receive care from them as a first priority. Yet, they approach this priority differently when deciding how to achieve optimum results. As an example, when faced with the opportunity to implement enterprise systems, the first company chose to implement the financial suite first and followed with the human resource (HR) system several months later. The second company chose to proceed with the human capital system as the first step of implementation and then implemented the financial systems. From these decisions, it would appear that the first company authentically values financial matters as a priority and the second places priority value on its employees.

Facts:

Overall, there were approximately 7,000 employees in the first company and approximately 4,000 employees in the second company. Minorities represented 69% and 62%. Females were 87% and 92% of the total employees. The average age for was 42 and 43. The average length of service in the two companies was also different, where 4 years and 6 years were recorded. The average hourly pay rate difference was $1.42 between them.

Table 1 Overall Employee Average Age, Service, Race, Sex, Pay, NPS and Retention

Company	# Emp.	Average Age	Average Service	% Minority	% Female	Average Pay	% NPS	% Retention
1	7,560	42	4	69%	87%	$17.94	21%	61%
2	4,354	43	6	62%	92%	$16.52	36%	75%

Table 1 shows the most common positions found in long term care facilities, or nursing homes, the differences in the number of employees, the average age, time of service, hourly rate of pay, percentage of minorities and percentage of female incumbents for these two long term care companies.

Table 2 Differences in Descriptive Data between Companies

Comparable Job Titles	Diff. in # Empl.	Difference in % Minority	Difference in % Female	Difference in Average Age	Difference in Average Service	Difference in Average Hrly Rate
ACTIVITY ASSISTANT	-13	-3%	10%	5	1	-$2.34
ACTIVITY COOR	-10	-2%	7%	2	0	-$2.61
ADMINISTRATIVE ASST.	-9	-16%	7%	2	0	$0.87
ADMINISTRATOR	-31	-1%	-1%	-1	4	-$1.63
ADMISSIONS COOR	-6	-18%	12%	2	0	-$5.02
CERTIFIED NURSE ASST	-2223	-2%	3%	0	2	-$1.06
CHARGE NURSE-LPN	616	1%	-1%	0	2	-$1.02
CHARGE NURSE-RN	-27	-9%	3%	2	2	-$2.38
RESTORATIVE - CNA	-30	-3%	1%	0	3	-$1.13
COOK	1	7%	23%	7	6	-$1.11
DIRECTOR NURSING SVC	-22	-12%	-3%	-1	1	$0.40
FOOD SERVICE AIDE	-413	-6%	7%	0	0	-$0.71
FOOD SERVICE MGR	-23	-5%	10%	0	3	-$3.36
FINANCIAL CONTROLLER	-39	0%	-1%	-3	-2	-$1.04
FLOOR TECHNICIAN	-134	-11%	8%	5	4	$0.00
ENVIRO SERVICES AIDE	-526	-10%	11%	2	2	-$0.56
ENVRO SVC SUPERVISOR	-53	-4%	26%	-7	1	-$2.59
LAUNDRY AIDE	-181	0%	2%	2	4	$0.01
MAINT SUPERVISOR	-47	-8%	-2%	2	0	-$1.69

RAI DIRECTOR-LPN	**-4**	**36%**	**4%**	**-4**	**4**	**-$1.59**
MAINT ASSISTANT	**-51**	**-16%**	**1%**	**-1**	**0**	**-$1.70**
HEALTH INFO /MED REC	**-14**	**0%**	**3%**	**1**	**3**	**-$0.90**
SOCIAL SER COOR	**11**	**-20%**	**2%**	**3**	**1**	**-$1.92**
WOUND/TRMT COORD-LPN	**16**	**26%**	**5%**	**3**	**4**	**-$0.40**
RAI DIRECTOR-RN	**2**	**10%**	**-8%**	**-6**	**-2**	**-$1.44**
NURSE SUPERVISOR-RN	**4**	**-7%**	**0%**	**5**	**3**	**-$2.20**

Table 2 provides the differences between the first company and the second for each position.

These descriptive data were then compared to a common measurement of employee satisfaction, Employee Net Promoter Score (NPS), and to the organizations' measures of retention. Employee net promoter score is a measurement from employee satisfaction surveys. The results for a key question, "Would you recommend your company as a place to work?" are used. Net Promoter Scores use the number of "excellent" responses less the number of "poor" responses, divided by the total number of responses received during the survey. Net Promoter Scores operate on the premise that the excellent respondents, as well as the poor respondents, would most likely share their feelings with others. The net result is a measure of the "promoting" effect of employee satisfaction.

Table 2 presents the overall number of employees, average age, average service, percentage of minority and female, average pay, Net Promoter Score and retention rates for these 26 positions in both long term care companies. An interesting finding in these comparisons is that Company 2 appears to have better outcomes for Net Promoter Score and retention along with slightly older employees with longer service, yet lower average pay.

Case Study Questions:

1. Given these data and the facts related to these two long term care organizations provided in this case, what additional information would you need to gather in order to advise either company on future management actions?
2. Of the information provided, what is noteworthy and should be indentified for further investigation?
3. On their face, what would you presume to be possible causes for these noteworthy distinctions?
4. If you were hired to lead either company, what would you cite as strengths and what would you note as weaknesses of each organization?
5. If either company found itself with $500,000 of unexpected available funds to be used in the current period, what would you recommend they do with the funds?
6. Conversely, if they each found themselves facing a $500,000 shortfall, in what areas would you focus to adjust their operations in order to make up the shortage in the current period?

Conclusion:

A wide assortment of additional facts would better inform the consultant for these companies. Such standard information as is normally collected in exit interviews with those who voluntarily leave an organization could influence decisions that affect turnover and retention. A review of the recruiting, selection and hiring processes would help in advising for improvements in those areas. Additionally, market compensation analysis could better inform the distinctive differences in the two companies pay averages.

One particularly noteworthy fact is the differences in average pay that is counter-directional to the employee satisfaction survey results. Further study of this would be beneficial to both companies' leadership. Based on traditional face value, the probable cause of higher employee satisfaction with lower average pay for one company compared to the other is probably based on supervision. One company has better supervisors. Are they hired that way or are they trained and supported to be that way? Maybe the organizational culture is just more caring in one company? These possibilities would require further analysis.

Both companies have proven they can provide quality long term care. If chosen to lead the company with lower satisfaction and higher average pay, I would focus on engagement and make a thorough financial analysis of operations. I would focus strategic analysis and planning on how to improve both satisfaction and improved average compensation. If chosen to lead the other company, I would focus on maintaining the advantage in employee satisfaction and tie it directly to the level of quality care given to patients.

Facing an opportunity to spend $500,000 would be an unusual but powerful situation. In either company, strategic thought must be applied. From an HR perspective, either company would benefit from a recognition program. Also additional supervisor training would be appropriate in either case. If, on the other hand, there was an unexpected shortfall of $500,000, the company with the higher average pay could consider a reduced annual increase budget. The company with the better employee satisfaction could capitalize in that fact by asking for employee suggestions on how to appropriately save on expenses or enhance revenue.

Obviously, as with any case study, there are not right or wrong answers. The options are plentiful and the results would be equally varied. The fact remains that human resources in long term care is a field of opportunity and the best option will always have a strategic connection.

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