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Approaches for a Successful HR Strategy in Healthcare

Necessities, challenges and opportunities in recruiting
and retaining medical professionals

Introduction

The operators of healthcare facilities around the world face a huge challenge: as their populations and healthcare needs grow, developed and developing countries alike struggle to supply adequate numbers of trained, qualified healthcare professionals, especially physicians and nurses.¹ Sourcing, attracting, and retaining experienced employees are among the top management challenges globally. Productivity and quality of service depend on an organization's ability to manage human resources. In addition to recruitment and retention, this refers to appraisal, training, compensation, and motivation.²

Additionally, hospitals and health systems face a paradigm shift: they need employees with new leadership skills to meet the needs of 21st century healthcare models, e.g. advanced nurse practitioners, physician assistants, medical technology specialists, and IT experts for integrating and standardizing data from multiple sources.¹

Generally speaking, caregivers can approach the workforce problem from two different directions: with concepts to increase labor efficiency and by improving their attractiveness as employers.



When hospitals deploy their staff more efficiently, economic productivity increases, and they can provide more and better services with relatively fewer employees, reducing costs. Professional development, education and efficient processes are essential levers as is technology that facilitates collaborative work with tools and automation concepts to increase labor efficiency.

Modern technology also contributes to a hospital's reputation, to increasing employee satisfaction and, therefore, improving chances of becoming or remaining the employer of choice among the workforce or potential candidates, the second starting point for addressing personnel scarcity.

Hospitals need to do one thing above all to increase employee satisfaction. Hospitals need »to accommodate the preferences of the multiple workforce generations, hospitals need to replace traditional human resources policies which were applied uniformly to all workers with policies and programmes that include flexibility and choices,« says a study by the American Hospital Association.³

Increasing productivity is compatible with higher employee satisfaction. Properly designed efficiency measures that are not focused on squeezing working time and longer hours

contribute to employee satisfaction. The reverse is also true. According to research by Dutch psychologist Arnold B. Bakker, work engagement depends on job resources that include social support, feedback, and opportunities for autonomy, variety and growth. Such resources are good for both the employee and the workplace, because when job resources are rich, work is accomplished faster and with better results.⁴

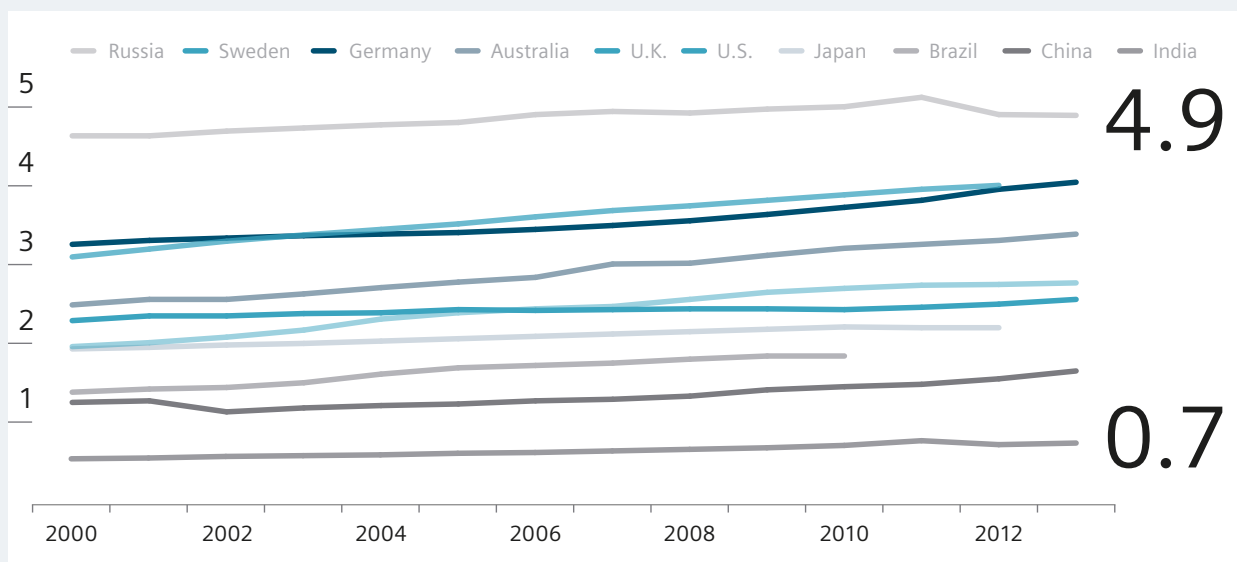
Staff Shortages Worldwide

Unemployment is rare in the sector. In Germany, for example, according to the DEKRA Labour Market Report 2015, hardly any other professional group has as many vacancies as nursing. Meanwhile, medical assistants and medical staff are ranked #9 of most wanted professions, with doctors at #11.5. The unemployment rate of nurses in Germany is only about 0.7 percent and doctors 1 percent. A similar situation exists in the U.S. with an unemployment rate of 0.8 percent among doctors.⁶ The demand for nurses in the U.S. is estimated to increase by 26 percent by 2020.⁷

Globally, the number of doctors per 1,000 population is expected to remain virtually the same until 2018, with 1.8 doctors per 1,000 population.⁸

Practicing Physicians per 1,000 Population

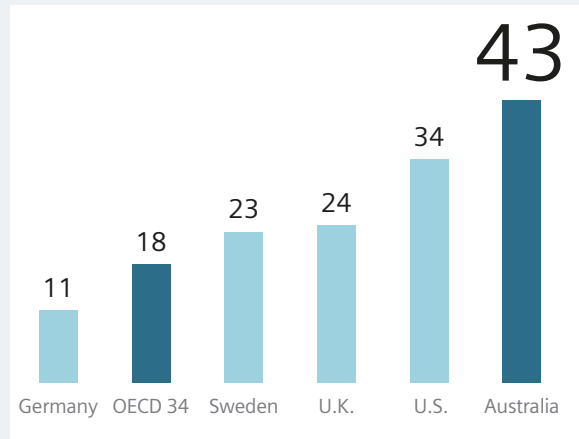
In most countries, the number of physicians per 1,000 population has not risen significantly in the past decade. However, regional differences are large with 0.7 physicians per 1,000 population in India vs. 4.9 in Russia.



Source: OECD Health Statistics 2013

Practicing Foreign-Born Doctors (in %)

The average percentage of practicing foreign-born doctors in OECD countries is 18 percent (approx. figure in the year 2000).



Source: OECD Migration Outlook

So what is the staffing challenge? First, most countries have experienced personnel shortages for many years. Secondly, the world population has grown by approximately 1.2 billion people since 2000, an increase of 20 percent in just 15 years. Thirdly, increased life expectancy increases the average age of patients, leading to higher medical care costs per patient. Finally, there is an uneven distribution of care givers. In India, for example, the healthcare industry needs an additional 1.54 million doctors and 2.4 million nurses to match the global average. This shortage of qualified professionals is one of the key challenges for the industry.¹

Inadequate education systems cause the low proportion of doctors in emerging and developing countries. The large-scale migration of well-trained doctors from these countries to developed industrial countries produces additional difficulty. For instance, physicians trained in India account for about 5 percent of American and 11 percent of British physicians.¹⁰ For many years, India has been the biggest exporter of trained physicians among developing countries.

Doctors do not migrate only from newly industrializing countries. Germany is the second largest exporter of doctors after India, followed by the Philippines and China.¹¹

Additionally, around 30,000 foreign doctors work in Germany, mainly from Eastern Europe and Austria.¹²

Moreover, medically, technically, and economically modern healthcare companies in emerging economies such as India increasingly manage to attract foreign-trained staff or entice compatriots working abroad to return home. The internationalization of the medical labor market is undeniable.

People mainly move abroad for financial reasons and better working conditions. For instance, an entry-level medical assistant in Germany earns approximately 46,000 € annually. In Norway, the average starting wage is 58,000 €, and in Switzerland 84,000 €. ¹³ Meanwhile, in emerging and developing countries, many doctors cannot even feed their families on their salaries and, therefore, result to additional freelance work, resulting in extremely heavy workloads.

Political Support

Governments around the world have recognized the enormous HR challenges for their healthcare systems and are responding. In many countries, governments directly influence the level and structure of physician remuneration as a key employer of physicians, as a purchaser of services, or by regulating their fees.¹⁴

The U.S. government has established a National Healthcare Workforce Commission to review supply and demand and make recommendations regarding national priorities and policy. Also, the government provides competitive grants to enable state partnerships that conduct comprehensive planning and carry out healthcare workforce development strategies at state and local levels.

» *To accommodate the preferences of the multiple workforce generations, hospitals need to replace traditional human resources policies.* «

China has taken action to speed up caregiver training in response to the needs of its rapidly aging population. The country has also set a target to train 6 million caregivers by the end of 2020. In Brazil, the government has introduced a programme to hire local and foreign doctors to work in poor and remote areas where there are shortages. By mid-2014, approximately 15,000 new clinicians enrolled and more than three-quarters of this population came from Cuba.¹⁵

In response to shortages of doctors, some countries have developed more advanced roles for nurses. Evaluations of nurse practitioners from the United States, Canada, and the United Kingdom show that advanced practice nurses can improve access to services and reduce waiting times, while delivering the same quality of care as doctors for a range of patients.¹⁴

However, there are shortages of nurses as well as doctors, and nurses greatly outnumber physicians in most OECD countries.¹⁴ For example, in the U.K., the National Health System (NHS) is in the midst of a staffing crisis.

The Royal College of Nursing estimates that there are 20,000 unfilled nursing posts across the U.K. The Centre for Workplace Intelligence forecasts a shortfall of 47,000

nurses in the next few years. This comes at a time when having the right nurses on board has never been more important as trusts implement new strategies for improving patient care against a backdrop of cost-cutting initiatives.¹⁶

Increasing Workforce Productivity

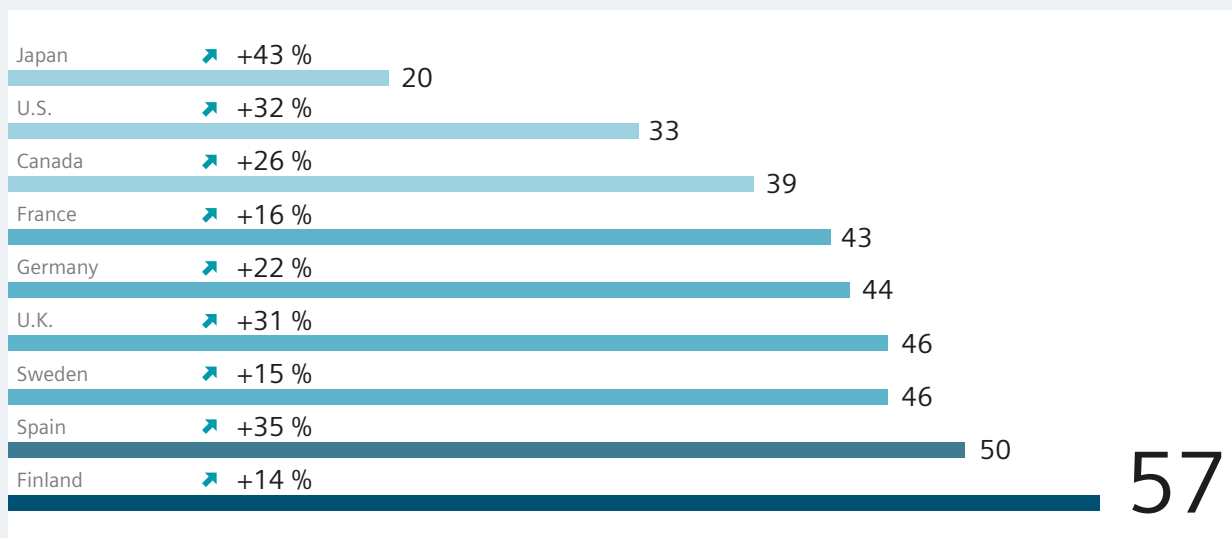
Achieving more with less: this goal of manufacturing companies also applies for hospitals in their efforts to fulfill their tasks with the scarce amounts of personnel available. In the past, hospitals have often made the mistake of requiring doctors and nurses to do more in less time. The consequence of this is high staff churn, a high level of absenteeism, and low overall employee satisfaction.

In Germany, no other industry has more sick days than health professionals (4.5%)¹⁷. According to a study by Germany's largest statutory health insurance company AOK, nurses have the most burnout-related sick days of any occupational group.¹⁸ According to a British study, 15 percent of all sick days in NHS hospital trusts results from psychological stress at work.¹⁹

The aim of effective hospital HR management must be to use staff more sensibly instead of burdening them with overtime. A decisive factor in achieving this is the optimi-

Female Physicians (in %, year 2013 or nearest) and Changes 2000-2013 (in %)

In many countries, the share of female physicians is already close to one half or even above. Since 2000, the proportion of female physicians has increased in OECD countries.



Quelle: OECD StatExtracts

zation of all processes, improved management of individual competencies, and investment in appropriate technologies that are safe to operate.

Put simply, technology that is easy to use reduces training costs, enables staff rotation, and reduces the pressure of hiring overspecialized experts for individual silos in the care delivery chain.

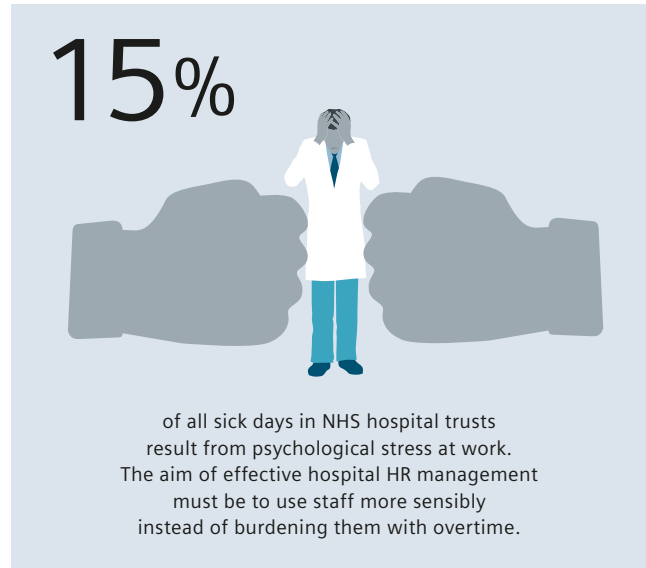
Automation, for instance, reduces the manual workload during such processes as setting up or evaluating clinical protocols. The systematic use of consistent operating concepts for devices and IT, as well as targeted training, enables a more flexible use of staff, a key aspect of business management.

At the same time, however, the flexible deployment of staff also increases employee satisfaction as their tasks become more varied. The time gained can be used to make more informed decisions and/or more interaction with patients. Doctors and nurses spend less time on unpopular administrative tasks, reducing loss of information and frictional losses. If individual employees do fall sick, their work can be easily delegated to other employees thanks to the greater versatility of the staff.

Modern IT makes a significant contribution to ensuring quick and comprehensive access to relevant patient data – a key factor in increasing efficiency. Information management is crucial for the speed and accuracy of care decisions by hospital staff. In addition, this is an important factor for higher employee satisfaction.

» *The message for healthcare service providers and NHS trusts is a simple one. Reputational risk and effective communications – and in particular positive employee engagement – now need to be top of the agenda for any board that hopes to attract and retain the best staff.* «

Nicola Bullen, TMP Worldwide, U.K.²⁰



Employee Satisfaction Lowers Costs

When a hospital's reputation improves, its costs for attracting and retaining qualified personnel fall. In the U.K. for instance, the reputation of an NHS trust as an employer is the first consideration for one in five nurses when they look for a new job. Other important factors include a healthy work-life balance, good career prospects, and salary. Three-quarters of the 1,600 U.K. nurses surveyed by the consulting firm TMP Worldwide said they would actively avoid working for a trust with poor employee engagement.²⁰

As a result, hospital operators now optimize their medical and administrative processes. They modernize their compensation and working time models, improving the promotion of education and scientific research and creating a corporate culture that makes them an employer of choice for scarce professionals. Hospitals need to develop new work models that increase efficiency, workforce satisfaction, and patient outcomes.³

A good working relationship with colleagues proves also a prerequisite for high employee satisfaction. In the healthcare sector, this especially includes communicative aspects. Even more so than in other industries, health workers rely on handovers and databases to keep each other up to date²¹. Effective communication and appropriate information are an essential component of the job. Thus modern, user-friendly IT solutions that help to efficiently share information across departments are all the more important for job satisfaction.

Among doctors and other qualified medical personnel, there is a great desire and need for a systematic offer of further training measures. These measures relate to clinical aspects, making them essential for optimal patient care. Staff must also be continuously trained in the operation and range of application of medical equipment. Besides preventing errors with potentially high costs, such training serves personal development, a more needs-based use of equipment, and the greatest possible flexibility in deploying staff.

Job satisfaction is also based on making informed decisions based on one's own knowledge and a solid information situation. This information comes from complex clinical applications and therefore requires high-performance technologies for accurate diagnosis and effective treatment – both in routine clinical practice and for scientific work in research and teaching.

The Gender Factor

In the quest for well-qualified staff, female medical personnel play a key role and the trend rises. In 2011, an

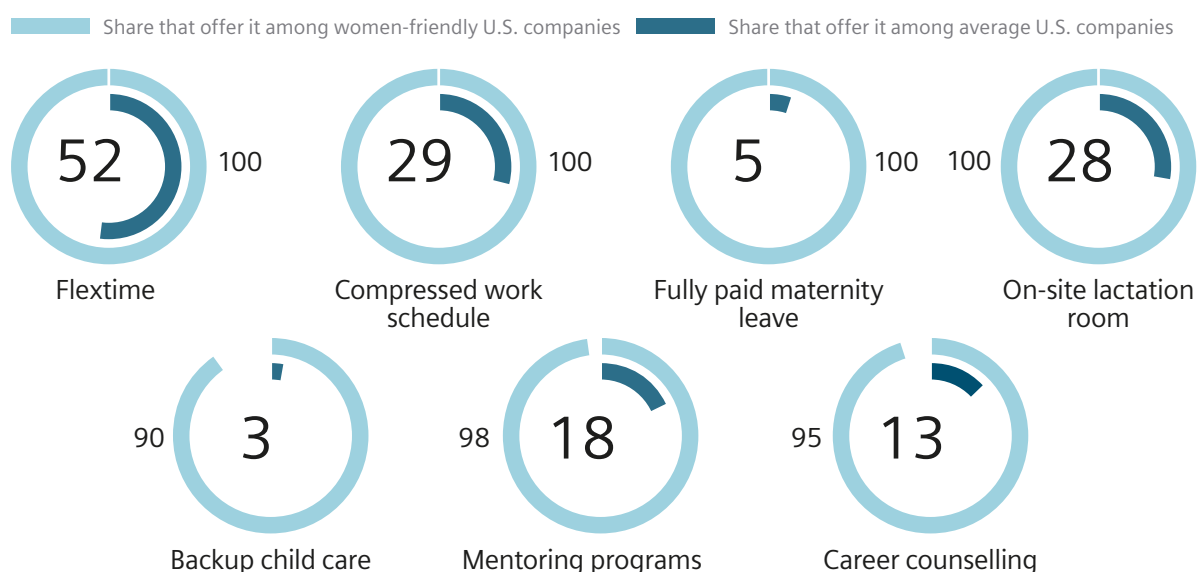
average of 44 percent of doctors across OECD countries were women. Since 2000, the proportion of female physicians has increased in all OECD countries for which data is available.¹⁴ This trend continues.

This gives hospital managers more reason to specifically address the needs of the growing number of female doctors and nurses. According to the U.S. survey »Working Mother 100 Best Companies,« these needs include flexible working hours, compressed work schedules, fully paid maternity leave, child care, company-owned lactation (breastfeeding) rooms, as well as mentoring programs and career counseling by the employer.²² These criteria set top-rated U.S. companies apart from others from a female-friendly perspective.

Naturally, such criteria differ from country to country. For example, fully paid maternity leave is mandated by law in countries such as Spain or Germany, so in these countries, maternity leave does not act as a differentiator in employer branding.

What Makes Companies Particularly Attractive to Women in the U.S. (in%)

Female-friendly U.S. companies address the needs of women such as flextime, compressed work schedules, fully paid maternity leave, backup child-care, and mentoring programs. It is very likely that female doctors and nurses would rate their employer by the same criteria.



Source: 2014 Working Mother 100 Best Companies

In a nutshell

Workforce Challenges in Healthcare

- 01 Given the tight labor market in the healthcare industry and the challenge of retaining and attracting skilled professionals, it is crucial for healthcare providers to foster their reputation as good employers by offering professional development, sound education, and an efficient work environment. This is true for medical personnel as well as for hospital managers with future-proof leadership skills and a high degree of willingness to change.
- 02 The flexible deployment of personnel is mainly relevant from a business management point of view. It allows for optimizing schedules and a more varied work environment for employees. However, it requires establishing the right conditions in processes, skills management, and technology.
- 03 Hospitals need to establish new work models in order to increase efficiency and workforce satisfaction. Relevant measures do not mutually contradict but rather encourage each other, and they should always be planned and implemented holistically. Measures that systematically reduce overwork to counteract the industry's high rates of absenteeism and staff turnover also play an important role.
- 04 Quick and comprehensive access to relevant patient data also determines the efficiency of a hospital workforce. In addition to full availability, the needs-based processing/presentation of data is especially important; therefore, information management is crucial for the speed and accuracy of care decisions by hospital staff.
- 05 The feminization of the medical profession is a worldwide phenomenon. As responsible employers, hospital operators must adapt to the specific needs of their female workforce to take advantage of their increasingly important potential.

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Dr. Bernd Montag

Chief Executive Officer
Siemens Healthineers

»» *Through the Healthcare Executive Alliance initiative, we would like to support you and your teams to find insights, ideas and solutions for succeeding in today's quickly evolving healthcare markets.*

Our goal is to be your inspiring partner helping you to achieve better outcomes and reduce costs. As a starting point, we developed this set of white papers to help identifying key challenges in your healthcare organization with some first outlines on improvement methods. ««

B. Montag

Siemens Healthineers Headquarters

Siemens Healthcare GmbH
Henkestr. 127
91052 Erlangen
Germany
Phone: +49 9131 84-0
siemens.com/healthcare

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