
MAKING THE CASE: WHY SHOULD EMPLOYEE DEVELOPMENT BE A PRIORITY FOR HEALTHCARE?

A few years ago, we were conducting a management and leadership training with a group of professionals when the topic of **employee development** came up. A robust discussion ensued. One individual in particular was resistant to investing "too much" in employees, lamenting the financial cost to do so. This individual asked, "What if I invest in my employees and they leave?" To which one of our consultants responded: "What if you don't invest in your employees and they stay?" The point being, by not investing in your employees, you risk not tapping that individual's potential, to the detriment of that employee, your organization, and ultimately the patients you serve.



Source: [Bigstock](#)

It is no secret that today's healthcare organizations are under tremendous pressures. After being on the frontline for over three years in the fight against COVID-19, the healthcare workforce continues to be stretched, strained, and exhausted. While healthcare employees are struggling, hospitals and health systems are experiencing many financial and operational challenges. Increased costs, slower patient throughput, and declining reimbursement have resulted in billions of dollars in losses, with over 33% of U.S. hospitals operating on negative margins.¹ With all these challenges, healthcare executives are faced with tough decisions about the direction of their institutions and the allocation of resources.

One area where we have seen healthcare organizations make cuts in response to the financial pressure is in the development of their employees. Impacted areas have included learning and development; organizational development; diversity, equity, and inclusion (DEI) efforts; and more. A common mindset is: ***With all the challenges we're facing, our employees don't have the time, and we don't have the financial resources to develop them.*** Executives who lead with this strategy are not just shortchanging their employees but the patients they serve and their institution.

Others are taking the opposite view — they feel they can't afford not to invest in employees in ways that help them feel valued and enable them to do their best work. During a panel we recently facilitated, one Chief Human Resources Officer from an academic health system explained:

"At first, we were focused on hiring, hiring, hiring. We quickly saw a revolving door for talent — people would come in, get oriented, experience how tough the environment was, and then leave. Our strategy is now focused squarely on retention, and professional development is a big part of that strategy."

EMPLOYEE PROFESSIONAL DEVELOPMENT

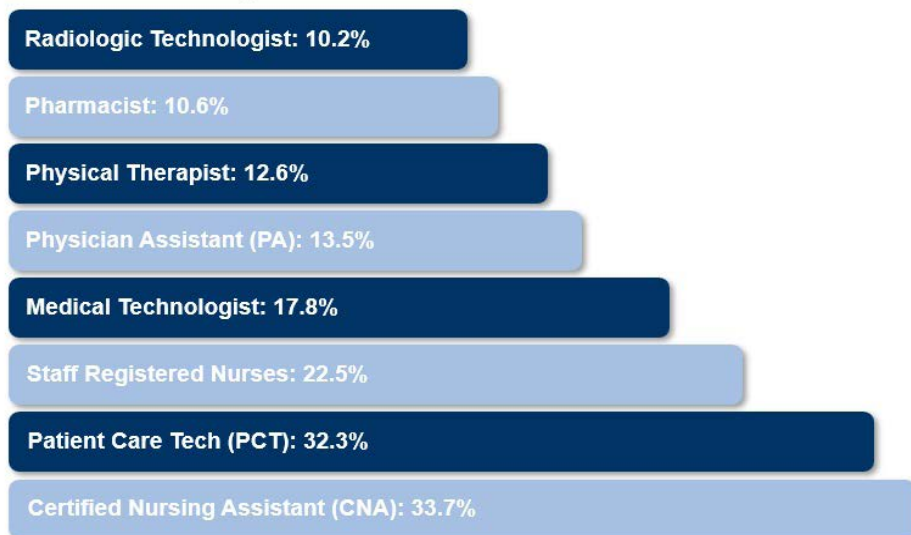
Employee development is not just a nice thing to do. The Society for Human Resources Management (SHRM), defines employee development as "...training and related opportunities for employees to gain new skills and competencies." SHRM goes on to say:

"...it [employee development] is almost universally recognized as a strategic tool for an organization's continuing growth, productivity, and ability to attract and retain valuable employees. Training and development opportunities increase the likelihood that employees will develop not only expertise in the skills needed for their current job, but for other positions in the future."²

SHRM found that employee training and development reduces turnover and absenteeism,³ and a LinkedIn Learning report showed that 94% of employees would stay at a company longer if it invested in their career development.⁴ Dr. David Nash recently wrote, “Employee turnover data show that the average organizational cost of losing a nurse is \$50,000 – for loss of a physician, the cost is \$100,000...One innovative organization used data to identify weak leaders and, rather than losing them, supported improvement efforts.”⁵

Given the high turnover rates in healthcare (below), investments in employee development make good sense.⁶

2022 Turnover by Position



MANAGER AND LEADERSHIP DEVELOPMENT

Not all development is equal. While healthcare organizations should invest in the development of all employees, an outsized investment should be made in manager and leadership development. According to Gallup, managers account for 70% of variance in employee engagement.⁷ And why does employee engagement matter so much? Gallup research found that, compared to business units and teams in the bottom quartile for employee engagement, top-quartile units had:

- 81% lower absenteeism
- 58% fewer patient safety incidents (mortality and falls)
- 18% lower turnover for high-turnover organizations (those with more than 40% annualized turnover)
- 43% lower turnover for low-turnover organizations (those with 40% or lower annualized turnover)
- 10% higher customer loyalty/engagement
- 18% greater productivity (sales)
- 23% greater profitability⁸

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To learn more about Paul, Jennifer, and Jason, [click here](#).

WINTER 2024

Volume 13, Number 1

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Engaged employees are involved in, committed to, and enthusiastic about their job and the company for which they work. Engaged employees also become brand ambassadors for their healthcare institutions; they will encourage friends, family, and anyone who will listen to seek care from the very organization they serve. In fact, they create engaged patients who will also go out and be ambassadors for that institution.

Leaders and managers are the linchpins to institutional success. One major way to amplify their impact throughout the organization is to invest in their development. There are many ways to develop managers and leaders to accelerate their growth, reinforce their well-being, increase retention, and boost organizational success.

1. **Traditional Manager/Leadership Development Programming:** Adult learning is no longer confined to time-intensive lectures. In-person, virtual, and self-paced learning journeys can be supported by micro-learning opportunities, where a person only needs 5-10 minutes of free time to learn and apply a new skill, technique, or approach.
2. **Professional Coaching:** Professional coaching can play a pivotal role in the development of healthcare leaders navigating rapid change with high stakes, and immense responsibility. Coaching offers leaders tailored support, allowing coachees to pinpoint their unique challenges and to enhance their effectiveness, drive better outcomes, and foster a strong culture.
3. **Mentoring:** Matching less experienced employees with more experienced colleagues.
4. **Cross-Training:** Training employees to perform job duties other than those normally assigned.
5. **Career-Planning:** Collaborative planning for future or alternative career paths.
6. **Conferences:** A helpful way for employees to network and gain exposure to information relevant to their current and future work.
7. **Stretch Assignments:** Provide employees with a chance to learn while doing the work – allows employees to develop new skills, knowledge, and capabilities to advance them in the organization.

Instead of viewing employee development as a “nice-to-have,” it should be considered a core responsibility of any healthcare organization. And instead of asking the question: **What happens if we invest in our employees, and they leave?** Ask: **What happens if we invest in our employees, and they stay?**

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