



RESEARCH RESULTS—IMPACT ANALYSIS

DRIVING HEALTH CARE PATIENT SATISFACTION (HCAHPS) THROUGH TALENT MANAGEMENT PRACTICES

OVERVIEW

This study examines survey data from the 2011 *Hospital Consumer Assessment of Healthcare Providers and Systems* (HCAHPS) in conjunction with data collected from DDI's *Global Leadership Forecast 2011* (please see www.ddiworld.com/glf2011 for more information on the broader study). The intent of HCAHPS is to provide a standardized measure of patients' perspectives on hospital care. We incorporated HCAHPS scores for the 47 hospitals that participated in the *Global Leadership Forecast* in order to examine the relationship between leadership practices and HCAHPS ratings. For this study, we compared hospitals based on their patients' overall HCAHPS ratings (the average percent that rated the hospital as a 9 or 10 on a scale from 0 to 10). We divided hospitals into thirds and compared the top-third of hospitals to the bottom-third of hospitals.

KEY DRIVERS OF HCAHPS RATINGS

According to leaders who participated in DDI's 2011 *Global Leadership Forecast*, the quality of leadership in an organization not only drives organizational performance through effective talent management and an effective management culture, but also ratings of patient safety and satisfaction. To follow up on these findings, we examined how HCAHPS scores (an indicator of hospital performance according to patients) relate to those same leadership practices. We discovered that the key drivers of leadership quality identified in the 2011 study (talent management systems and culture) also directly relate to higher patient satisfaction (HCAHPS) ratings: Therefore, the hospitals that manage their talent more effectively and provide their leaders with a culture that eliminates bureaucracy, promotes autonomy, and fosters innovation, also tend to outperform other hospitals in terms of their HCAHPS ratings.

RESEARCH RESULTS BY:

DDI's Center for Applied Behavioral Research (CABER)

Figure 1. A Model for Driving Hospital Performance through Talent Management Practices



Talent Management Matters

In the *Global Leadership Forecast*, we asked leaders to rate the effectiveness of four talent management systems that are related to leader quality: selection, leadership development, performance management and succession management. The following findings indicate the relationship between leader ratings from the *Global Leadership Forecast* and HCAHPS ratings of their hospitals. **Essentially, hospitals with higher-quality leadership, talent management systems and cultures, likewise had higher HCAHPS scores than their competitors**

Of any talent management system, selection had the strongest relationship with overall HCAHPS scores, indicating that hospitals need to pay more attention to their hiring decisions. Specifically, when hospitals rated their selection systems as high, almost half (48 percent) of them were in the top tier of all HCAHPS scores, compared to only 7 percent of those who rated their selection systems as low or very low. (see Figure 4). Similar results follow in Figures 5 through 7 demonstrating the relationship between HCAHPS and these other talent management systems.

Figure 4: Effectiveness of Selection System

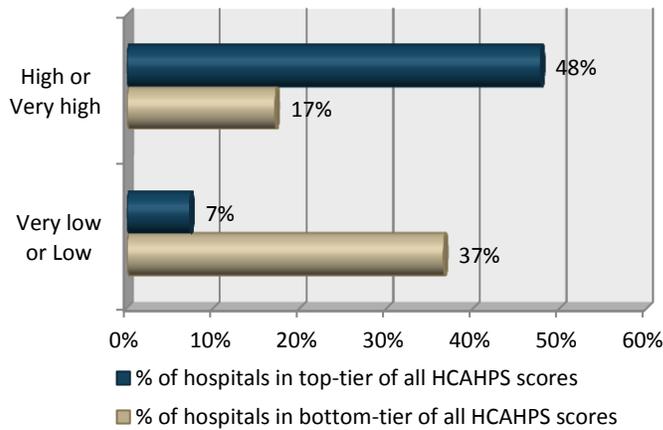


Figure 5: Effectiveness of Leadership Development

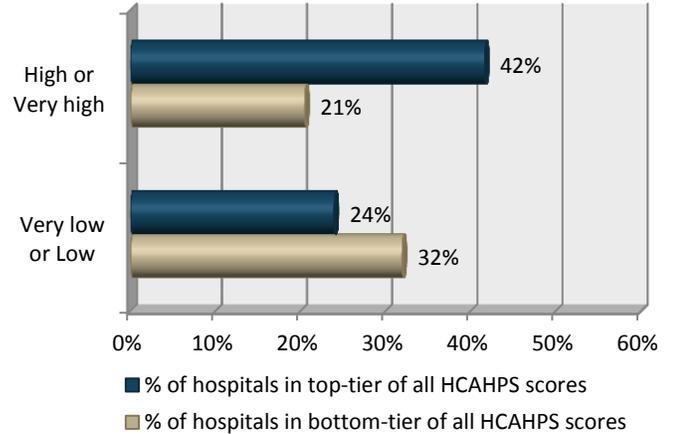


Figure 6: Effectiveness of Succession Management

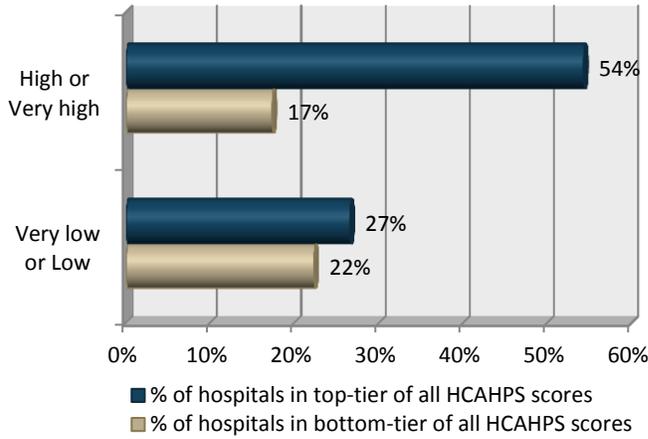
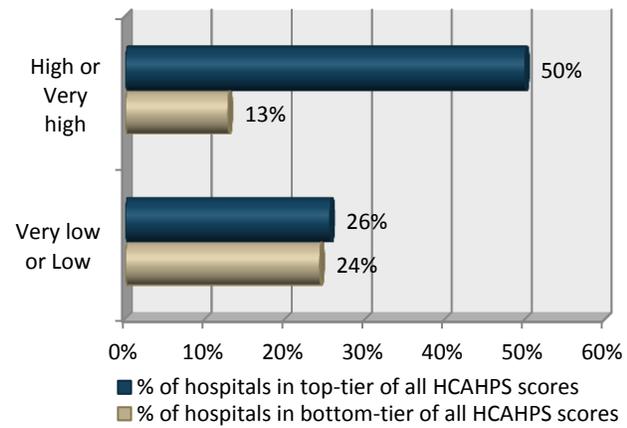


Figure 7: Effectiveness of Performance Management

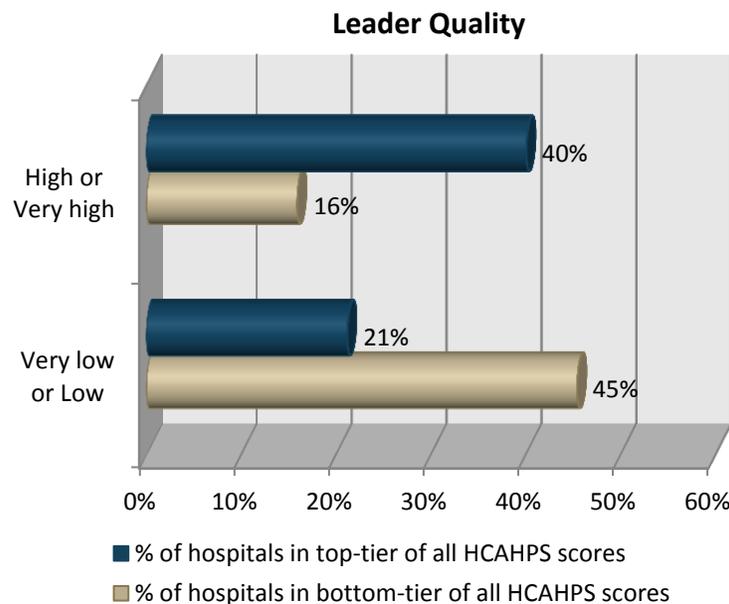


Hospitals with higher leader quality also have higher HCAHPS

Talent management also drives the quality of leaders. Just as we found in the *Global Leadership Forecast*, having higher quality leaders is directly related to better business and financial outcomes, and in this case for hospitals, better HCAHPS ratings. Hospitals whose leaders rated their organizations as having higher quality leaders also received

higher HCAHPS ratings. Forty percent of hospitals whose leader quality was rated as “high” or “very high” received an overall HCAHPS rating among the top-tier of hospitals nationwide, compared to only 16 percent in the bottom tier. On the flip side, a near majority (45 percent) of hospitals whose leader quality was rated low or very low landed in the bottom tier of HCAHPS nationwide.

Figure 6. Impact of Leader Quality on HCAHPS



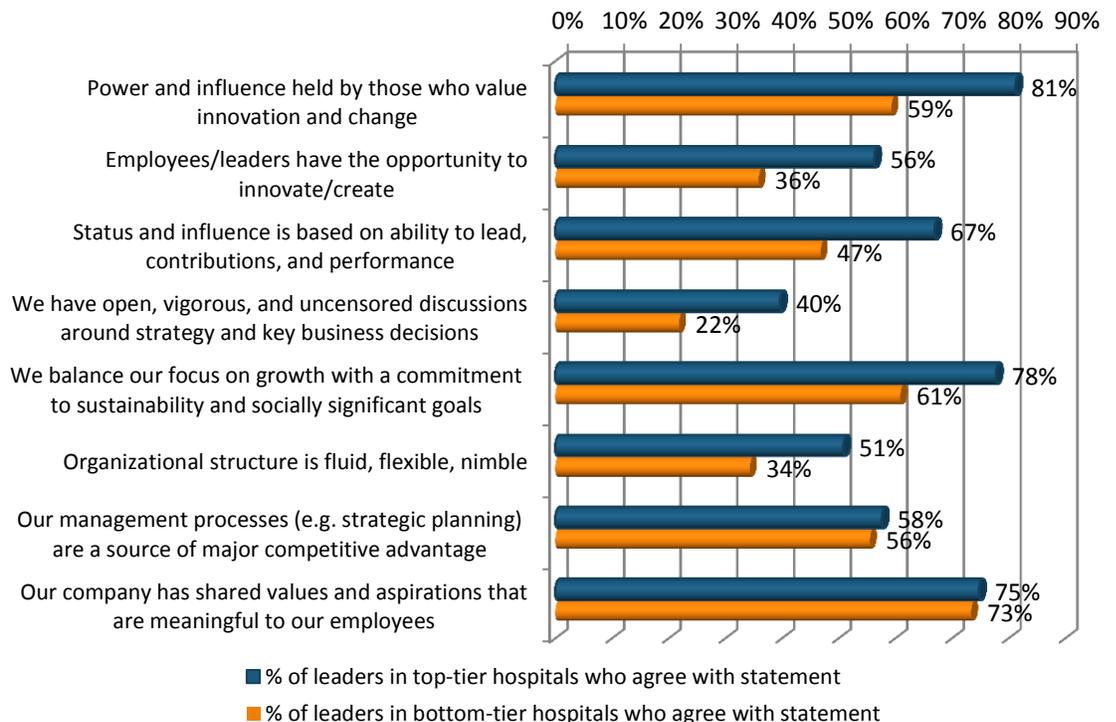
Management Culture Matters

For the *Global Leadership Forecast 2011* DDI partnered with Gary Hamel and his Management Lab (www.managementlab.org) to identify the key factors that either facilitate or hinder the way in which the work of management is carried out. Leaders around the world were asked: How far along has your organization's management culture evolved?

The figure below shows how these management culture factors related to hospitals'

HCAHPS ratings. The greatest differentiators between bottom- and top-tier hospitals were whether power and influence are held by those who value innovation, and whether employees/leaders have the opportunity to innovate. For example, 81 percent of leaders from top-tier hospitals reported that power and influence is held by those who value innovation and change, in comparison to only 59 percent of leaders from bottom-tier hospitals.

Figure 7: Effectiveness of Management Culture



Prescriptions for Improving HCAHPS

Knowing that several key talent management factors are significantly related to HCAHPS ratings, how should hospitals work to improve their scores?

> Shape up Selection Practices

Not only was selection the talent management system most significantly related to HCAHPS scores, but it also happens to be one of the weakest links among hospitals.

The *Global Leadership Forecast* found that only 27 percent of health care leaders rated their hospital's selection as effective although it was the system rated most critical for success. Considering also that 39 percent of health care staffing directors describe their selection strategy as lagging behind their competitors (according to the 2012 *Global Selection Forecast*), it is a critical time to make sure that the right selection strategy is in place.

- **Use the right mix of pre-employment tests**
Only 29% of staffing directors responding to the *Global Selection Forecast* claimed to use the right mix of pre-employment assessments to select the best hire (lower than other industries).
- **Ensure hiring managers follow protocol**
According to hospital staffing directors, there is an overreliance on the hiring managers' assessment for selection decisions, and only 44% of hiring managers are following the hiring process as prescribed. Hospitals need to focus on training hiring managers on the process and balancing their assessment with other tools.
- **Conduct effective interviews**
Interviews are a widely-used selection tool among hospitals, but only 22% of staffing directors report that their hiring managers are skilled in conducting high-quality interviews.
- > **Shape-up Development Practices**
According to the thousands of leaders we surveyed in the *Global Leadership Forecast*, the effectiveness of leadership development programs was the leading determinant of leadership quality within an organization. Health care organizations with more effective leadership development programs were 5 times more likely to rate the quality of their leaders as very good or excellent. Hospitals can focus their leadership development efforts in order to boost not only their leader quality, but also their HCAHPS scores.
- **Define development gaps**
In order to focus on development, hospitals should identify which are the most critical leadership skills for the future and if there are any gaps – those critical skills with which leaders are least effective. Executing organizational strategy appears to be one of those gaps among hospitals. It was identified as the second most critical skill for the future, and one for which only one-third of hospital leaders report they are effective, worse off than other industries in the U.S.
- **Use a mix of development methods**
Once gaps have been identified, how should hospitals ensure that the most critical skills are developed? It's a best practice to use a mix of development methods. Hospital staffing directors reported that some of the most effective methods, such as formal workshops, are used often. But other effective methods are hardly being used at all. Nearly one-third of health care leaders say external coaches are an effective development method, yet only 13 percent of organizations actually use them frequently. Leadership development programs would benefit from using more and varied development methods to further the skills of their leaders.
- **Follow the 70/20/10 rule**
The 70/20/10 approach posits that 10 percent of time spent developing should consist of formal training, 20 percent should be learning from others (e.g., coaching), and 70 percent should occur on the job. This mix ensures that formal development is balanced with coaching and on-the-job application, but only 39 percent of hospital HR professionals reported following this approach, significantly less than other industries (55 percent).

CONTACT INFORMATION

WORLD HEADQUARTERS
412.257.0600

E-MAIL INFO@DDIWORLD.COM

WWW.DDIWORLD.COM/LOCATIONS

This document was developed by DDI's Center for Applied Behavioral Research (CABER). For more information, contact CABER@ddiworld.com.

> **Perform More Check-ups of How Effectively Talent Management Systems are Functioning**

Hospitals can ensure all their talent management systems are functioning well, not just development and selection, by performing regular check-ups via measurement and analytics. How effective a hospital is at measuring the execution and results/impact of talent management programs contributed significantly to HCAHPS scores according to the *Global Leadership Forecast*. Specifically, seventy-eight percent of hospitals that effectively measure the execution of their programs were top-tier in HCAHPS, in contrast to 27 percent of hospitals that don't. Measurement is a critical, but often overlooked step that shouldn't be ignored because hospitals that are performing better at doing talent management check-ups are performing better on HCAHPS.

To summarize, leaders have the capability to drive results in an organization and the health care industry is no different. In this research, we discovered that hospitals with more effective talent management systems and cultures had better leaders, which in turn, was related to patient satisfaction scores (as evidenced by HCAHPS scores). With a strategic focus on talent management practices and how those systems work in a broader organizational environment, health care organizations can make great strides in their abilities to serve their business, their industry, and their patients.

For more information about the broader study, please see www.ddiworld.com/glf2011.