



Talent 2020: Surveying the talent paradox from the employee perspective

The view from the Health Care sector

Deloitte Consulting's September 2012 *Talent 2020: Surveying the talent paradox from the employee perspective* report is based on a survey conducted by Forbes Insights of 560 employees across three global regions and five industries, comprising 17 sectors. Health Care respondents make up 13% of participants.

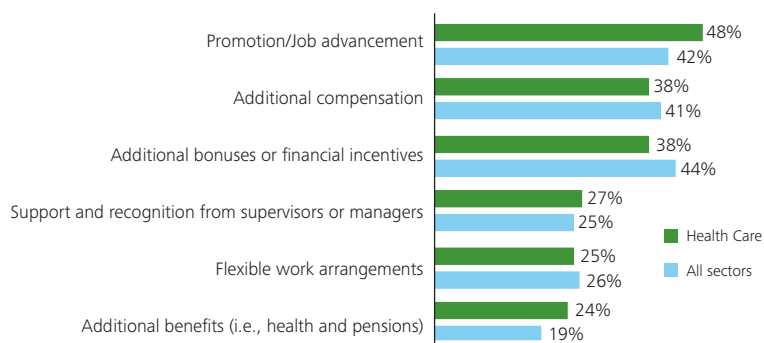
The results from the survey tell a compelling story about the important role the talent agenda plays in helping the sector transition through its current marketplace challenges and retain high performing employees.

Specifically, Health Care survey responses are more or less in line with those for all sectors in many areas, but the sector is unique in that 80% (versus 71% for all sectors) report receiving a raise in the last year. Health Care respondents report roughly the same forward-looking voluntary attrition rates as all sectors (35% expect an

increase and 50% expect rates to stay the same, versus 37% of all other sectors expecting an increase and 50% expecting it to stay the same), yet significantly more employees (33% versus 23% for all sectors) report they have been actively looking for a job during the past year.

Job advancement and additional rewards are important to Health Care employees. Specifically, the incentives that would be most effective in keeping surveyed Health Care employees with their present companies include promotion/job advancement (48% for Health Care versus 42% overall), additional compensation (38% versus 41% overall), additional bonuses or financial incentives (38% versus 44% overall), and support and recognition from supervisors or managers (27% versus 26% overall) (Figure 1).

Figure 1. What incentives would be most effective in keeping you with your current employer?



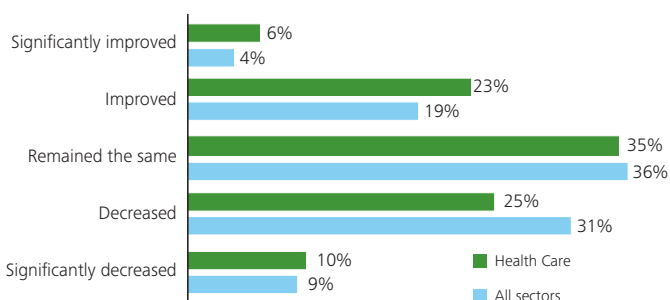
Note: Survey participants were asked to pick their top three choices

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Morale seems to be improving in the sector. Twenty-nine percent of Health Care survey respondents in the sector say morale has improved or significantly improved over the past year versus 23% for all sectors (Figure 2).

High morale is likely to be related to satisfaction with bonuses and raises, as results indicate rewards are important to Health Care respondents. Specifically, although surveyed employees in the sector were less likely than some others to receive a bonus in the past year (54% for Health Care versus 71% for all sectors), more of those who did get a bonus indicated they were pleased with it (78% satisfied or very satisfied versus 67% overall). Surveyed employees in the sector were also somewhat more likely to have received a raise in the past year (80% versus 71% overall) and more likely to be very satisfied with it (18% versus 13% overall).

Figure 2. How would you say employee morale at your organization has changed over the past 12 months?

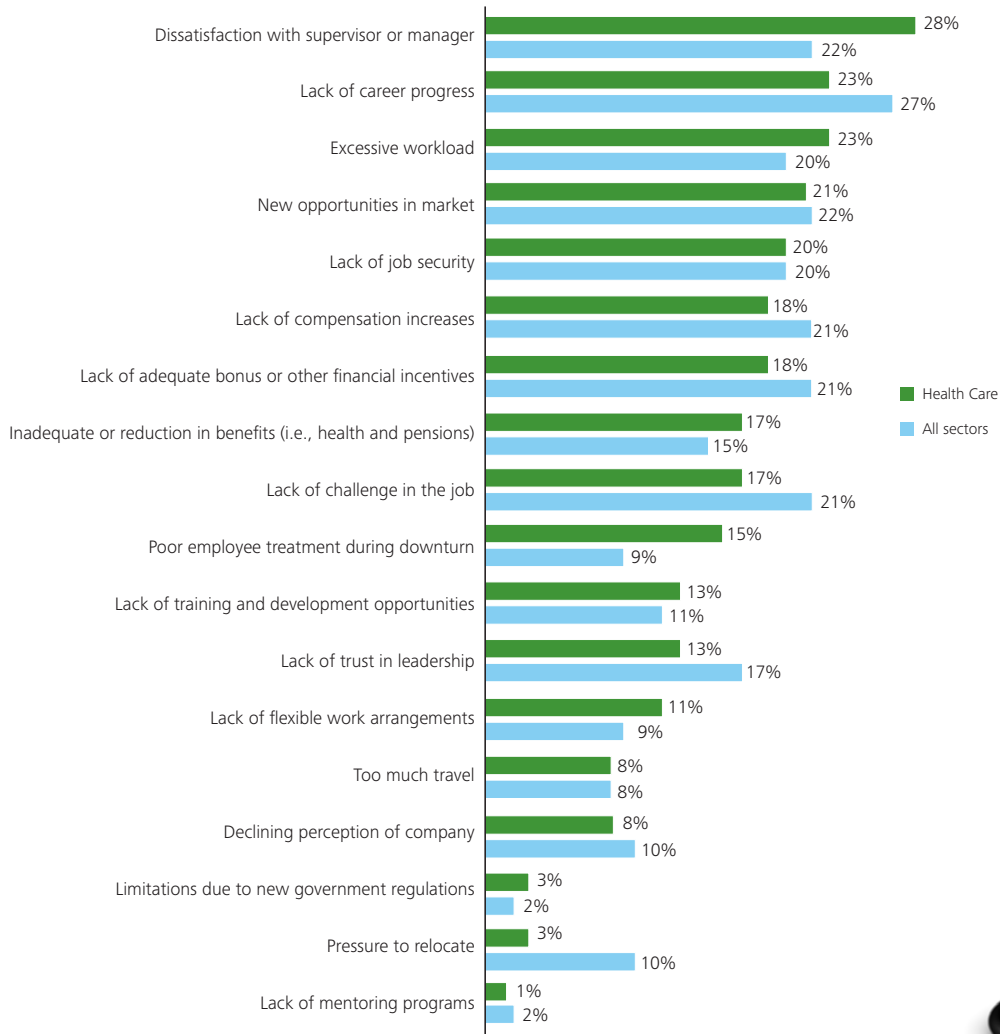


These findings are consistent with compensation trends in the sector, as Health Care organizations are offering higher salaries because it is becoming increasingly more difficult to find candidates with the right skills and education as Baby Boomers retire. Further, Health Care organizations are offering larger and more frequent increases to their current nurses and therapists in order to retain them. Given that rewards are so important to Health Care employees, these attraction and retention efforts are likely seeing positive returns.

Despite improvements in morale, Health Care employees continue their job searches. More employees in the Health Care sector report they have been actively looking for a job during the past year than in other sectors (33% versus 23% for all sectors). The factors most likely to trigger a job search among surveyed sector employees include dissatisfaction with supervisor or manager (28% for Health Care versus 22% overall), lack of career progress (23% versus 27% overall), excessive workload (23% versus 20% overall), new opportunities in the market (21% versus 22% overall) and lack of job security (20%, exactly in line with all sectors) (Figure 3).



Figure 3. What are the three most significant factors that would cause you to look for new employment over the next 12 months?



Note: Survey participants were asked to pick their top three choices.



Surveyed Health Care employees care more than others about certain corporate commitments when evaluating a potential employer. These include work-life balance/flexibility programs (cited as very important by 49% in Health Care versus 44% for all sectors), supporting innovation (cited as very important by 34% versus 29% overall), and mentoring opportunities (70% important or very important versus 65% overall).

Survey respondents give relatively high ratings to the sector's talent efforts in a few specific areas. These include providing flexible work options (rated excellent, good, or very good by 76% for Health Care versus 60% for all sectors), maintaining high office morale (10% versus 4% overall), and remaining transparent to employees in times of economic uncertainty (13% versus 6% overall).

By far, the single incentive most likely to cause surveyed employees to postpone retirement is flexible work arrangements (52% for Health Care versus 45% for all sectors). Moreover, Health Care respondents indicated they are more likely to retire after age 65 (38% versus 25% for all sectors).



Digging Deeper: Health Care Provider versus Health Plan Employees

Forty-four percent of the Health Care respondents are from Health Plan companies and 56% are from Health Care Providers. As can be expected, these groups responded differently to some survey items.

Health Care Provider respondents perceive greater job security, as only 20% of these employees anticipate layoffs in the next 12 months compared to 42% for Health Plan and 36% for all sectors. Yet, despite the fact that Health Plan employees report lower levels of job security, 48% report having assumed a new role in their organization in the last year (compared to 35% for Health Care Provider and 37% for all sectors).

The differences may be explained by the fact that Health Plan organizations are making significant operational changes in order to prepare for health care reform. In turn, the skillsets needed are changing, the tasks performed by Health Plan employees are evolving, and employees may not feel prepared for the required changes. While these changes often result in new job opportunities for employees, at times employees may be promoted too quickly, often before they are appropriately prepared for their new roles.

Not surprisingly, a lower percentage of Health Plan respondents plan to stay with their employer for the next 12 months or longer (71% health plans versus 80% for all sectors). This trend places an increased importance on employees being able to trust their leadership and feeling that they have clear career paths and development opportunities.

The broad comparison

The September 2012 report, the fourth in Deloitte's *Talent 2020* series, highlighted several overall key findings across a broad range of sectors, all of which apply to the Health Care sector.

Some 80% of survey respondents in all sectors (79% in Health Care) say they plan to stay with their current employer in the next year—a 45-point shift from our 2011 survey. In light of this, employers should focus their retention efforts on two talent segments: employees with critical skills and a high risk of departure, and capable leaders.

Employees value meaningful work over other retention initiatives. Overall respondents who report their company uses their skills effectively are more likely to plan to stick with their current employer (88% of this group plan to stay versus 57% of those who definitely feel their skills are not well used).

A strong majority (42%) of overall survey respondents who have been seeking new employment do not believe their job makes good use of their skills and abilities. Moreover, the surveyed employees who feel this way constitute about a third of the respondents (36% for all sectors). Respondents planning to switch companies cite a lack of career progress (37%) and a lack of challenge in their jobs (27%) as the two top factors influencing their career decisions.



Focus on “turnover red zones.” Turnover intentions are concentrated among employees at certain points in their careers, creating employee segments at high risk of departure. Retention strategies should focus especially on critical talent that belongs to these groups. Employees with less than two years on the job are the group most likely to move on, so retaining high-performers beyond the two-year mark is especially important. For all surveyed sectors, 34% of these workers expect to leave within a year. In addition, 26% of Millennials (age 31 and younger) surveyed across all sectors report that they plan to leave their employer in the next year—the highest percentage of any generational group.

Leadership matters. Employees are far more committed when they trust their leadership, receive clear communications about corporate strategy, and believe their leaders are capable of executing that strategy. Employee retention should be driven by business leaders, not simply left to HR.

For all sectors, 62% of employees who plan to stay report high levels of trust in their corporate leadership versus 27% of employees who plan to leave. Furthermore, 27% of those who plan to leave in the next year cite lack of trust in leadership as a key factor. Survey respondents in the Health Care sector report a relatively high level of trust in their organizations' leadership (59% versus 55% for all sectors) and also express confidence in management's ability to execute on the company's strategy and direction (68% versus 63% overall). A strong majority (88% in Health Care versus 76% overall) of respondents expressed their organizations' commitment to developing leaders as important or very important.

Conclusion

In conclusion, survey results bring to light the important role the talent agenda plays as the Health Care sector navigates imminent market challenges and seeks to retain high-performing employees. While Health Care employees appear to be keeping their career options open by seeking employment opportunities in other organizations, survey results reveal that career advancement and rewards can be powerful retention tools. Health Care organizations can take full advantage of the current upswing in morale by exploring opportunities to reward employees either through financial incentives or in the form of recognition, as these efforts do not go unnoticed.

Survey demographics

Thirteen percent of the overall survey respondents, 71 in total, were from the Health Care sector which consist of respondents from both Health Care Plan and Health Care Provider employees. The surveyed Health Care respondents represented all global regions, with 61% located in the Americas, 18% in Europe, the Middle East and Africa, and 21% in Asia Pacific (Figure 4). All of the Health Care survey respondents were employed by companies with annual revenues of more than \$500 million, and 31% work for companies with more than \$10 billion in revenue (Figure 5).

Figure 4. Geographic distribution (Health Care)

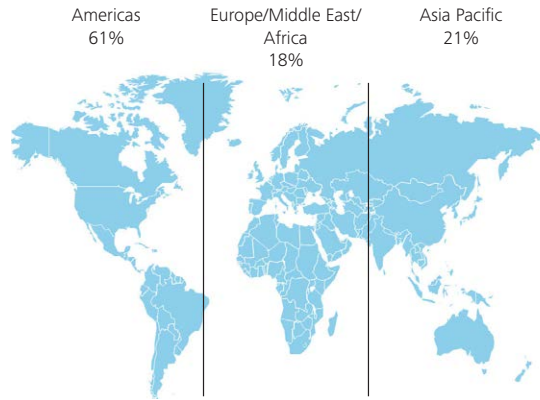
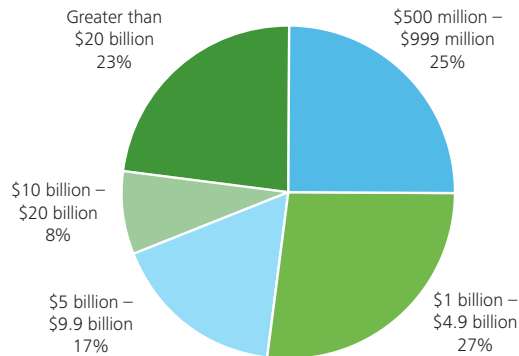


Figure 5. Company revenues during the most recent fiscal year (Health Care)



Contacts

Brian Augustian
Principal
Deloitte Consulting LLP
braugustian@deloitte.com
+1 312 486 3171

Jen Radin
Principal
Deloitte Consulting LLP
jradin@deloitte.com
+1 212 618 4833

Jessica Bier
Director
Deloitte Consulting LLP
jbier@deloitte.com
+1 415 783 5863

About the survey

The *Talent 2020* longitudinal survey series follows the *Managing Talent in a Turbulent Economy* survey series launched during the recession. The report examines shifting talent strategies and priorities of global and large national companies. This report features results from an April 2012 survey that polled 560 employees at large corporations in the Americas, Asia Pacific, and Europe, the Middle East and Africa. For more information visit www.Deloitte.com/us/talent.



The statements in this report reflect our analysis of survey respondents and are not intended to reflect facts or opinions of any other entities. All survey data and statistics referenced and presented in this report, as well as the representations made and opinions expressed, unless specifically described otherwise, pertain only to the participating organizations and their responses to the Deloitte survey conducted April 2012.

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