Heighten Your Situational Awareness of Workplace Issues

Featuring Insights from
Mary Heymans, Terry Hobbs, and Michael Ritter

Integrated Healthcare Strategies
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   Senior Consultant, Total Compensation and Rewards

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FOREWORD

Recently, the national conversation has turned to the topics of workplace equality, pay equity, harassment, appropriateness and other hot-button issues; meanwhile, a number of seemingly “safe” institutions have been the targets of claims of unfair treatment, tolerance of bad behavior, and inequitable compensation. As a result, it’s increasingly important for healthcare leaders to heighten their situational awareness in order to identify potential workplace issues.

Of course, as healthcare is a fairly heavily regulated industry, it’s all too easy to presume that the status quo is “good enough” and that existing policies will prevent incidents from occurring. However, in reality, there could very well be serious issues that are just beyond your field of vision, and bringing those into focus is vital to maintaining a healthy environment. In fact, now is the appropriate time for you and your organization to practice proactive protection, gaining situational awareness and clarity of your own environment and culture so you can employ best practices to avoid the cautionary tales playing out at other organizations.

To provide some guidance and insight, Integrated Healthcare Strategies, a part of the Gallagher Human Resources and Compensation Consulting practice, has assembled a respected team of subject matter experts to address this topic from three perspectives:

- **Creating a FAIR environment**—where compensation and rewards are distributed equitably based on performance rather than by demographic

- **Creating a CIVIL environment**—where the institutional culture is predisposed toward civility and inherently intolerant of bad behavior

- **Creating an EQUAL environment**—where organizational leadership actively utilizes programs and education to deter inequality

While each organization is as unique as the variety of individuals they employ, these basic guidelines can be invaluable to leaders seeking to mitigate risks and work toward becoming a true destination employer for existing and potential staff.
One of the most obvious ways to gauge fairness is through compensation and rewards policies. Compliance and compensation design authority Mary Heymans explores ways leadership can build a vision that is inclusive and rewarding across the entire organization.
Organizations without a consistent compensation philosophy, standardized compensation plan guidelines, and detailed policy and procedures are at high risk for gender inequity or the perception of gender inequity in pay in the workplace. Even when these important aspects of an organization’s program are in place, it is common to find isolated situations that exist even when there are no statistically significant gender inequity pay issues that are widespread throughout the organization.

It is important for an organization to be proactive and aware of these situations to protect both the employees and the organization from the negative impact that can result. What can you do?

1. **Conduct periodic gender equity reviews to ensure that widespread systematic issues do not exist or can be identified early and addressed.**

Conducting a statistical analysis of pay controlling for key variables to ensure that gender is a statistically significant reason for any pay discrepancies is the first step. For example, if pay differences can be explained by other key variables such as position requirements or experience, then gender may not be an issue. Organizations may not have the required experience with multiple linear regression, or potentially, the time to undertake such an important initiative internally or it may be viewed more positively if conducted by an independent third party. As a result, it is critical to let employees know that the organization believes pay equity is important and that audits are performed to verify that the pay programs are working fairly, and as intended.
2. Develop a system for adjusting individual salaries of female employees as warranted on a case-by-case basis.

Even in cases where the organization does not show any overall differences in pay by gender, it is common to find certain departments or individual cases where this exists. To remedy these situations, a more in-depth review of individuals is required where pay for similar individuals in comparable roles with similar performance and experience are reviewed relative to one another. Individual pay adjustments should be granted when disparities are uncovered.

3. Work to identify the causes of salary inequities and develop policies to prevent their recurrence.

Such causes might include responses to retention cases, differential assignments and duties, or starting pay levels. Policies should exist to ensure that equity in these factors is maintained and monitored. The majority of pay discrepancy issues are unintended consequences of other failed pay policies. Commonly, organizations are not aware these pay differences exist and must increasingly focus on this area to support and foster a culture of fairness.
Creating a CIVIL Environment
by Terry Hobbs, SPHR
Managing Director & Senior Advisor, HR Consulting

Professional Certified Coach and speaker Terry Hobbs offers tips and insights on ways healthcare organizations can help envision an environment of civility—where being a part of the team means focusing on the values it embodies.
Some organizations ask their employees to routinely work in an environment that exposes them to dangerous toxic chemicals. In the light of the national conversation associated with the #METOO movement that seems to be sweeping across the country, many organizations are becoming aware that they may be unknowingly exposing their employees to a different kind of dangerous and toxic environment—one that includes workplace harassment.

Inappropriate behaviors related to workplace harassment are very much like toxic chemicals—they permeate the fibers of the culture of an organization, often hidden and unreported. In fact, 76% of non-management employees who experienced sexual harassment in the last year did not report it, according to the Society for Human Resource Management (SHRM).

From a business perspective, there are numerous studies which link workplace harassment with higher absenteeism, increased turnover, lower satisfaction and engagement, poor customer satisfaction, increased work-related injuries, and damage to company reputation. It’s especially troubling that while the human capital costs related to not dealing properly with workplace harassment are real and significant, many who are experiencing the issues are not informing those who are tasked with dealing with them.
Companies that are trying to enhance the well-being of their employees and create a positive work experience will be well served to begin with a fresh new look at how they are dealing with workplace harassment. In a recent communication, the SHRM suggested the following checklist:

- Committing to a workplace culture of respect, tolerance and civility—one that does not tolerate harassment and one in which everyone is held to the same standard.
- Adopting a policy that defines workplace sexual harassment and provides a procedure for promptly addressing complaints.
- Conducting regular, thorough educational training for both employees and supervisors.
- Educating supervisors to report to human resources knowledge of and concerns about unlawful harassment or other inappropriate conduct.
- Preventing retaliation.
- Ensuring harassment does not happen but fully investigating it—and acting on the results—when it does.

By far, the most difficult challenge is creating and fully committing to a culture of respect, tolerance, and civility. How does one’s organization know when this has been achieved? Most employee engagement surveys measure key items like respect and trust, which are critical indicators of the overall culture in terms of how people interact with one another.

In 2015, one of our clients added a “Civility Index” to their annual engagement survey. The civility items measured included trust, respect, courtesy, teamwork, and ethical behavior. Not surprisingly, there was a strong correlation between the scores for these civility survey items and the scores for the survey items that measured employee engagement.

They are not alone. Major companies have come to realize the value of civil behavior within their cultures as well. Johnson & Johnson Companies have an actual company civility statement: “We are responsible to our employees . . . We must respect their dignity.” Similarly, the Allstate Insurance Company civility statement is “Foster dignity and respect in all interactions.” This is an additional way to elevate the key values of respect, tolerance, and civility. When these core values are acknowledged by the organization and “lived out” in daily organizational life, they become a natural deterrent to the inappropriate behaviors associated with workplace harassment.
Scanning various organizational people-metrics can also shed additional light on the topic of harassment. Key measurements such as turnover, absenteeism, work-related injuries, and customer satisfaction can be revealing. Information gleaned from these metrics can show where additional training, resources, or focus group inquiry/intervention might be indicated.

Designing accountability into the organization’s plan to proactively deal with workplace harassment is crucial. Furthermore, documenting that all leaders and employees have gone through recent training and have demonstrated their competence in carrying out organizational harassment prevention policies is a must.

Doubtlessly, 2018 will be an especially good year for organizations to make positive strides in overcoming workplace harassment. Companies may wish to consider approaching workplace harassment much like they approach other serious hazards in the workplace. Applying renewed energy, time, and resources to training everyone on how to identify, report, and eliminate harassment and to treat workplace harassment like a dangerous toxin is essential. Doing so can be an important part of ensuring a safe and supportive work environment—something everyone wants for their employees and customers.
What you can’t see can definitely hurt you—and your organization. Compensation and program design expert Michael Ritter offers perspectives to help healthcare leaders avoid myopic views that can leave them and their organizations vulnerable.
In today’s often volatile and litigious work environment, organizations must take care to proactively protect themselves from being subject to claims of discrimination, whether intentional (disparate/adverse treatment) or not (disparate/adverse impact). While cases of truly malicious intent on the part of organizations will always arise, the vast majority of professionals want to avoid these situations for the right reasons—to be ethically upright and responsible—not to simply “check a box” to indicate they are meeting certain standards or criteria. In this regard, what is objectively appropriate and what is expected are in alignment.

While equity and pay disparities are important occurrences to root out, these incidents cannot exist in a vacuum and are often symptomatic of deeper issues within the organization. Considering this reality, an organization would be wise to undertake active and educational programming to limit these situations by heightening awareness around creating an equal environment for its employees.

The simplest approach is to assess the situation and address issues in three key ways:

1. **Ensure the policies and procedures that exist at the organization are not inadvertently creating an environment that can lead to a disparate impact.**

Policies and procedures for most human resource departments form the backbone of each process in the management of an organization’s human capital needs. Hopefully, no organization has practices that would lead to outright discriminatory claims or limit the ability of protected class, but what about processes that are less obvious?
While it may seem to be implausible, some policies and procedures, or testing, could limit an employee’s ability to obtain a job or promotion in an unintended manner (disparate impact). To pass even the most basic of legal tests, a process or policy must be proven to be “job related” and a necessity in order to acquire the role through a validation study and to the court’s satisfaction. For example, an organization may require a nurse pass a test lifting 100 pounds to prove they could move a patient. This could very easily have an adverse impact on one or more protected classes and lead to a discrimination claim, even though it was certainly not intended to be discriminatory at its core.

2. Look across broad pay structure and job hierarchy to see if a system should be developed for classifying jobs and substantially equal work.

It is fairly obvious there is a movement afoot throughout the country to enact pay equity legislation, such as the recent laws enacted in New Jersey, Massachusetts, and Oregon. As part of these new realities, organizations have to be extremely diligent in monitoring pay systems. It is no longer defensible to simply pay market-competitive rates should it lead to an adverse impact situation, particularly since most legislation states “equal pay for ‘substantially’ equal work” which might cover a much broader group of positions than before. As a result, organizations may need to re-think their job classification systems to see if they are subject to any risk as a result of these changes.

Most organizations have structure around compensation programs which creates an internal hierarchy based on job value as well as its relative value to an organization.
Any claim brought under the Equal Pay Act is going to begin by evaluating the current systems in place. Therefore, it will be incumbent upon the organization to explain legitimate reasons why this hierarchy exists (job establishment, education required, experience, longevity, skills, etc.) and have documentation or systems in place to validate that. Think of job descriptions in this context, and the need for their importance to this overall process. They can be used to justify the need of why a job is placed where it is; therefore, keeping them updated through human resources and your supervisory teams is imperative.

3. **Know the organization’s limitations in your annual merit systems and educate employees, especially front line supervisors and managers.**

Having a strong process in place for managers to effectively reward and recognize employees is paramount in ensuring an equitable system. By removing as much subjectivity as possible from these exercises, an employee will be able to move through a pay grade based truly on the merits of their performance and not through some immeasurable trait of personality or genetics. Although not every organization is a high-performing organization, most have a performance review process in place that is underpinned by a financial component based on a series of pre-determined factors. The stronger the foundation of this system the better off an organization will be in managing it and making sure the right behaviors are being measured and rewarded, thus leading to a merit-based progression system that is quantifiable and measurable.
The best and most effective prescription for correcting the blurriness around workplace issues is found through multiple perspectives. There is clearly no one-size-fits-all solution, but by breaking the issues down into tangible, manageable topics—fairness, civility, and equality—you can gain a clearer view of the elements that need to be addressed and be more aware of the potential blind spots in your organization. They say that perception is reality, and it is only through objective observation that you can identify the way your staff views the organization you help to lead, highlighting the areas for corrective action and bringing long-term success into sharper focus.

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