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Good jobs or bad jobs?

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For almost 50 years, provider organizations got a free ride.

Unlike other industries that faced market disruptions that required constant adjustment to survive, healthcare existed as a fairly stable, predictable industry. As provider organizations expanded services, governments and private industry paid the ever-increasing cost of providing those services to either beneficiaries or their employees. Now, as spending on healthcare exceeds 18% of GDP, costs matter. Organizations, previously balancing budgets simply by raising prices or increasing the volume of services provided, faced resistance to these revenue enhancing measures.

As labor approaches 60% of hospital costs, many organizations are looking to decrease these costs to meet budgetary targets. These organizations are at a crossroads. Do they follow the strategy path toward good jobs or bad jobs?

Zeynep Ton, a professor at the MIT Sloan School of Management, studied service industries to better understand the two labor strategies companies use to make money. In her book *The Good Jobs Strategy* she describes the "bad jobs" strategy as one that succeeds at the expense of employees. These jobs offer low wages, scant benefits, and erratic work schedules. They are designed to make it hard for employees to perform well or find meaning or dignity in their work. Companies that follow this strategy will do anything to keep prices low.

Ton also describes a "good jobs" strategy where jobs provide decent pay, benefits and stable work schedules. Employees can perform well and find meaning and dignity in their work. Despite spending more on labor than their competitors in order to have a well-trained, motivated staff, these companies generate profits equal to, or exceeding those of companies following the "bad job" strategy. In addition, they are also able to compete on price.

Which Path?

Following the path of the "bad jobs" strategy in retail delivers shoddy products and services. Although inconvenient and frustrating, the end results are mostly manageable. In addition, many consumers may overlook such service and product shortcomings to obtain the lowest price.

In the healthcare industry, delivering poor services may lead to chronic illness, increased morbidity, or even death. Therefore, provider organizations pride themselves on striving to deliver the best and safest care possible. This focus is reflected in their television commercials, radio spots, and print ads where the organizations try to compete on perceived quality while rarely, if ever, mentioning price.

Yet, during the current era of decreasing reimbursement and pressures to reduce costs, the luxury of ignoring the cost of labor no longer exists. Provider organizations, for the first time, are now forced to choose between a "good" or "bad jobs" strategy, and many leaders are unaware of the strategy options available to them.

With great risk, many organizations are choosing a "bad jobs" strategy to address labor costs. Rather than retain experienced staff at higher wages, organizations take steps to encourage the departure of high-paid, experienced nurses to be replaced with less expensive and skilled substitutes.

For example, some organizations revoked the privilege held by tenured staff to choose non-rotating shifts and now force them to endure disruptive day-night rotations in the hope that these nurses would reject this inconvenience and resign. In addition, as patient acuity continues its upward climb, some organizations nevertheless assign fewer staff members to care for patients, arbitrarily increasing nurse workloads. This puts at risk the ability of staff to provide safe and adequate care. Such approaches to controlling labor costs increase the likelihood of medical errors and associated patient harm.

Pursing a "bad jobs" strategy in healthcare offers no long term benefits and drives patients to question the ethical, moral and professional standards of the organization.

Choose Good

Embracing the "good jobs" strategy gets back to the core values and processes that deliver exceptional patient care. Clinical staff require proper training, equipment, and a comfortable working environment. Effective, evidence-based processes, guidelines, and workflows ensure consistent clinical and financial outcomes. Assigned clinical workloads match staff capacity to patient needs.

Fortunately, properly built patient acuity driven workload tools exist that rely on medical evidence to understand the details of each potential clinical activity required by patients during a hospital stay. Individually, these clinical activities demand a variety of clinical expertise, licensing, and training to be completed.

Driven by the patient data and physician orders in the electronic medical record, these systems interpret the clinical needs of each patient on a ward and tally up the workload requirements. The system then matches the workloads with the capacity of each nurse. This allows the equitable distribution of workloads among available nurses and identifies situations where patient workload needs exceed or are under the capacity of the available staff. When used prospectively, this allows managers to adjust staffing in real time to match patient needs as driven by their clinical condition and identifies potential areas for increased efficiencies and process improvement.

Using an evidence-based approach to assigning nurse staff provides great analytical value. The transactional process collects both clinical and staff performance data as part of its daily use. This data can then be analyzed to determine best practices or workflows that require refinement. As clinical techniques evolve, regular review of the data identifies opportunities for process improvement. This may include the reassignment of clinical responsibilities to less expensive staff who can be specifically trained for the task.

To deliver high-quality, safe, and effective medical care, healthcare provider leadership must embrace the "good jobs" strategy. Perhaps unlike other industries that may be able to survive poor customer service, increased wait times, and inexperienced personnel, healthcare cannot be done on the cheap.

References

Ton Z. The Good Jobs Strategy. © 2014 Houghton Mifflin Harcourt, Boston, MA

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