



**THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION  
AND HOSPITAL PATIENT EXPERIENCES**

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## **Abstract**

### **THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND HOSPITAL PATIENT EXPERIENCES**

Health care is an extraordinarily people-centric industry. Aside from the obvious fact that the patient consumes services to his or her physical body, nearly all treatments and procedures are administered by people. The management of health care personnel takes place in a complex environment involving a variety of professionals, extensive use of materials and equipment, and an array of services that extend beyond health care to include food, hospitality and instruction. This challenging environment places a great deal of stress on employees. In this study we explore the satisfaction of employees in a major hospital to determine the extent to which employee satisfaction relates to the quality of the patient experience. We provide an extensive review of the literature of health care employee satisfaction and then provide an empirical analysis that shows a direct and positive relationship between the satisfaction of employees and the quality of the patient experience in a major urban hospital.

## **Introduction**

Employees in service-based industries strongly influence customer satisfaction. As the U.S. and other advanced economies continue to shift from manufacturing to information and service based industries, employees take on an increasing role in driving organizational performance. One of the most important ways that employees affect performance is in their interactions with customers. Accordingly, it is vital that companies understand concepts such as employee engagement and satisfaction and how the levels of engagement and satisfaction relate to customer satisfaction and overall customer experiences.

While many industries (e.g., food service, financial services, retailing) operate in situations where employees play important roles in the product/service exchange, one of particular interest is the health care industry. As the United States population ages, the health care industry continues to grow in size and importance; now representing 17% of GDP. The resulting demand for health care services and a relative shortage of some health care professionals makes it difficult for hospitals and other health care providers to provide consistently high levels of care. Health care administrators find themselves increasingly confronting the complex interrelationship between recruitment and retention of health care professionals, and the quality of care and patient satisfaction experiences. The situation is particularly acute for nursing where global labor nursing shortages exist (Newman, et al., 2001). Additionally, health care organizations are increasingly concerned with looking beyond financial performance measures, while focusing on how to deliver higher quality care (Love et al., 2008). While some improvements in care quality can be reached through investments in technology and infrastructure, the most dramatic improvements are achieved through people. Previous studies have concluded that unsatisfied health care employees negatively affect the quality of care which adversely affects patient satisfaction and loyalty to a hospital (Atkins, et al, 1996; Fahad Al-Mailam, 2005). One would expect that increasing the engagement of employees may benefit a health care organization and result in improved patient care and higher patient satisfaction.

The key question of interest is how service-based organizations determine their level of employee engagement and what impact it has on patients. In order to answer this question, we conducted an exploratory study to investigate the relationship between employee satisfaction and

patient satisfaction at a major hospital in New York City. Exploring the relationship between employee and patient experiences in a hospital presents several benefits:

- People - including doctors, nurses, administrators, and staff - play a crucial role in the service delivery process. These individuals perform duties that directly and indirectly influence the quality of patient care and satisfaction. Nursing staff in particular are involved with patients on a daily, and sometimes hourly, basis.
- Administrative procedures in place facilitate the collection of data on patient experiences (through a check-out survey for all patients) as well as annual employee surveys.
- Hospitals are large, diverse organizations with numerous departments that often dramatically differ from each other in size, function, and performance quality. This study uses department level data drawn from throughout the hospital.

## **Method**

As noted, this exploratory study explores the relationship between employee satisfaction and patient satisfaction in a major New York City Hospital. Our approach involves a review of current literature on health care performance, primary data collection through an online forum and interviews with key hospital staff, and an empirical analysis of employee and patient satisfaction data. The literature review, which focuses on employee engagement, employee satisfaction, and patient satisfaction in health care settings, provides a foundation for the key people related issues in health care. Empirically, our primary objective is to assess the relationship between employee satisfaction and patient satisfaction. While we limit our analysis to a health care setting the concepts discussed here can be applied to other service- or people-based industries. In addition to our primary objective, this exploratory research will help:

- Provide an assessment of the kinds of metrics useful for evaluating employee engagement and satisfaction
- Establish a starting point for connecting employee engagement to employee performance, as measured by a dashboard of behavioral and outcome metrics based on patient experiences and satisfaction
- Make preliminary recommendations for practices that the hospital may undertake to improve employee performance and patient experiences

- Provide guidance for a long-term, more extensive data collection and analysis techniques to more deeply explore the extent to which employee engagement affects performance and the aspects of engagement issues that have the greatest impact on employee retention and service quality

## **Part 1: Literature Review**

The first part of the study involves a review of over 40 studies on “employee engagement,” “employee satisfaction,” and “patient satisfaction” specific to the health care industry. This review provides initial insights into the possible relationship between these constructs at a health care organization. Over the years much research has looked at the areas of customer satisfaction and employee satisfaction. Recent research has put even more of an emphasis on how human resource management practices such as employee engagement, recognition programs, and internal marketing efforts can increase employee satisfaction and retention. Fewer studies look at the direct impact employee satisfaction has on customer satisfaction. However, these studies demonstrate the need for health care administrators to take a closer look at human resource management practices of their organization and efforts to improve the quality of care by changing employee engagement, satisfaction, and loyalty.

While relatively few academic studies in the health care industry appear to exist which look at the connection between employee satisfaction and patient satisfaction, those that do look at this topic show a relationship exists. Many health care administrators are increasingly showing concern for delivering high quality care in which both the customer (patients) and providers (employees) are satisfied while maintaining a strong financial environment (Love et al., 2008). This represents a shift in management theory from the 1990s when cost cutting and the bottom line dominated concerns in the health care industry (Brown 2002).

In this review of academic literature, we focus on the impact of human resource management practices such as employee engagement and empowerment on employee satisfaction and retention, and ultimately how these might impact patient satisfaction. Newman et al. (2001) outlined how these interrelated issues affect one another based on a review of literature on nurse recruitment and retention, service quality, and human resource management.

Newman shows a chain of connectivity such that (a) internal conditions and environment affect (b) the service capability of staff which influences (c) nurse satisfaction which, in turn, affects (d) retention of nurses. All of those factors can reduce (e) quality of patient care and ultimately (f) the level of patient satisfaction. In other words, health care organizations that provide a good working environment which enhances the service capability of staff through empowered decision making will lead to more satisfied nurses who are more likely to remain loyal to the organization and provide a higher level of care resulting in higher patient satisfaction. Organizations that desire to improve patient satisfaction must therefore be concerned about internal issues related to employee satisfaction and view their employees as customers too. A connection appears to exist between how engaged an employee is with the employee's role in the patient care process and the level of patient satisfaction. This interrelationship affects not only satisfaction levels but also patient loyalty and financial performance.

### ***Defining Employee Engagement***

A variety of definitions exist for "employee engagement." Gibbons (2006) reviewed research on employee engagement and determined several different definitions. Additionally, the review showed that previous studies covered 20 key drivers of employee engagement. A blended definition created by Gibbons defines employee engagement as:

*"A heightened emotional connection that an employee feels for his or her organization, that influences him or her to exert greater discretionary effort to his or her work."*

## *Effects of Employee Engagement on Employees*

### **Employee Engagement & Empowerment**

Managers in all industries have made employee engagement a hot button issue because of growing evidence that engagement has a positive correlation with individual, group, and organizational performance in areas such as productivity, retention, turnover, customer service, and loyalty (Ketter, 2008). The health care industry is no exception to this phenomenon in human resource management theory and practice. Nursing shortages in particular have helped make engagement an important topic in this industry.

With regard to health care specifically, research has frequently uncovered a lack of loyalty to the organization and the nursing profession (Brown 2002). Brown noted that nurse administrators face the challenge of repairing “broken” relationships with nurses because of changes in management policies over time. During the 1990s, health care organizations tried to adopt cost cutting strategies employed by many other industries, thereby taking the focus away from the quality of care to patients. This conflict ultimately left nurses feeling disengaged and unempowered in their roles in delivering patient care and at odds with the financial performance initiatives of health care administrators (Brown 2002). Research has shown, as expected, that when employees are disengaged in their jobs they are more likely to leave because they feel unappreciated (Fukuyama 1995).

Further compounding this issue, surveys with nurses have indicated that they exhibit loyalty to patients but often do not feel the same level of loyalty to their employer because they feel hospital executives are not in touch with the demands of patient care (Curran, 2001). These findings highlight the importance of creating engaged employees and the important role of administrators and other leaders in this process.

The increased interest from health care administrators also stems from the belief that high turnover rates and the lack of commitment negatively affect the provision of care and ultimately the financial performance of organizations (Morrison, et al. 2007). This viewpoint helps show why hospitals are increasingly interested in determining effective ways to engage employees

better. Saks (2006) was one of the first to note the important distinction between job engagement and organizational engagement. He determined that perceived organizational support predicts both job and organization engagement. Therefore, health care organizations need to find ways to address these internal marketing issues at both the job and organizational levels. While employee engagement and recognition programs have always been important to administrators, it is only recently that these practices have seen an increased level of interest in health care because the employee's role in patient care is more evident when considering the scarce resources of hospitals and the overall shortage of nurses (Freed, 1999).

So how can health care organizations change employee engagement at these two levels? Thomas (2007) defines engagement as "a state of aroused, situation specific motivation that is correlated with both attitudinal and behavioral outcomes." Management and organizational culture, along with empowering employees appear to be three of the biggest factors in employee engagement levels. Cathcart (2004) showed that span of control had some effect on employee engagement and that adding management positions to reduce the span of control helped increase employee engagement scores. Other studies have shown workplace culture, organizational communication and managerial styles, trust and respect, leadership, and company reputation all influence employee engagement (Lockwood, 2007). Specifically, high involvement work practices may enhance the financial performance of health care organizations (Huselid, 1995 and Harmon, et al, 2003).

Elements that appear to account for differences in empowerment and job satisfaction scores of nurses include: (1) greater accessibility of nurse leaders, (2) better support of clinical nurse autonomous decision making by nurse leaders, and (3) greater access to work empowerment structures such as opportunity, information, and resources (Upenieks, 2003). These findings suggest that hospitals that have highly accessible leaders, provide support for autonomous decision making, and provide access to empowerment structures have a greater likelihood of increasing employee satisfaction.

### **How HRM practices of Engagement, Empowerment, and Others Impact Employee Loyalty & Satisfaction**

Several studies have shown how employee empowerment and engagement impact employee satisfaction and loyalty to the organization. Health care organizations that routinely achieve high employee satisfaction scores tend to have the following in common (1) accessible leadership, (2) frequent communication, and (3) employees are empowered to satisfy patients (Fassel, 2003). Internal marketing efforts have been shown to develop better relationships between employees and their organizations while increasing satisfaction and retention. Peltier et al. (2003) determined that structural bonds followed by social and financial bonds have the most impact on nurse loyalty. A 2004 study by Peltier et al. determined these three types of bonds influence not only loyalty to the organization, but nurse satisfaction as well. A 2007 follow-up study by Peltier et al. determined that quality of care most impacted nurse satisfaction followed by the three types of bonds from the 2003 and 2004 study.

A study of nurses and midwives in London hospitals determined that the three main factors influencing their job satisfaction were patients, the inherent characteristics of nursing, and the nursing team (Newman, et al. 2002). Additionally, Newman, et al. found that improving working conditions was more important than increased pay. This seems to be in line with Peltier et al.'s findings that structural and social bonds were more important than financial bonds from an internal marketing perspective. While pay for performance activities may lead to increased satisfaction and higher quality of care, these types of reward systems tend to be short-lived in comparison to other recognition or engagement programs. Additionally, by allowing employees to provide higher quality care to patients, the employees tend to take greater pride in their job and feel good about the organization and its values. Freed (1999) also notes the importance of sustaining engagement, something that will help have a long-lasting impact on employee satisfaction and the delivery of high quality care.

Other ways in which empowerment and engagement increase satisfaction and loyalty include:

#### *Reduced Job Stress & Turnover*

Empirical research has shown a negative relationship between empowerment and job stress, suggesting that as employees are more empowered their job stress decreases (Joiner and

Bartram, 2004). In addition to stress, increased employee satisfaction helps reduce employee turnover, leaves of absence, and lower work-related disability and violence claims (Harmon, et al, 2003). Morrison, et al. (2007) outlined several ways in which the lack of engagement and high turnover rates impact health care organizations. Some of these factors include turnover costs, which according to Waldman & Kelly (2004) range between 3.4% and 5.8% of their operating budget. High turnover rates are also thought to lead to higher discharge costs according to JCAHO (2005) so there are financial concerns to administrators beyond just recruitment and retention costs. Plus when employees feel unsatisfied and unappreciated and leave the organization this puts higher workloads and stress levels on those who remain and ultimately further drives down satisfaction for both employees and patients (Fukuyama, 1995).

#### *Leads to Active Role in Decision Making, Feelings of Support & Accomplishment*

Organizations that promote employee empowerment can help nurses take a more active role in daily care decisions, which is believed to enhance employee satisfaction (Berlowitz et al, 2003). When employees are more active in decision making not only in nursing practice and unit management but also patient care, they feel more engaged which leads to higher satisfaction and lower turnover rates (Relf, 1995). Changes in the perception of employee empowerment appear to have long-lasting positive effects on employee satisfaction. Laschinger, et al. (2004) suggests that changes in access to structural empowerment impacted staff nurses' feelings of psychological empowerment and satisfaction with their jobs over a three-year time frame. Nurses at magnet hospitals experience higher levels of empowerment and job satisfaction due to greater access to work empowerment structures when compared with nurses from non-magnet hospitals (Upenieks, 2003). Consistent with Shortell et al. (1995), Berlowitz et al. (2003) determined that employees of nursing homes where Quality Improvement (QI) practices were adopted exhibited significantly higher job satisfaction than others due to empowerment to take a more active role in daily care decisions. In other words, by empowering employees to make decisions, hospitals can increase employee engagement and in turn employee satisfaction.

The impact of empowering work conditions may play an even more important role at the middle level of nurse management. Patrick and Laschinger (2006) concluded that their findings support Kanter's contention that empowering work conditions have a significant impact on

feelings of support and sense of accomplishment at work which may play an integral role in middle management retention and attracting nurses to management positions. Conversely, this would suggest that organizations that do not foster employee empowerment may experience problems retaining and attracting middle level managers.

### *Better Relationships with Management*

Wagner (2006) determined that a primary factor in employee's satisfaction and loyalty to that employer is the employee's relationship with his or her immediate supervisor. This finding further demonstrates the need for health care administrators to be concerned with employee satisfaction as hospitals face nursing shortages. It also is in line with Curran's (2001) findings that nurses indicated management that is out of touch with the realities of patient care lead to lower nurse satisfaction and loyalty. The quality of relationships including communication between management and employees not only impacts the employees themselves but also has an impact on organizational effectiveness by affecting productivity and turnover rates (Brunetto and Farr-Wharton, 2006). When management helps an employee feel engaged and offers them the support and resources necessary to provide quality patient care, employees are not only more satisfied with their employer but also remain more loyal.

While many studies show that engagement and empowerment in health care settings can lead to greater job and organizational satisfaction, not everyone has found a connection between the two. Suominen, et al. (2006) determined that based on their study of a multidisciplinary team at the Rheumatism Foundation Hospital in Finland, job satisfaction is not related to any of the fields of empowerment. While this differs from previous studies, it does raise the question of when and how does empowerment and engagement impact employee satisfaction. More relevant to the current research is how does employee satisfaction impact patient satisfaction?

### **Effects of Employee Satisfaction on Patient Care and Patient Satisfaction**

Nurse and other health care employees' satisfaction have been found to have several impacts on the quality of care delivered which ultimately influences the level of patient

satisfaction. Newman et al.'s (2001) chain outlines a clear interrelationship between employee satisfaction, the quality of care, and patient satisfaction. Atkins et al., (1996) showed that employee dissatisfaction negatively impacts the quality of care and ultimately has an adverse effect on patient loyalty and in turn hospital profitability. Quality improvement initiatives were shown to have a positive correlation with employee satisfaction as well as client satisfaction in a study of Swedish healthcare (Kammerlind, et al, 2004). Health care employee morale also demonstrates a strong correlation with patient satisfaction scores, showing that the lack of commitment and engagement have far-reaching impacts on more than just employee turnover (JCAHO 2005).

Ott and van Dijk (2005) provide a unique study which combined data on employee and client satisfaction. Their findings suggest that employees' satisfaction with their organization is a better predictor of client satisfaction than employees' job satisfaction. The authors suggest that based on their findings, job-related training is the activity most relevant for client satisfaction, despite showing no relation with job satisfaction. Their study also demonstrated the volatile relationship between employee and client satisfaction which can be in conflict. For example, while employees are more satisfied when they have regular work schedules this decreases client satisfaction as employees are deemed less available to patients. This shows that employee and patient satisfaction are related, but sometimes at conflict with each other.

Employee satisfaction also appears to have a strong relationship with the quality of care delivered and related costs. When employees are more satisfied it helps reduce stress, turnover, leaves of absence, and lower work-related disability and violence claims (Harmon, et al, 2003; Joiner and Bartram, 2004). All of these factors help increase the level of care given to patients. Nurses who are satisfied with their jobs exhibit higher levels of patient safety and less medication errors which help increase patient satisfaction (Rathert and May, 2007). Satisfied employees also were found to lead to shortened lengths of stay for patients and lower variable costs (Harmon, et al., 2003; Karasek 1990). The reductions in recruitment and retention costs and fewer employees missing work combined with lower patient variable costs and mistakes make improving employee satisfaction more appealing to administrators.

According to Fahad Al-Mailam (2005), quality leadership in health care organizations helps foster an environment that provides quality care which is linked with patient satisfaction. Organizations who seek to improve patient satisfaction and encourage return visits or customer loyalty should focus on improving the quality of care. As many studies suggest, quality leadership that provides empowering work environments are more likely to result in engaged employees and tend to be the most successful at increasing the quality of care provided. This again gets at the point that management plays an integral role in the level of care provided even when they are not directly involved.

The concept of internal marketing in the health care sector suggests that the best way to satisfy patients is by viewing employees as internal customers and that by understanding and meeting employees' needs, wants, expectations, and concerns their level of satisfaction will increase thereby leading to better quality of care and higher patient satisfaction (O'Neill, 2005; Bitner et al., 1990; Heskett et al., 1997; Testa et al., 1998). A relationship marketing approach to HR practices is one way health care organizations can overcome the global problem of nursing shortages. The findings from Peltier et al.'s studies (2003, 2004, and 2007) suggest that by focusing on improving the quality of care, health care organizations can not only improve patient satisfaction, but also improve employee satisfaction and loyalty to the organization. This in turn will further impact the quality of care because of the interrelationship of this chain.

Table 1 provides a summary of the effects of higher employee engagement on three areas reported in the literature review: (1) Employees, (2) Patients, and (3) Organizational Financial Performance. Table 2 provides a list of recommended methods for improving engagement in health care settings from the literature review.

**Table 1:  
Reported Relationships & Outcomes from Literature Review**

<b>Effects of Higher Employee Engagement Levels on Employees</b>	<b>Effects of Higher Employee Engagement &amp; Satisfaction on Patients</b>	<b>Effects of Higher Employee Engagement/Satisfaction on Financial Performance</b>
<ul style="list-style-type: none"> <li>• Improves employee productivity</li> <li>• Improves relationships with management</li> <li>• Reduces job stress</li> <li>• Increases employee satisfaction</li> <li>• Increases retention &amp; turnover</li> </ul>	<ul style="list-style-type: none"> <li>• Improved care quality</li> <li>• Increased patient satisfaction</li> <li>• Increased patient loyalty</li> </ul>	<ul style="list-style-type: none"> <li>• Lower employee recruitment/retention and training costs</li> <li>• Higher patient loyalty to organization</li> <li>• Possibly lower costs related to the delivery of patient care (because of shorter patient stays)</li> </ul>

**Table 2:  
Reported Methods to Impact Engagement from Literature Review**

<ul style="list-style-type: none"> <li>• Empowerment in decision making</li> <li>• Management accessibility &amp; leadership styles</li> <li>• Recognition programs</li> <li>• Workplace culture</li> <li>• Organizational communication</li> <li>• Trust &amp; respect</li> <li>• Company reputation</li> <li>• Access to resources, training, information, &amp; opportunity</li> </ul>
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## **Part 2: Empirical Research**

To understand how employee satisfaction and patient satisfaction are linked, we conducted an empirical study at a major public hospital in New York City. The hospital is located in an urban, residential environment and features an extensive ethnic diversity among employees and patients. The empirical research consisted of two components. First, we established an advisory committee that participated in an online forum about their perceptions about the quality of service and the motivation, satisfaction and performance of employees. Secondly, we conducted quantitative analysis that matched employee satisfaction survey data with patient satisfaction survey data to assess the relationship between employee satisfaction and patient experiences.

### **Online Forum**

The online forum featured 31 members of an advisory committee that agreed to contribute perspectives about employees in the hospital. That committee was formed specifically for this research project and consisted of a variety of administrators and managers who were selected because of their administrative positions and knowledge about hospital personnel and operations. The forum covered topics such as (a) definitions of employee engagement, (b) ways in which the hospital has been strong or weak in motivating involvement, effort, loyalty, and retention, (c) engagement strategies used by the hospital, and (d) the perceived quality of patient care and its impact on patient satisfaction. Participants answered open-ended questions about these topics and were able to review and comment on responses posted by other participants.

### ***Defining “Employee Engagement” at the Hospital***

As noted previously, past studies on “employee engagement” have used varying definitions and identified over 20 different key drivers of engagement (Gibbons, 2006). The advisory committee provided a definition of employee engagement at the hospital. Based on individual responses, the following blended definition was created for employee engagement at the hospital:

*“An engaged employee at the hospital takes pride and makes a personal commitment to their job, organization, and patient. An employee feels more*

engaged when they (a) participate in meetings and the decision making process, (b) believe their input is used/considered by management, (c) have a good understanding of the organization’s values, missions, and operating procedures (d) understand how they contribute to the success of the organization, and (e) care about the success of the organization.”

**Increasing Employee Loyalty & Retention and Motivating Involvement & Effort**

The hospital’s engagement advisory committee identified ways in which the organization is strong and weak in the areas of employee loyalty and retention as well as motivating involvement and effort. Ways to improve loyalty and retention as well as involvement and effort were discussed for different groups including nurses, physicians, administrative staff, and non-clinical and service staff. The responses indicate that participants believe a more involved employee who puts forth more effort is more likely to remain loyal to the organization. Table 3 highlights self-reported “best practices” at the hospital as well as self-reported ways to improve in these areas.

**Increasing Loyalty & Retention and Motivating Involvement & Effort – Examples of Advisory Committee Comments**

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- “[The hospital] has many long term employees. These employees feel engaged in the unit they work and feel proud to work for [the hospital].”
- “Messages from the top of the organization stress the importance of all employees in providing a valued high quality service to the patients served.”
- “Many of our employees have been employed by the hospital for years because they enjoy their work and the friends they have made over the years.”
- “Getting people to interact with each other develops relationships and through them comes an understanding of the work that others do, and its importance, and your own connection with them.”
- “I think this place has generally had a family feeling about it for a lot of people. A lot of people like being here because of the warm feeling and have gotten to know a lot of people. Despite being a major medical center it almost feels more like a small community hospital.”

Table 3: Increasing Employee Loyalty & Retention and Motivating Involvement & Effort	
Hospital’s “Best Practices”	Ways to Improve
<ul style="list-style-type: none"> <li>• Recognition of employee milestones/accomplishments</li> </ul>	<ul style="list-style-type: none"> <li>• Better communication of goals, decisions, and between departments</li> </ul>

- Family-like atmosphere among long-term employees (good co-worker relationships)
- Financial bonds including salary/pay and benefits

- Empowerment/Involvement in decision making
- Continue to improve work relationships, especially between supervisors and their departments and between physicians and nurses

***Role of Physicians in the Level of Engagement of Non-Physician Staff***

In general, the advisory committee believes physicians have a major impact on the level of engagement on non-physician staff through the way they interact with hospital employees. Physicians who are disrespectful to non-physician staff, make negative comments, or treat the patient as if they are a “non-human intangible entities” lead to reduced engagement in non-physician staff. These perceived negative interactions reflect the importance of co-worker relationships in motivating employee engagement and performance. When an employee feels like a valuable team member and, feels respected by others, higher levels of engagement and performance are likely.

### ***Role of Supervisors on the Level of Employee Engagement***

Similarly, supervisors or managers also have a great impact on employee engagement as exemplified by the following two comments from advisory committee members:

*“Leaders play the biggest role in motivating involvement and effort through developing relationships with those under their direction. It is important that training for leaders helps them gain a better understanding of how important their relationship is. In my opinion, more staff leave because they are unhappy with leadership.”*

*“They [leaders/supervisors] are the most important piece because people have to interact with supervisors every day. If the supervisor is someone they don't like, it makes them miserable and, less likely to enjoy their job. If it is someone they respect, it makes them like their job better.”*

### ***Physician (Co-Worker) Impact on Engagement Level – Examples of Advisory Committee Comments***

- *“I think that the nursing staff needs to feel supported in their efforts to provide quality service to our patients. The nursing staff is largely responsible for the patients and their opinion needs to be requested and respected.”*
- *“Physicians play an important role in the engagement. The way physicians work with staff and conduct themselves has a big impact. Most of the staff have a great deal of respect for the physicians and recognize their authority. However, bad behavior impacts morale and attitude toward work.”*

## ***Perception of How Employee Engagement Affects Care Quality and Patient Satisfaction***

The consensus from the advisory committee at the hospital is that the level of employee engagement has been high and has had a positive impact on the quality of care and patient satisfaction. The belief, shared by many on the committee, is that employees who are engaged tend to work harder for the patient and patients are more satisfied with the quality of care they receive.

Several advisory committee members questioned the efficacy of engagement initiatives that had been implemented. Concerns were raised that engagement activities have only a short-term impact on raising engagement levels and the quality of care. Additionally, some were concerned that the use of multiple activities at the same time weakened the impact of the programs. These concerns reflect the need for continued efforts to increase employee engagement levels through a more systematic approach. An important takeaway from the committee is that complacency and overuse of tactics are two areas managers at all organizations must monitor closely to maximize the effectiveness of engagement activities.

### ***The Perceived Impact of Employee Engagement***

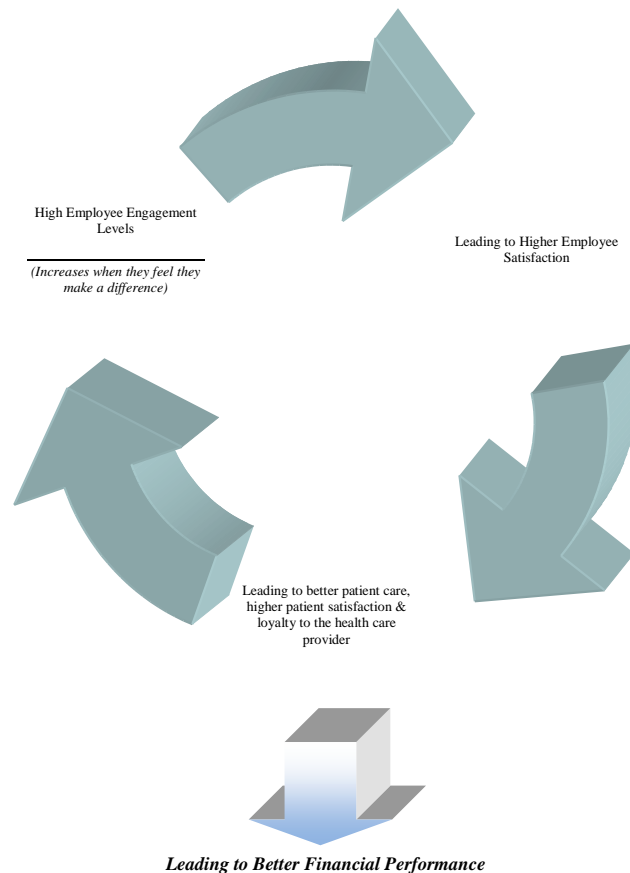
- *“Engagement level has direct impact on the quality of care. If not engaged, quality can suffer.”*
- *“When your staff is unhappy, patient care will suffer. I think it's important to continually take the pulse of the staff in terms of morale.”*
- *“A highly engaged employee cares more for the success of the organization. A highly engaged employee works harder for patients.”*
- *“Engagement activities like many other initiatives often tend to be very intense for a period and then fade away. We seem to try many different things to improve care, quality, or patient or employee satisfaction. Some work, some do not, and most of them add to the workload of those who have to implement and monitor and report on them. We seem to try a little of everything, and not focus enough on a few core things or ingredients.”*

## *A Framework for Linking Employee Engagement to Patient Experiences*

Based on the literature review and the input from the advisory committee, we constructed a framework for conceptualizing the link between employee engagement levels, employee satisfaction, patient satisfaction, and organizational financial performance. As shown in Figure 1, the level of employee engagement influences the quality of the patient experience and patient satisfaction, which, in turn, helps drive the performance of the organization.

**Figure 1**

### **Perceived Relationship of Employee Engagement, Employee Satisfaction, Patient Satisfaction and Financial Performance**



## **Satisfaction Survey Analysis**

The next phase of the empirical research featured the statistical analysis of employee satisfaction and patient satisfaction for a set of selected departments in the hospital. The goal of the analysis was to determine whether there is a link between the way that employees feel about their jobs and the quality of the patient experience as indicated by patient satisfaction scores. A set of 31 hospital departments were selected for inclusion in the study. The departments were carefully selected to represent a breadth of services types and performance quality levels. Roughly one-third of the departments were considered to be average performers, with one-third each being perceived as below average or above average. All of the departments were medical units (e.g., same-day surgery, maternity, cardiac care). Other service areas such as food service and hospitality were not included in the study.

## **Data Sources**

The analysis utilized data that is routinely collected by the hospital. The hospital regularly collects data on employee satisfaction and patient satisfaction. Employee satisfaction was collected by the hospital as part of an annual employee survey conducted each spring. Patient satisfaction data is collected on an ongoing basis at the time of a patient's discharge from the hospital. Both sets of data were then matched at the department level to assess the relationship between employee satisfaction and patient satisfaction.

Employee and patient satisfaction data was aggregated at the departmental level. That is, we had information on the average satisfaction scores for each department. A finer level of analysis would be possible with individual employee and patient data. However, that information was not available for a sufficient number of departments, and, even if the data were available, there would be no suitable way to match individual patients to individual employees in a department. As such, our analysis involves a department by department comparison of the mean satisfaction scores for employees and patients.

The specific metrics used in the analysis are as follows:

*Employee Satisfaction* was measured with a 6-point agreement scale (strongly disagree to strongly agree) across four "overall satisfaction" dimensions:

- *I would Recommend Employment Here* – A common measure of commitment to an organization and is used by many organizations
- *I am Proud to Work for This Organization* – An assessment of pride in being associated with an organization
- *Often Leave Work with Feeling of Satisfaction* – A measure of the feeling associated with daily work duties.
- *I Have Considered Leaving During Past Six Months* – A retention measure, though can be confounded by external factors (i.e., retirement, moving, etc.)
- *Satisfaction Summed Score* – A composite of the above four measures were summed to determine an overall employee satisfaction measures.

***Patient Satisfaction Data*** – Patient satisfaction was measured with a 100-point satisfaction scale (100 is highest) across a wide variety of dimensions representing numerous aspects of patient experience ranging from admission through discharge. “Overall Patient Satisfaction” questions/measures included:

- Likelihood Recommending the Hospital – One-item referral likelihood score
- Overall Rating of Care Given – One-item care quality score
- Summed Overall Score – An Average satisfaction score across all questions

***Patient Satisfaction Data from Employee Survey*** – The employee survey contained two questions that asked them to assess how satisfied they believed patients were in their department. Those two measures are:

- Patient Satisfied With Patient Care in My Unit
- Satisfaction With Other Departments’ Service Quality

### **Data Analysis**

A variety of statistical methods were used to evaluate the relationship between employee satisfaction and patient satisfaction of the departments. The strongest relationships were found

by comparing the scores in a mean-split analysis whereby departments were grouped based on whether their average patient satisfaction score was above or below the overall mean.

Table 4 shows the number of departments that fell into the low satisfaction and high satisfaction groupings for each of the employee satisfaction measures analyzed.

<b>Table 4: Segmenting Employee Satisfaction Measures: Lowest and Highest Score Conditions</b>		
	<b>Lowest Group N</b>	<b>Highest Group N</b>
I Would Recommend Employment Here	13	19
I am Proud to Work for This Organization	17	15
Often Leave Work with Feeling of Satisfaction	17	15
Have Considered Leaving During Past 6 Months	17	15
Summed Satisfaction Score	17	15

## **Results**

To test the directional hypothesis that greater satisfaction/engagement leads to higher patient satisfaction/service quality, a one-tailed independent sample t-test was conducted that compared the mean patient satisfaction scores for each of the employee satisfaction groups noted in Table 4. The significant results are shown in Table 5.

Of the five employee satisfaction measures, significant differences were found for what are likely the two most important measures of engagement and satisfaction: (1) referral likelihood (I would recommend employment here) and overall satisfaction with one's job (summed satisfaction score). The findings are particularly powerful given the small sample size due to the use of data aggregated by department.

### ***Employment Referral Likelihood***

Referral likelihood is a very strong measure of an employee's commitment to an organization. As shown in Table 5, departments with a higher employment referral likelihood scores had significantly higher patient satisfaction/quality of care scores regarding likelihood of recommending hospital to other patients (82.5 vs. 78.2,  $p < .05$ ), patients' summed overall rating of care given (83.4 vs. 80.0,  $p < .06$ ), and patients' summed overall rating score across questions (78.6 vs. 76.8,  $p < .05$ ). Although the mean difference for the question pertaining to patient

“satisfied with patient care in my unit” was not significant across the lowest and highest groups, employees with a higher employment referral likelihood perceived a higher level of satisfaction with other departments’ service quality (4.5 vs. 4.0,  $p < .01$ ).

### ***Summed Overall Satisfaction with Job***

Although the significance levels across the lowest and highest employee satisfaction groups is not as strong as for employment referral likelihood, they are powerful given the magnitude of effect sizes and the small sample size due to the aggregated department data. The most significant difference was for employees’ self-report response to the question about satisfaction with other departments’ service quality (4.5 vs. 4.1,  $p < .01$ ). Marginally significant differences were found for each of the other patient satisfaction data as well.

<b>Table 5: Significant Patient Satisfaction Differences Across the Employee Satisfaction Groups</b>			
<b>Employment Referral Likelihood: I Would Recommend Employment Here</b>	Lowest Group Mean	Highest Group Mean	Sig
Likelihood of Recommending Hospital	78.2	82.5	.05
Overall Rating of Care Given	80.0	83.4	.06
Summed Overall Rating Score Across Questions	76.8	78.6	.05
Patient Satisfied With Patient Care in My Unit	4.9	4.8	ns
Satisfaction With Other Departments’ Service Quality	4.0	4.5	.01
<b>Summed Overall Satisfaction With Job</b>	Lowest Group Mean	Highest Group Mean	Sig
Likelihood Recommending Hospital	79.3	82.4	.09
Overall Rating of Care Given	80.5	83.7	.065
Summed Overall Score Across Sections	76.3	79.1	.07
Patient Satisfied With Patient Care in My Unit	4.6	4.8	ns
Satisfaction With Other Departments’ Service Quality	4.1	4.5	.01

Evaluation of employee and patient satisfaction across departments revealed no simple pattern with respect to department size or characteristics. Comments from the advisory council indicate that hospital administrators believe the levels of employee satisfaction and engagement is related to such factors as physical infrastructure, (particularly office size, location and quality), staff size relative to work load, and the quality of management provided by department heads and supervisors.

## **Implications**

The primary contribution of this study is the finding that hospital departments that have higher levels of employee satisfaction provide better experiences for patients. Patients in departments with more satisfied employees are more likely, by a margin of four scale points out of 100, to say they would recommend the hospital to others. What's more, those same patients rate the quality of the care they received as higher (by three points out of 100). From this, we can take away the conclusion that the patient, either consciously or not, infers that the care received is better merely because of the environment created by having more satisfied employees. Since the analyses dealt with average responses within and across departments, differences in actual performance in delivering health care (e.g., doctors and nurses administering procedures) essentially are averaged out. This leaves nothing but the people-based aspects of the employees, as represented by employee satisfaction, as the only factor that explains the higher level of patient satisfaction. The strength of the effect is demonstrated by the significantly higher levels of patient satisfaction as measured by multiple patient satisfaction scores and two different employee satisfaction measures.

Participants in the online forum made numerous comments that highlight the value of the employees in enhancing the patient experience. Much of their attention focused on employee recognition noting the "need for individual recognition" and that "staff in higher positions are rarely recognized." In addition to recognition, participants felt that employees needed to be "included in daily operations and the hospital should listen to their feedback." More generally, participants expressed the value of "more respect and visibility" for employees and their views. Participants also indicated that employees genuinely cared about patients and are in favor of "working for the better of the institution," and "committed to achieving the goals of the institution." Closely related is the concern about communications within the organization. Several commenters stated the "need for employees to be informed" and the value of "helping employees understand the goals of the organization."

These comments reveal a real strength in the people of the organization. However there was some concern that efforts to motivate employees needed to be more strategic. One participant noted,

*“Engagement activities, like many other initiatives, often tend to be very intense for a period and then fade away. We seem to try many different things to improve patient or employee satisfaction. Some work, some do not, and most of them add to the workload of those who have to implement and monitor and report on them. We seem to try a little of everything, and not focus enough on a few core things or ingredients.”*

The upshot is clear – more satisfied employees lead to more satisfied patients. A key aspect of this finding is that health care administrators can add “quality of patient care” to the list of benefits of having satisfied employees. (Other key benefits include increased retention, lower costs, etc.)

Hospitals compete aggressively to attract patients, particularly for high revenue services such as cardiac care. There are a variety of dimensions that factor into the competitive landscape including hospital location, infrastructure, technology and equipment, physician reputation, and hospital image. Based on the findings in this study, we can include in that list of competitive dimensions the level of satisfaction of hospital employees. Health care administrators may not always consider employee satisfaction as a competitive variable. However, as we have demonstrated, when employees are more satisfied, patients have better experiences. While this research did not explore financial implications directly, we can infer some likely financial outcomes. One can reason that since more satisfied employees lead to more satisfied patients, the following behavioral and financial outcomes may take place:

- Repeat visits by patients can be expected
- Lawsuits or other negative behaviors of patients are less likely
- Patients will spread more positive word of mouth (word of mouth is a primary driver in patient health care decisions)
- Financial performance of high satisfaction units will be better
- Costs of managing high satisfaction employees are lower (less attrition, etc.)

Health care is an extremely people-based industry. Much of the emphasis on the people side of health care is on procedures – the myriad of processes for handling patients including checking-in, preparing for treatment, medical procedures, food service, discharging, etc. A key take-away from this study is that, in addition to what health care workers do, emphasis needs to be placed on how the employees feel about what they do. Patient experiences will not be good if employees are not happy. Organizational initiatives designed to increase employee engagement and satisfaction (for example, attempting to achieve employee satisfaction scores in all departments that are within 5% of the highest rated department) can generate measureable improvements in patient satisfaction, which can, in turn, generate the positive outcomes noted above.

We close with one last comment from a participant in the online forum. When asked about the role of employees in the patient experience, one participant responded,

*“Computers have eroded the patient’s feeling of being cared for. Employees do much of their work facing the computer monitor, not speaking directly to the patient.”*

People performance, the idea of improving organizational success by better connecting employees to customers, accentuates the importance of people and what they do personally, particularly in an increasingly electronic and mechanized workplace.

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