

The Leadership Challenge: Enhancing Retention & Reducing Turnover in Healthcare Organizations





Introduction

Leadership turnover is becoming increasingly prevalent in healthcare and can affect all levels. Organizations with greater churn are expected to lose intangible knowledge and skills, operational effectiveness, customer satisfaction, and product or service quality. Understanding how and why turnover happens as well as how to control it is essential for hospitals and health systems to maintain stability.

To mitigate turnover, it's crucial to assess the factors fueling it. These include industry consolidation, heightened competition for talent, an uptick in executive retirements, an increasing pool of professionals pursuing interim and consulting roles, as well as evolving administrative demands and job scopes.

- **Mergers:** Blending operations to improve overall revenue and service delivery can lead to the consolidation and/or elimination of management positions across the various organizations involved, thus creating turnover.
- **Retirements:** The departure, whether planned or unexpected, of experienced healthcare leaders organically stimulates turnover and generates the need for newer staff members to rapidly evolve and fill these critical vacancies.
- **Growing talent:** Burgeoning talent intensifies competition for available positions, compelling healthcare organizations to refine recruitment strategies and offer competitive incentives to attract top candidates; turnover results as individuals pursue opportunities that offer greater benefits or align more closely with their career aspirations.
- **Expanding opportunities:** Emerging career paths in healthcare introduce new opportunities and choices for professionals to consider, leading to increased turnover as individuals seek advancement or exciting challenges elsewhere within the industry.
- **Increased responsibility:** the demands of leadership roles can sometimes exceed expectations or the desired work-life balance, prompting turnover as individuals seek positions that better align with their professional and personal needs.

In addition, aspects of everyday life such as the transfer of a spouse, health crisis, a planned move, job dissatisfaction, workload, burnout, and opportunities for further career development significantly influence turnover rates in healthcare. The availability of alternative employment options, including remote work opportunities and flexible scheduling, can also impact turnover by providing professionals with more choices regarding their career paths.

Combating Turnover

The impact of rising turnover in healthcare is particularly significant compared to other sectors, largely due to the industry's heightened resource constraints. In the United States, for instance, **a single hospital could incur losses exceeding \$4 million annually solely attributable to turnover.** In order to fight this crisis, identifying and appointing the right leaders is essential. Organizations need to evaluate role changes, account for appropriate competencies, and be open to candidates that do not have the traditional backgrounds or experience that might have been preferred in the past. While taking the time to hire the right individual, interim leadership can be used to provide guidance, oversee operations, and ensure continued momentum.

Certain management styles can also help to reduce turnover among healthcare professionals. An effective leadership approach can positively enhance employee motivation, improving retention rates. Leadership style refers to the behavioral approach of leaders to influence, encourage, and direct staff. Benefits to an effective leadership style include heightened communication and collaboration, greater employee engagement, strengthened team effectiveness, and further visibility which leads to recognition and reward. When these aspects are present in the work environment, employees are more likely to want to stay at the organization as they feel valued and have a sense of loyalty and trust for their leaders.

What Drives Leadership Turnover?

Executives, directors, and managers all experience turnover. All three of these levels of leadership are impacted, either within their positions or within the staff they oversee, and healthcare organizations must work to understand how to handle it as well as limit it.

Understanding the distinct motivations for turnover at each leadership level is crucial for the organization to devise effective strategies for reducing it. For instance, directors and managers aim for internal advancement opportunities, whereas executives typically seek advancement outside the organization. Leaders aiming for advancement within their hospital or health system are more inclined to seek it in the first 3-5 years of employment. If unable to progress internally, but feeling qualified, some may explore opportunities elsewhere within 2 years.

Furthermore, comparing workload and job aspects to those of executives can amplify frustration with the current job environment among managers. Nurse managers, in particular, may be motivated to leave due to factors such as exhaustion, stress level, unequal work distribution, increased span of control, and heightened fatigue compared to nurse executives.

Retirement ranks among the top three reasons for all intent-to-leave groups, including managers. While age is immutable, hiring younger leaders or implementing succession planning can foster longer tenures and more seasoned leadership. Burnout, however, is probably the most common exit factor across all leadership types. Cultivating a trusting, healthy work environment is crucial for enhancing satisfaction and reducing turnover intention. A stronger leader-staff relationship nurtures increased confidence, promoting greater loyalty to both leaders and the organization.

C-Suite Turnover

In 2021, the CEO turnover rate stood at 16% according to an American College of Healthcare Executives (ACHE) report, consistently ranging from 15-20% between 2012 and 2021. Some states experienced CEO turnover rates as high as 30%, while others saw rates as low as 2% (“Hospital CEO Turnover,” 2022). In November 2022, 37 CEOs retired, marking the second-highest number of retirements since January 2020 when 49 CEOs retired (Baxter, 2022). Following a CEO's departure, other C-suite positions may also leave the organization. The COO and CFO have a 34% likelihood of departure, while the CNO has a 10% chance, and the CMO and CHRO have lower rates of 2% and 3%, respectively (B.E. Smith Team, 2017). If a CEO leaves, the COO might be more inclined to depart due to increased responsibilities and potential discord with the new CEO, given their close collaboration (B.E. Smith Team, 2017).

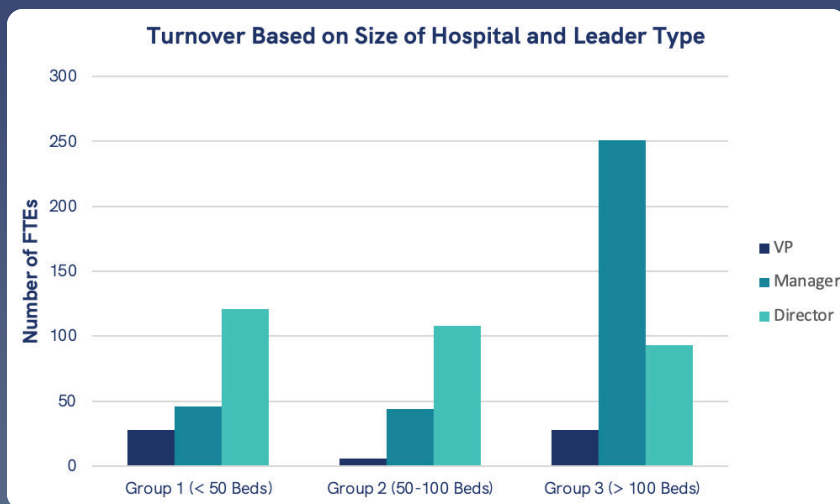
Position	Likelihood to Leave
COO	34%
CFO	34%
CNO	10%
CMO	3%
CHRO	2%

Among other C-suite roles, CFOs exhibit the highest likelihood of departing within five years of starting their positions. Their increased workload, especially in managing net profit and finances, contributes to this trend. As CFO responsibilities continue to expand, alignment with the CEO's goals and confidence in the company's fiscal direction strongly influence their decision to resign (Thomas, 2023).

CNOs, while less likely to leave a hospital or health system, may resign due to job offers elsewhere, career development, CEO conflicts, dissatisfaction, or for personal reasons. The departure of a CNO can impact nurses at all levels, causing emotional strain, reduced morale, and lower productivity. CNO turnover also indirectly affects patient care through disrupted operations, potentially contributing to organizational decline. An older study found over 60% of CNOs surveyed planned to change jobs, with 25% intending to retire (Jones et al., 2009), indicating a concerning trend that has only worsened over time. Therefore, retaining CNOs is vital for continued organizational stability, strengthening a hospital or health system from the top down. This retention is achievable through fostering strong leadership relationships, granting autonomy, ensuring work-life balance, offering attractive locations, and providing competitive compensation packages.

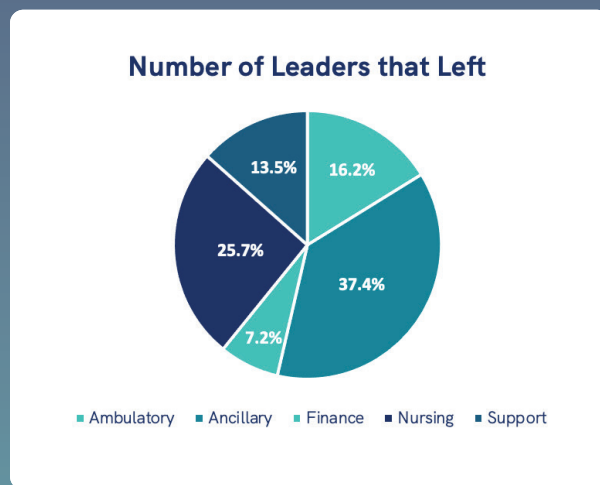
As discussed, when a C-suite executive leaves, it impacts the entire organization, leading to disrupted operations, a sense of uncertainty among employees, and reduced performance. Raising awareness about these challenges and focusing on enhancing staff retention can help hospitals mitigate the disruptive effects of turnover on overall organizational momentum.

Interpretation of Data



A study encompassed a group of short-term acute care hospitals nationwide, with data collected on departmental leaders in each organization for both 2019 and 2022 to observe turnover. These hospitals varied in bed size, ranging from 25 to 694 beds, with corresponding data on bed size and the number of full-time equivalents (FTEs) experiencing turnover analyzed. FTEs were categorized into five distinct department types. Several notable conclusions were drawn from this comprehensive data collection.

Among the hospitals surveyed, turnover varied significantly, totaling 621 full-time equivalents (FTEs). This turnover was comprised of 9.34% (58) Vice Presidents, 23.7% (147) Managers, and 66.99% (416) Directors. Turnover ranged from 7 FTEs in one hospital to 123 FTEs in another. While hospital size seemingly has less impact on turnover for VPs and Directors, there was a notable increase in Manager turnover for hospitals with more than 100 beds (Group 3). Hospitals with over 100 beds saw 251 Managers leave, compared to 44 in the 50-100 bed range (Group 2) and 46 in hospitals with fewer than 50 beds (Group 1). Similarly, there was significant Director turnover across all organizations studied, with Groups 1 and 2 experiencing double the turnover of Directors compared to Managers.



When reviewing the chart below, it becomes evident that Ancillary departments experienced the highest overall turnover at 150 FTEs, followed by Nursing departments at 103 FTEs. This correlation is logical, given the substantial turnover observed among nurses, who predominantly staff these departments. In a separate study, the turnover rate for RNs surged by 8.4%, reaching 27.1% at the beginning of 2023 (Lagasse, 2023).

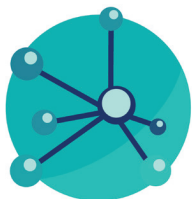
Why do we need leadership development?

Current events have underscored the critical importance of fostering trust within healthcare environments. The recent surge in workload correlated positively with healthcare staff turnover intention, with longer or increased hours exacerbating these tendencies. Working in close proximity to a life-threatening disease also heightened anxiety among staff. Consequently, CEOs faced heightened pressure, as they have been expected to resolve patient and staff complaints, staffing shortages, and financial issues amid unforeseen and unpredictable factors. In these situations, CEOs have felt trapped without viable solutions, leading turnover as they opt to depart rather than remain in untenable circumstances. Addressing concerns at all levels can healthcare organizations cultivate a positive culture, boosting staff satisfaction and reducing turnover intention. For instance, new management initiatives, such as training programs and online webinars, are being aimed at equipping healthcare workers to effectively care for patients and themselves, building a trust-centric environment.

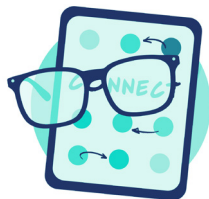
Organizational support can significantly influence turnover intention, particularly in times of crisis. Amidst the challenges faced by CEOs in finding solutions, providing strong leadership to their teams is pivotal in mitigating increased turnover among staff. Transparency in communication, job readiness, and conflict resolution preparedness are forms of leadership support that help to combat the unpredictable nature of healthcare. A trusting and empathetic leadership approach fosters staff motivation and enhances performance.

To implement robust leadership development practices, it is crucial to integrate the five principles of exemplary leadership: modeling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart. Effective leaders cultivate strong teams and forge relationships within them to establish a cohesive shared vision. Furthermore, establishing an engaged and innovative environment, promoting trust, and leading with integrity elevate leadership to a higher standard. Understanding the essentials of effective leadership can diminish turnover by driving staff commitment and alignment with the organizational goals. Essentially, leadership development imbues staff roles with purpose and clarity, answering the "why" behind their work.

ALTIUS' Seven Key Skills for Successful Leadership



Promote Synergy



Connect Through Visibility



Instill Accountability



Integrate Knowledge



Be Engaged



Adaptively Manage



Effective Change

Leadership development improves employee engagement, a crucial factor in addressing turnover challenges. *Effective leaders have the ability to attract, recruit, and inspire high-caliber employees, instilling a sense of value and loyalty among staff members.* Furthermore, leadership development contributes to the cultivation of a robust organizational culture, which not only attracts top talent but also enhances the morale of existing employees. Implementing the strategies outlined in ALTIUS' Seven Key Skills for Successful Leadership empowers management and boosting the significance of their roles within the organization.

1. **Promote Synergy:** allow individuals to leverage their strengths and share diverse perspectives, enhancing overall productivity and quality of work while promoting team balance.
2. **Connect through Visibility:** be accessible and approachable, demonstrating an interest in your team's efforts and wellbeing.
3. **Instill Accountability:** ensure both you and your team adhere to performance standards and established culture.
4. **Integrate Knowledge:** incorporate business, operational, and clinical acumen to master effective oversight while simultaneously promoting continued education for further team development.
5. **Be Engaged:** actively participate and show a keen interest in operations, objectives, and team dynamics.
6. **Adaptively Manage:** lead with authenticity and tailor your management approach to suit the needs/preferences of each individual.
7. **Effect Change:** continuously identify opportunity for improvement and ways to make positive, lasting change.

While complete elimination of turnover is impractical given its natural occurrence in the workforce, proactive measures can be taken to retain leaders and create healthier work environments.

Conclusion

Leadership development improves employee engagement, a crucial factor in addressing After considering the various factors contributing to leadership turnover and potential strategies for mitigation, healthcare organizations should endeavor to undertake the necessary measures to promote enhanced retention practices. Analyzing the different levels of leadership and their intentions for turnover, a holistic understanding of the turnover challenge in healthcare can be attained. Subsequently, prioritizing leadership development across all organizational tiers is imperative, as it not only aids in reducing turnover, but also nurtures a sense of significance among current leaders and increases overall job satisfaction.

[Learn more at altiushcg.com](https://www.altiushcg.com)

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