

The Link Between Morale and Performance

A lesson only just being learned by the health service

When there is generally strong acceptance that happy, motivated employees produce the greatest levels of performance, why do healthcare organisations place so little emphasis in this area? Some organisations may feel that this is an over-generalisation but even those who consider themselves mindful of employee motivation and morale tend to approach the subject very differently from their commercial counterparts. This article seeks to raise awareness around the importance of a motivated workforce, as well as highlight some of the dilemmas existing in the Public Sector.

The Imperative to Consider Morale

Over the previous five years investment in the best companies to work for would have generated a compounded annual return of 12.1%. When compared with the FTSE All Share Index, which actually declined by 5.8% over the same period, it seems that employee motivation and morale produce better financial returns. Many will dispel this as incomparable to the public sector because profit is not the primary motivation. However, we would argue that whatever the 'purpose' of the organisation, the productivity of the workforce is its key to success. In our currently turbulent economic times, this becomes even more important at a commercial level, with companies asking employees to genuinely understand that the future is their future, with no second places or even a point to blaming when an organisation goes into liquidation. The health service, like most public services, has never had to face this harsh reality ...yet.

At the recent NHS Confederation Conference, Andy Burnham, Health Secretary, warned that the NHS could well face real time shortfalls of between £8 and £10 billion in the three years beyond the 2010-11 financial year. David Nicholson CBE, Chief Executive of the NHS, warned of real time cuts, despite political assurances and suggested that all provider organisations needed to get their house in order early. Against the backdrop of ever increasing demand, it is predictable that provider organisations may well see factors that contribute to employee wellbeing and satisfaction as luxuries or nice-to-haves, often first to go under the banner of cost improvement. However, with tightening purse strings, increased demand and increased competition, employee motivation and morale will likely prove one of the important indicators of both survival and thriving in the modern health economy.

As if to echo this thought, Dr Pete Braden, Head of Research at Best Companies Ltd, the organisation behind the Sunday Times 100 Best Companies to Work for, says "There will be winners and losers and, five years from now, the top 100 lists will be dominated by companies which have not just maintained but improved their employee engagement in difficult times."

The Incentive Trap

It is possible that the core issue lies in the use of public money. Is it ethical to use public money to incentivise workers to perform better? We would argue that if this is what it took to produce better performance the expense is justified, in the same way that you would justify paying for training if it produced the goods. However, we also think this misses a vital point; that in the public sector and health in particular, the primary motivators are not money and consequently, pay is of less consequence than some of the less tangible factors such as involvement or contribution.

The danger here is to think that your ability to affect motivation is directly linked to incentives. The lesson against this is another public sector one. Prior to turning up the heat on health, this Government sought to increase performance in the education sector by incentivising teachers with substantial sums, both in basic salary and in performance-related pay. Rather than producing the gains anticipated, if anything it accelerated an exodus of good teachers who felt that their caring, nurturing profession had been turned into something distasteful that it was never designed to be. The intelligent onlooker would have observed that if you were motivated by money, why would you have ever gone in to teaching (or nursing, for instance). When considering motivation and morale, it is important to consider that different people are motivated by different things. Just because you are a financially-motivated, power hungry politician, doesn't mean you can apply the same motivational principles to people who joined health as a source of intellectual stimulation and in whom there is strong motivation towards doing the right and helpful thing towards patients in need.

What Makes Motivation & Morale?

There is a great deal of debate about what factors ultimately contribute to someone's overall motivation. Where's employees of the 100 Best Companies obviously represent strongly motivated individuals compared to the average, it would be wrong not to acknowledge that organisations that aren't good to work for also have individuals within them that are well motivated. What factors drive these people? Arguably, understanding this would be beneficial to the health service, especially as it enters a period of financial famine.

The 100 Best Companies uses an 8 point analysis to determine where in the rankings and employer sits. This is perhaps a useful starting point as collectively we can agree that performance in these factors determines how good a place is to work which in turn determines better performance than the FTSE All Share Index. Those factors are:

Leadership	How employees feel about the head of the organisation, senior managers, and the company's values and principles
My Manager	How employees feel about and communicate with their direct manager
Personal Growth	What employees feel about training and their future prospects
Wellbeing	How employees feel about stress, pressure at work, and work life balance
My Team	Employees feelings towards their immediate colleagues and how well they work together
Giving Something Back	The extent to which employees feel their organisation has a positive impact on society
My Company	The level of engagement employees have for their job and organisation
Fair Deal	How happy employees are with their pay and benefits

Another theory that holds academic weight is that of 'equity' (Adams 1965) or the match between what an employee does and what they perceive as fair, judged by a variety of factors from pay, to what colleagues do, to how much an employer seems to value them. In effect they compare 'inputs' or what they do with 'outcomes' such as pay, other rewards and comparisons. Motivation is highest where a person's input-outcome ratio is similar to that of their co-workers. Ironically, where a person's outcome is very high, for instance in pay, they can become de-motivated through guilt – an important lesson for those trying to incentivise public sector workers with higher financial reward!

Making Sense of Morale

The tricky issue here is that everyone is influenced by different factors. For one person, financial reward may be an overriding driver whereas the next person may find too much financial reward embarrassing and de-motivational. However, what we can conclude with reasonable certainty is that:

- Measuring composite 'morale' is a blunt instrument that tells you nothing about what makes it up for an individual, which is what you need to know for it to be useful
- Determining a 'score' for a factor without determining the relative importance of that factor for the individual is a bit like handing out free £10 notes in the High Street – everyone seems to want one but you can't tell whether it's because they want one, need one or they're just putting their hand up because everyone else is
- To use morale measurement to lead performance improvement means resolving the first two issues

Essentially, morale for an individual is made up of a series of factors that are important to them (the individual), possibly very different from their co-workers and to which they compare desired minimum delivery against that factor with actual delivery. Where the reality is below where it needs to be as a minimum, they experience a negative motivational force i.e. become de-motivated, and where it is greater than it needs to be they experience increased motivation. It is the collection of these positive and negative forces that equate to overall morale.

The Best versus the Rest

High performance organisations don't leave employee morale to chance. Instead they recognise that they can achieve the highest levels of performance, be that financial or otherwise. The rest tend to feel that

morale is more a matter of circumstance and not something they can fundamentally influence or indeed have the moral authority to engage in. However, this is probably why the best are indeed the best and the rest struggle to catch up. What is undoubtedly true is that without an accurate measure of morale, carefully constructed to account for individual differences, the task of improving it is very much like shooting in the dark. Any one for free £10 notes?

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Anonymous, collectively powerful and politically neutral Independent National Morale Survey

Your opportunity to express how you feel without fear of reprisals

We would like to invite all healthcare staff to participate in the Medicology National Morale Study. The study is designed to provide balance and clarity, in response to the official voice that suggests morale is improving.

Using the highly sensitive Medicology Morale Testing Instrument (MTI), the survey seeks to understand whether morale is above or below where it should be as a minimum, as well as what factors are predominantly influencing it at the present time. The results will be utilised to influence healthcare organisations to improve morale, whilst furthering understanding as to how.

Your voice is an important one. It can help influence the future for 1,000s.

Participation is entirely anonymous and takes just 10 – 15 minutes. You can participate by visiting:

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All participants are entered into a free prize draw for a 1-day Medicology course of your choice, worth up to £325 + VAT.



Medicology Morale Testing Instrument (MTI) Sensitive, comprehensive and insightful

Morale is one of the fundamental factors impacting performance, as well as influencing sickness & absence, staff turnover and conflict. Understanding morale in your team is a vital step in performance improvement.

Medicology MTI is a rapidly deployable, web-based morale assessment tool, with significant advantages over other methodologies, including:

- Examines overall morale and the key factors influencing it
- Allows you to assess morale & factors by staff group or type
- Utilises variance, allowing you to assess morale compared to where it needs to be
- Accounts for individual preferences & priorities

By examine the individual factors influencing morale and accounting for what's most important to individuals or groups Medicology MTI is one of the most insightful evaluations you can run on your team, allowing you to develop a truly deep understanding as well as providing guidance on what to do about it.

To enquire further please contact Dr Sara Watkin on 01332 821260 or email her on sara@medicology.co.uk