



## National Laboratory Engagement Group

### Incentive Rewards

Revised November 2013

As part of the 2012 settlement of the DHBs and NZMLWU medical laboratory workers collective employment agreement, the parties agreed to investigate incentive reward systems for medical laboratory's. This commitment was set in the context of a set of agreements and shared commitments, including:

- Both parties desire medical laboratory staff to be willing and able to add value to clinical services, adapt to a changing, and more complex environment, whilst contributing to the improvement of patient outcomes. Similarly, both parties recognise the benefits of a medical laboratory workforce that feels motivated and valued and are committed to pursuing the tangible and intangible rewards that deliver the outcomes specified.
- Both parties desire:...
  - b) To create and maintain a workforce that meets stakeholder needs that will:
    - attract and retain medical laboratory staff and;
    - deliver work/life balance for medical laboratory staff and;
    - Provide a clear and visible career path.
- Both parties recognise that decisions on funding and resource application:
  - Need to be sustainable and balanced in the use of available resources;
  - Recognise the importance in striving for efficiency and the need to balance increasing demands on the medical laboratory workforce with incentives that the workforce values

This paper further explores what incentive rewards in the context of the above should be considered.

“Reward” is defined by the Oxford Dictionary as *“a thing given in recognition of service, effort, or achievement.”* Incentive is something *“Serving to induce or motivate”*.

The use of rewards or incentives provides not simply a tangible asset but a psychological and emotional one also. The feeling of belonging, recognition of contribution and being part

of / sharing a process of mutual benefit, are strong motivators and deliver feelings of wellbeing: the 'feel good' effect mainly due to the release of dopamine in the pleasure/reward centres of the brain. The positive impacts of this process add real value to whole of workplace activities.

### Basic Principles:

- ✓ The reward or incentive need not necessarily be an individualised recognition but could be collectively attributed in respect of a whole laboratory, department or group of individuals.
- ✓ To be fair and consistent, the basis of the reward and what the reward comprises should be defined and demonstrable.
- ✓ Reward need not be financial but could come in a number of forms.
- ✓ No system should risk overworking staff or unsafe work practices.
- ✓ Systems should focus on reward / incentives for work outside core hospital medical laboratory work.
- ✓ All rewards / incentives provided must be demonstrably separate normal resources that come from the DHB.

Many if not all DHB laboratories undertake work outside core health service delivery in the form of drug trials, pre-employment screening, animal testing etc. In providing reward to staff for undertaking this work the DHB can benefit from the positive spinoffs reward systems provide, including in retention, as well as benefitting from overall profitability. We recommend in the first instance that these "add ons" to normal core business be the first targeted for incentive reward systems.

Rewards and incentives can come in the form of direct financial benefits such as profit sharing, time off (e.g. half days or the employees Birthday off), additional CDP/ research opportunities, and social recognition such as staff functions or something special for the staff tea room.

### Examples

#### Present:

Currently an employer also operates a recognition programme to acknowledge achievement, performance and "going the extra mile".

The system has three levels of recognition:

- Spontaneous recognition of desired behaviours and/or performance as and when they happen for individuals or teams.
- Recognition at a national or regional level – for individuals or teams who meet as specified criteria, and includes long-service recognitions.
- Annual Award – for extraordinary contribution, requiring effort that has had, or will have a significant and far-reaching impact.

Rewards and recognitions include:

- Cards, certificates, published in organisation wide newsletter.

- Individual/ team treats – chocolate, coffees, movie tickets.
- Gifts and morning teas/lunch.
- Money/Vouchers

Further to this, they also offer a range of other awards and scholarships, with varying prizes and monetary values.

#### Past:

On the financial benefit issue, a quality and profit share system has previously operated in DHB-NZMLWU agreements and is detailed below for information.

#### Quality Bonus

- A quality bonus will be paid in addition to ordinary salary in accordance with the following provisions:
  - The bonus will consist of two elements, one relating to technical quality criteria which will be based on assessment of IANZ quality programmes in those sections of the laboratory which are IANZ registered. The assessment will be by way of the on-going IANZ audit process. Responsibility for the completion of this audit process lies with the service centre manager. Target performance levels will be to maintain IANZ registration in respect of the quality criteria.
  - The second element of the bonus will be related to service delivery (i.e. satisfaction of users of the service. This will be determined by way of questionnaires targeted at clinical users of the services and those patients who are direct users. Satisfactory performance is defined as the resolution of complaints or sustainable dissatisfaction from users. The time for resolution of such complaints or dissatisfaction will be reviewed by the department head, the Laboratory Manager and the Clinical Head for Laboratory to determine acceptability.
  - The service centre co-ordinator or other authorised person will assess the results on a quarterly basis. Where these targets are not being met for any given quarter, the relevant department within the laboratory will be informed and will have until the end of the next quarter to reach the target.
  - Where the targets are still not being met at the end of the next quarter, the bonus will be withheld from that department until the targets have been reached (as determined from each quarterly survey).
  - The bonus when payable will be set at 2% of direct salary costs for the last financial year, with one quarter of the annual bonus being paid for each quarter.
  - The bonus will be distributed among the staff in the same proportion as the individuals base salaries for the medical laboratory staff.
- The criteria for the quality bonus, as assessed by the questionnaires will not be changed except by agreement.

## Profit Share

- A profit share will be distributed to medical laboratory staff in addition to ordinary salary, in accordance with the following criteria:
  - The net contribution derived from procedures performed for clients outside of the work internal to the employer will be accumulated (i.e. from new competitively bid, non-core business where the revenue arising is not derived from bulk contracts pertaining to the employer's core activities).
  - The net contribution is defined as the revenue from these procedures less all associated direct costs.
  - 15% of this net contribution will be distributed annually to medical laboratory staff employed as at 30 June of the respective year, following the conclusion and finalisation of annual accounts for the year.
  - The pool will be distributed in the same proportion as the individuals' base salaries for the medical laboratory staff for the year.
- The employer will pursue opportunities for new revenue in accordance with its business plan, and will develop marketing plans during the remainder of \_\_\_\_\_. The profit share scheme will therefore commence 1 January \_\_\_\_\_ taking into account any qualifying revenue already derived during the financial year ending 30 June \_\_\_\_\_.
- Where apparent opportunities for earning additional revenue are not taken up by the employer, the reasons for foregoing such opportunities will be discussed with laboratory staff.

## Where to from here?

NLEG is aware that some employers currently operate some form of incentive reward system, at the Laboratory level as well as employer wide. To progress this work stream NLEG request that LLEGS discuss what things they could do to incentivise and reward staff, and to feedback to NLEG what things they (the laboratory and employer) are currently doing. All information provided by LLEGS will be kept confidential.