



# SYSTEMS OF REMUNERATION AND MOTIVATION ON THE EXAMPLE OF EMPLOYEES OF INTERNAL HOSPITAL PHARMACIES IN POLAND – STUDY RESULTS

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## ABSTRACT

In 1991, a process of profound changes in financing and organisational empowerment of health care institutions in Poland was initiated. Functions of supplying with funds (the payer, i.e. the health insurance institution) were taken over by Health Insurance Funds (later the National Health Fund). As a rule, the issues of remuneration and motivation in hospitals are governed by the remuneration regulations. However, the hospital's regulations offer some possibilities to managing persons (directors/managers of hospitals) in the development of systems related to increasing the motivation of its employees.

The main objective of this article is to identify and assess the systems of motivation of employees of internal pharmacies in public hospitals in Poland. The article formulates the desired directions of changes in this regard.

The survey method were used. A total of 60 people employed at hospital pharmacies took part in the study.

The results of research indicate the functioning of traditional systems of remuneration among pharmacists (pharmacy managers and employees) in hospitals. The internal structure of remuneration of employees is not very fragmented and employee engagement and motivation of employees are clearly smaller here.

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## INTRODUCTION

In the last ten years, there has been a change in the functioning of medical units. These changes relate to many aspects, including the management methods. This was reflected by the introduction of multiple improvements in the area of human resources management, including the systems of motivation and remuneration. However, these changes are slow and insufficient, particularly in public hospitals (Karaszewska & Nieżurawska & Zarebski, 20016).

Passing the Act on Health Care Establishments in 1991 (Journal of Laws of 1991, No. 91) marked the beginning of the process of profound changes in financing health care institutions in Poland. The separation of the authority forming the establishment – the owner – from the disposer of funds financing health care services – the payer – was the foundation of changes taking place in health care. This situation forced new behaviour of various groups of stakeholders on both sides (Karaszewska & Nieżurawska 2013, pp. 61–63).

The directors/top management in public hospitals gained new possibilities as regards selecting and using motivation tools, including stimulating through wages rather than specified in the regulations, if so provided for in the internal provisions. This requires a detailed justification, e.g. by lack of a particular group of specialists in the labour market, a particular scope of duties, due to the supervision over the financial management by the owner's body in public entities (Karaszewska & Nieżurawska 2016, pp. 128 – 138).

The aim of this article is to identify and assess the systems of motivation and remuneration of employees of internal pharmacies in public hospitals in Poland. The survey method were used. A total of 60 people employed at hospital pharmacies took part in the study.

## MODERN APPROACHES TO MOTIVATION AND REMUNERATION OF EMPLOYEES

In the modern organisation, one of the most important tasks of top management is to strengthen the motivation and commitment of employees, which in turn will contribute to increasing their productivity, retention of key employees and achieving the enterprise's strategic goals.

Motivation relates to factors that affect people, so that they behave in a certain manner. A motivated person is goal-oriented (Armstrong 2006, p. 56).

Increasing the motivation and commitment of employees causes the so-called discretionary behaviour – contributing to various choices related to the level of effort, creativity, which they will use when performing their work/task (Purcell at al., 2003).

In the literature there are many classifications of motivation tools. The most common seems to be the division into material (including remuneration and non-remuneration) and non-material motivators.

An important type of work motivator is remuneration. More broadly, it is a very important tool for achieving current and long-term goals, and increasing the enterprise competitiveness (Karaszewska 2003, p. 7, Borkowska 2001, p. 9, Sekuła, p. 11).

The very concept of remuneration is ambiguous and could mean, for example, remuneration, more broadly, both remuneration and non-remuneration benefits derived on account of work performed.

Motivating through remuneration is to make them more flexible. Flexible systems of remuneration, in the narrow sense, mean adjusting the level of remuneration to changes in the level of amount adopted as criteria to establish them. Changeability means an upward or downward change in the level of remuneration (Nieżurawska 2010). More broadly, flexible remuneration refers to the system. It means an increase of freedom in adjusting it to the changing conditions of near and further surroundings. This is possible when easing or limiting legal regulations (i.e. a decreasing percentage of employees covered by collective labour agreements). This involves a greater freedom in structuring remuneration packages and individual components of the system of remuneration.

The concept of flexible systems of remuneration sometimes refers to a variety of benefits derived by employees, also non-remuneration benefits obtained under the cafeteria. In turn, in foreign literature cafeteria is identified with flexible benefit systems (Armstrong 2006, pp. 410 – 418, Armstrong 2000, pp.112 – 121).

The flexible concepts of remuneration include remuneration for the effects, remuneration for achievements, remuneration for skills/competencies, remuneration based on market surveys (Karaszewska 2013, pp. 13 – 25, Nieżurawska 2010, p. 208), or cafeteria systems (Nieżurawska 2013, pp. 81-95).

The choice of the concept of remuneration, generated by the degree of the necessary flexibility of the organisation, reflects its remuneration philosophy. To the extent that it is determined by the specificity of the organisation and the surroundings (including mainly by evolving objectives), it may use the above remuneration concepts, while maintaining, as far as possible and reasonable, the principle of complementarity (hybrid models) (Karaszewska 2013, pp. 13 – 25).

#### DEFINITION OF A HOSPITAL (ACCORDING TO THE ACT ON MEDICAL ACTIVITY) AND THE TYPES OF PHARMACIES (ACCORDING TO THE PHARMACEUTICAL LAW ACT)

The normative definition of a hospital is included in Article 2 of the Act on Medical Activity (hereinafter the AMA). It results from this provision that the hospital is an enterprise of a therapeutic entity, in which this entity conducts medical activity in kind of hospital services. Hospital services include, performed round-the-clock comprehensive health care services involving the diagnosis, treatment, care and rehabilitation that cannot be conducted as part of other stationary and twenty-four hours hospital services or outpatient health care services. Hospital services are also services provided with intent to discharge a patient in time not exceeding twenty-four hours.

A similar definition of the hospital was adopted by the Central Statistical Office (Polish: GUS) indicating that the hospital is: “an enterprise of a therapeutic entity or organisational unit of the enterprise, in which the entity conducts medical activity in kind of stationary and twenty-four hours hospital services. Enterprises of therapeutic entities providing only health services with the intent to discharge a patient in time not exceeding twenty-four hours (day care hospitals) are excluded”(www.stat.gov.pl, 2015).

In Article 87 of the Pharmaceutical Law Act various types of pharmacies are identified. The indicated classification includes: public pharmacies, hospital pharmacies and company’s pharmacies (The Act of 6 September 2001 – the Pharmaceutical Law). The main purpose of public pharmacies is to supply the population with various types of medicinal products, officinal and magistral medications, and medical devices as well as performing activities (Article 87 of the Pharmaceutical Law Act). In contrast to public pharmacies, hospital pharmacies are focused on the provision of services exclusively for hospitals or other enterprises of therapeutic entities providing stationary and twenty-four hours health services. In turn, the main customers of company’s pharmacies are therapeutic entities conducting medical activity established by the Minister of National Defence and the Minister of Justice, surgeries, laboratories, sick wards and therapeutic wards, as well as other enterprises of therapeutic entities providing stationary and twenty-four hours health services.

Moreover, the legislator stipulated that in hospitals and other enterprises of therapeutic entities without a hospital pharmacy, its functions are to be performed by the hospital pharmaceuticals department (Article 87 of the Pharmaceutical Law Act).

#### PROFILE AND TASKS OF AN EMPLOYEE OF THE HOSPITAL PHARMACY

In accordance with the requirements laid down in Article 2b of the Act of 19 April 1991 on Pharmaceutical Chambers the pharmacist should have higher pharmaceutical education and completed at least six months of work experience in a pharmacy (The Act of 19 April 1991 on Pharmaceutical Chambers). The wide spectrum of tasks of an employee of the hospital pharmacy includes conducting such activities as: preparation of officinal medications and the assessment of the quality of magistral, officinal and ready-made medications, dispensing of medicinal products and medical devices, which are the subject of activity of hospital pharmacy, supervising the production, trade, storage and disposal of medicinal products and medical devices, cooperation in clinical studies conducted in the hospital, preparation of medications, including cytostatic medications as well as solutions for hemodialysis and peritoneal dialysis, production of infusion fluids, preparation of drugs for parenteral and enteral feeding.

The legislator also defined the duties of the manager of the hospital pharmacy. They include organisational, representative, procurement and control actions, such as: organisation of work in the pharmacy involving, among others, receiving, issuing, storage and identification of medicinal products and medical devices, correct preparation of officinal and magistral medications as well as providing information about medicines, supervision over internships for students and pharmaceutical technicians, providing to the President of the Office information about the undesirable effects of a medicinal product or medical device, providing to authorities of the

Pharmaceutical Inspectorate information about suspecting or finding that a given medicinal product does not correspond to the requirements defined for quality, purchasing medicinal products from entities with legal capacity to sue (pharmaceutical wholesalers), keeping records of persons employed at the pharmacy, withholding or withdrawing from the market and use of medicinal products following the decision of a competent authority.

All the above mentioned tasks are characterised by a high degree of complexity, and a factor necessary for their fulfilment is having specialist knowledge in this area. An employee of the hospital pharmacy must be prepared to perform tasks at each stage of the existence of medicinal products and medical devices, ranging from their production, marketing, storage to utilisation. Often these products are highly specialised, inaccessible to public pharmacies. Therefore, the employee of the hospital pharmacy bears high responsibility, which is one of the main determinants in specifying the competencies required for these positions.

#### SYSTEMS OF MOTIVATION AND REMUNERATION IN HOSPITAL PHARMACIES UNDER THE ACT ON MEDICAL ACTIVITY

As a rule, regulations concerning remuneration for work in hospitals are contained in the remuneration regulations (an internal act provided for in Article 77<sup>2</sup> of the Labour Code) (The Act of 26 June 1974 – the Labour Code). They define the components and principles of remuneration for work and granting other benefits related to employment of employees, for all position groups, based on the applicable provisions and the financial capacity of the hospital. However, general provisions of the Labour Code do not fully cover the issues relating to remuneration for work of hospital employees, including hospital pharmacies. It is necessary to take into account the provisions of the Act on Medical Activity as a specific regulation in relation to the provisions of the Labour Code, taking into consideration the specific nature of the health care sector.

As part of remuneration for work its individual components must be distinguished, which in addition to basic remuneration resulting from the provisions of the employment contract, also include the seniority and jubilee bonuses. The rules for calculating the seniority bonus are determined in Article 65 of the AMA. According to its provisions, the seniority bonus after 5 years of employment amounts to 5% of the monthly basic remuneration and increases by 1% for each subsequent year of employment up to 20% of the monthly basic remuneration, while determining periods entitling to the seniority bonus are governed by the provisions on remuneration in force at a given employer. The jubilee bonus is a form of reward for an employee for many years of employment, the amount of which is determined by seniority. After 20 years of employment its amount covers 75% of the monthly remuneration, after 25 years of employment it reaches a value equal to 100% of the monthly remuneration, after 30 years of employment it amounts to 150% of the monthly remuneration, after 35 years of employment – 200% of the monthly remuneration, after 40 years of work – 300% of the monthly remuneration (The Act of 26 June 1974 – the Labour Code).

## OBJECTIVE AND METHODOLOGY OF THE RESEARCH

The main objective of the research was to identify the systems of remuneration of employees of hospital pharmacies and their assessment in terms of motivation.

The specific objectives include:

1. Determination of employee satisfaction with systems of remuneration in internal pharmacies.
2. Identification of determinants of remuneration in hospital pharmacies.
3. Determination of probable directions of changes in systems of remuneration.

Formulating the recommendation for heads of hospitals/top management relating to the construction of effective systems of motivation was adopted as a utilitarian objective.

The basic study covered the pharmacists – participants of the training organised by the Medical College in Bydgoszcz of Nicolaus Copernicus University in Toruń, which took place in Iława in October 2014. All participants of the training took part in the study. As a result, 60 correctly completed questionnaires were obtained. The study used an auditorium survey method. This article contains fragments of empirical studies.

## STUDY RESULTS

A total of 60 people employed at hospital pharmacies took part in the study, of which 27 (45%) are heads of pharmacies. All the respondents represented public hospitals. Nearly 85% of respondents work in a hospital employing over 250 people.

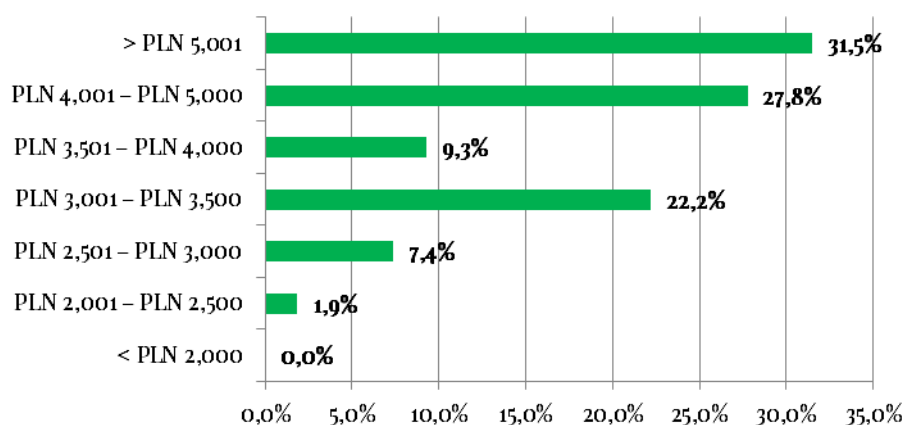


Chart 1. Level of gross remuneration of respondents (in %)

Source: own elaboration based on the survey results.

The vast majority of respondents represented the hospital pharmacies in the Wielkopolska Voivodeship (20%), the Masovian Voivodeship (16.7%) and the Kuyavian-Pomeranian Voivodeship (13.3%). The smallest number of respondents came from the Lower Silesian Voivodeship, the Lublin Voivodeship and the West Pomeranian Voivodeship (nearly 1.7% of responses each) (Table 1).

The level of gross remuneration of respondents amounts mostly to over PLN 5,000 gross (31.5% of answers of all respondents and 51.9% of answers among managers of pharmacies), and in the range of PLN 4,000 - 5,000 gross (27.8% of answers of all respondents and 40.7% of answers among managers of pharmacies) (chart 1 and chart 2).

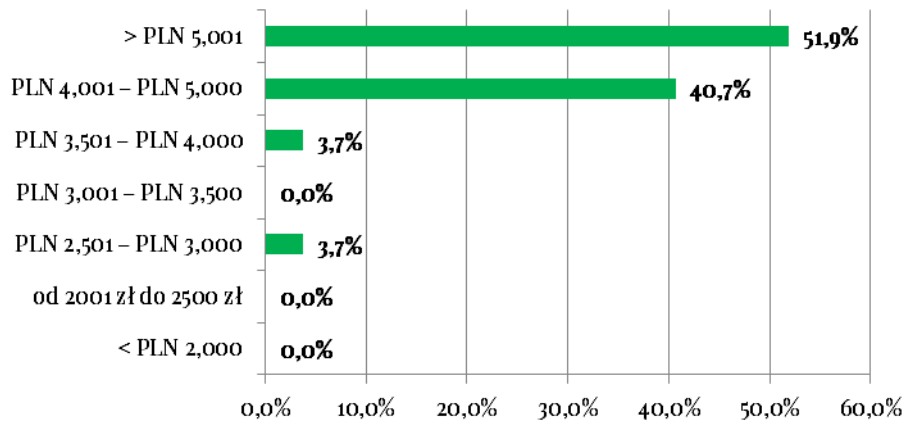


Chart 2. Level of gross remuneration of managers of pharmacies (in %)

Source: own elaboration based on the survey results.

#### SATISFACTION WITH THE FUNCTIONING SYSTEM OF REMUNERATION AND MOTIVATION

In response to a question regarding satisfaction with the functioning system of remuneration and motivation, the vast majority answered “probably not” (43.3%), only 15% of respondents are rather satisfied with the functioning system of remuneration and motivation and 3.3% are definitely satisfied.

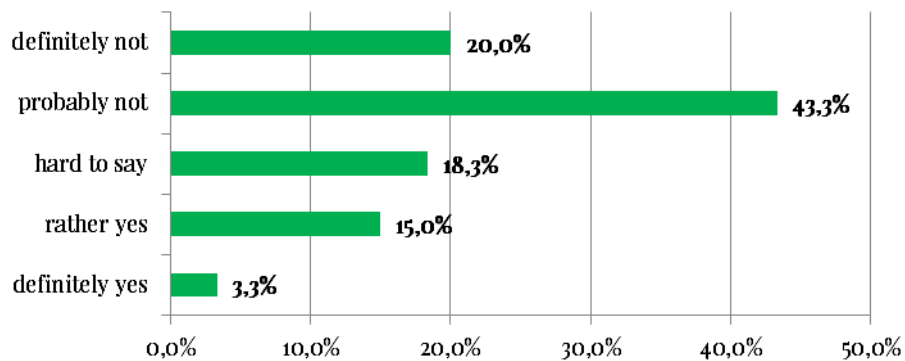


Chart 3. Answers of respondents to the question regarding satisfaction with the functioning system of remuneration and motivation (in %)

Source: own elaboration based on the survey results.

The majority of respondents (85%) indicated that the hospitals do not apply non-financial instruments and their basic remuneration amounts to 80-100% of the total remuneration.

Only 15% of respondents receive non-financial bonuses (they mentioned mainly: training, possibility of using sports facilities, company's phone). Similarly, nearly 70% of respondents are of the opinion that the hospitals do not apply non-material instruments of motivating employees. If any such instruments are used, they relate to good relations in the work environment: good relations with employees (36.6%), good relations with superiors (36.6%) as well as training and development (33%).

Respondents were asked to identify instruments and to give weight to the indicated factors of motivation according to the following principle: 0 - unimportant factor, 1 - important factor, but not the most significant, 2 - the most important factor. When analysing the results of answers to questions that require respondents to prioritise variants of answers (by the importance criterion), the importance (influence) indicator was used calculated according to the following formula:

$$W = \frac{\sum_{i=1}^n n_i w_i}{k N}$$

where:

W – importance (influence) factor;

i – assessment index;

$n_i$  – number of indications of a given factor per i- in this place;

k – maximum score on a scale from 1 to k in the case of importance indicator (sequence indication) and a scale from -k to k in the case of influence indicator;

N – number of respondents who answered the question;

$w_i$  – score corresponding to the place of i factor.

Among the material instruments, the respondents found the level of basic remuneration and benefits (multisport cards, medical cards) as a factor with the most important strength of influence on the level of motivation (importance indicator of 0.84). The respondents found training and development (importance indicator of 0.9) and good relations with employees and superiors (importance indicator of 0.84) (chart 4) as an instrument of the weakest strength of influence on the level of motivation.

The study results point to the fact that the main determinant of remuneration of pharmacists in internal hospitals are formal qualifications (importance indicator of 0.79) and working time (importance indicator of 0.44). Respondents found the work engagement and motivation (0.30) and the labour market (0.28) as determinants of weaker strength of influence. The financial situation of the hospital/pharmacy has proved to be a non-significant factor (influence indicator of 0.11) (chart 5).



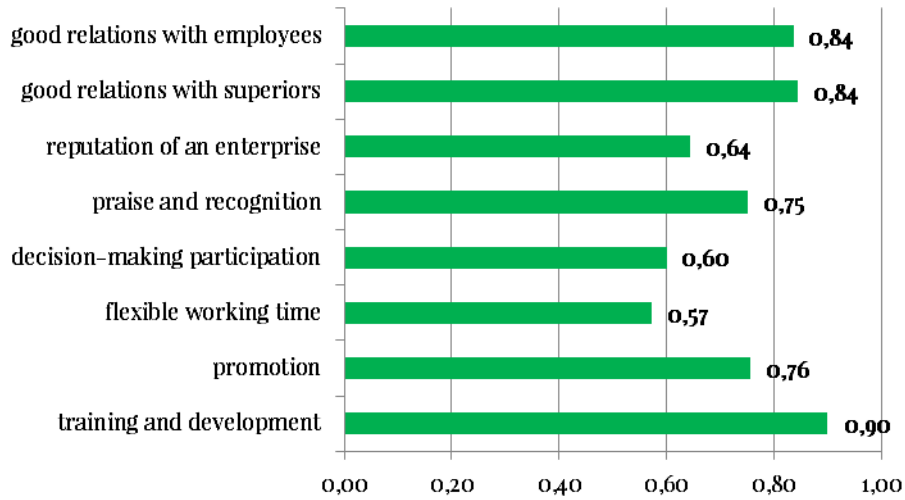


Chart 4. Importance of non-material instruments (importance indicator)  
Source: own elaboration based on the survey results.

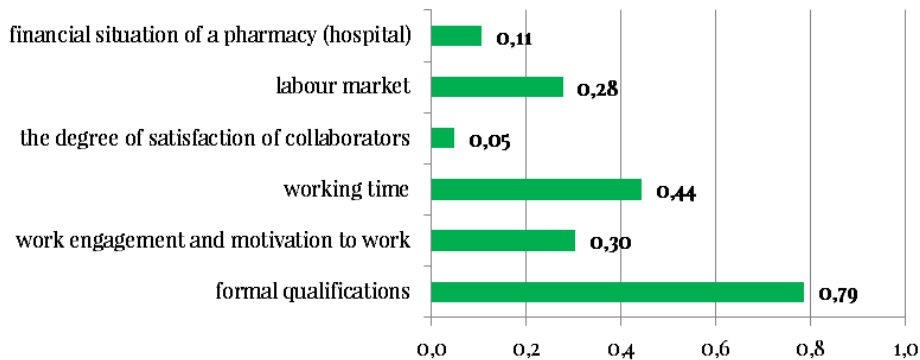


Chart 5. Determinants of remuneration (importance indicator)  
Source: own elaboration based on the survey results.

## CONCLUSIONS AND DIRECTIONS OF CHANGES

The results of studies indicate the functioning of traditional systems of remuneration among pharmacists (pharmacy managers and employees) in hospitals. The internal structure of remuneration of employees of hospital pharmacies is not very fragmented, resulting in a higher proportion of basic remuneration. An additional employee engagement and motivation of employees are clearly smaller here (there is even demotivation present). Particularly worrying is poor utilisation of non-material motivation instruments. In the motivation area, non-financial instruments are occasionally used as material instruments.

The surveyed employees of hospital pharmacies attach considerable importance to the non-material instruments, which should be taken into account when shaping the systems of motivation.

The main directions of changes include building a coherent policy of human resources management, including remuneration and motivation for employees of hospital pharmacies. The portfolio of remuneration by improving remuneration tools (wider range of benefits) should be made more attractive.

Undoubtedly, a large motivation stimulus for employees would be to implement modern systems of remuneration, e.g.: remuneration for competencies or cafeteria systems and building a coherent policy of organisational culture.

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