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**RECRUITMENT AND RETENTION STRATEGIES TO COMBAT  
NATIONWIDE NURSING SHORTAGES**

**By**

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**B.S., Concordia College, Moorhead, MN 1998**

**Presented in partial fulfillment of the requirements**

**for the degree of**

**Master of Business Administration**

**The University of Montana**

**May 2001**

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## **Recruitment and Retention Strategies to Combat Nationwide Nursing Shortages**

Director: Maureen Flemming *MAF*

As the looming nursing shortage that is sweeping our nation becomes more severe and threatens the future of hospitals and the lives of patients, healthcare managers must ensure that proper measures are being taken to effectively recruit and retain key employees. Rural hospitals typically have the lowest reimbursement rates and less ability than large hospitals to pour money into recruitment and retention efforts. This thesis focuses on strategies that hospital managers, specifically those in rural settings, can effectively use to overcome the effects of the shortage.

Current information on the cause and effects of the shortage, and proven recruitment and retention strategies was obtained from newspapers and nursing and management journals. Human resource managers and nursing managers from hospitals in Western Montana were asked to share the effects of the nursing shortage on their organization and the strategies they are planning or have implemented.

Two major conclusions are reached. Recruitment strategies can be beneficial to hospitals only if managers are driven to find employees that fit well with the organization's structure and goals. Once the right employees have been recruited and hired, a nursing retention team must be developed and be responsible for implementing and developing effective retention strategies.

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## **I. BACKGROUND/INTRODUCTION**

### **Nationwide Nursing Shortage**

*“Within the last six months, it has become an emergency. . . it’s just beginning to get critical, and it’s going to get worse” (York 2001).”*

*- Carolyn Williams, dean of University of Kentucky College of Nursing*

A job search for a health care professional position in any database or any newspaper in the country shows a long list of vacant positions. A registered nurse (RN) or a licensed practical nurse (LPN) can get a job in almost any city or town he/she moves to, may get their travel expenses paid for, and even rake in a hefty signing bonus. For specialized professionals such as lab technicians or radiology technicians the opportunities and rewards are double. Ask any administrator and/or nurse manager what his/her biggest challenge is in the year 2001 and the answer will most likely be the difficulty finding qualified employees to fill nursing positions. Nearly every week there are articles in newspapers and health management journals discussing the nationwide nursing shortage, the problems resulting from it, and what can be done to fix it.

State and local legislators are racking their brains trying to find ways to prevent the situation from worsening, and deciding how much government money should be spent on nursing recruitment and education. For example, even though North Dakota ranks third in the nation for nurses per capita, administrators are urgently seeking assistance from the state legislators (Hansel 2001). In Oregon, a report on the nursing shortage states that “Oregon nurses say that too often there are too few of them on duty to provide proper patient care, and they want lawmakers to step in and help cure the



potentially dangerous condition” (Mayes 2001). Senators Russell Feingold, D-WI, and Tim Hutchinson, R-AR, recently issued a letter to President Bush recommending that he address the nurse shortage by increasing funding for Nurse Education Act (NEA) programs by \$25 million and increase funding for the Nurse Education Loan Repayment Program to at least \$10 million for fiscal year 2002 (AHA News).

Orange County, California currently has an estimated 900 nursing vacancies, and an 18% nurse vacancy rate on any given day is not unusual (Reyes 2001). St. Elizabeth Regional Medical Center in Lincoln, NB currently has 46 out of the 435 RN and LPN positions available (Cha 2001). The city of Las Vegas alone has approximately 500 RN positions it cannot fill. In some hospitals around the nation where shortages are most critical, administrators sometimes have to close their facilities to new admissions until their current patients are discharged. *The Wall Street Journal* reported in the article “How to Lessen Impact of Nursing Shortage on Your Hospital Stay,” that an elderly patient in a Boston hospital had to wait forty-five minutes for Tylenol to relieve pain after surgery. Kay McVay, president of the California Nurses Association, reports, “We’ve had patients who have called 911 to get someone to answer their light. It’s a very sad state of affairs” (Parker-Pope 2001). These serious actions, even though in the best interest of the hospital, may even have some legal implications.

The entire country feels the affects of the national nursing shortage, but there are many factors that determine the degree of the shortage for any given area. These include population growth, demographics, unemployment rate, if it is in a rural or urban area, perceived quality of life, cost of living, recreation, and state and local economies. For example, rapidly growing western cities, such as Phoenix and Las Vegas, are attracting

large numbers of elderly/retired people, which increase the demand for health care professionals. Even though these cities have strong local economies and many young workers, demand for jobs is high and unemployment is low, causing an even greater shortage in nurses. On the other hand, smaller, more rural communities located in the Rocky Mountains, for example, may experience much less of a shortage. This is because many people who live in these communities have lived there the majority of their lives and do not wish to move. Rural community hospitals also offer a slower pace of life and/or recreational opportunities. However, rural hospitals do find difficulty attracting and retaining younger nurses who prefer a faster pace of life and possibly higher wages.

### **Nursing Shortage in Montana**

Demand for nurses in Montana is not as high as other states for several reasons. Many western states are experiencing very high growth, including Nevada, California, Arizona, and Colorado. Along with high growth comes high demand for employees, including healthcare professionals. Overall, Montana is not growing as quickly as other states, resulting in less demand for nurses.

Montana also has a relatively low cost of living. This combined with a perceived high quality of life due to the state's beauty and recreation opportunities gives nurses a desire to live and work in Montana. Additionally, rural hospitals benefit from employing nurses who have resided in a small town for many years and have no desire to leave. Marcus Dailey Hospital in Hamilton, MT currently is not feeling the full effects of the nursing shortage. According to Human Resources Director Deb Morris, they currently employ many Hamilton natives. She has not had a problem attracting nurses either

because of Hamilton's location. "Because we are located in the Bitterroot Valley, one of the most beautiful places to live in the country, people naturally want to live here" (Morris 2001).

Rural hospitals do however feel the effects of aggressive recruiting efforts by larger hospitals. This is quite prevalent in western Montana because the larger communities such as Missoula, Butte, and Great Falls are within commuting distance from nearby smaller towns. According to Leah Emerson, Director of Nursing (DON) at St. Luke Community Hospital in Ronan, Mt, they went through a difficult time in 2000 because of nearby St. Patrick Hospital's recruiting efforts. "We lost quite a few nurses last year to Missoula when St. Patrick started aggressively recruiting. They were offering higher wages than we could afford, and the nurses decided it was worth the pay increase even if it means commuting an hour to work every day" (Emerson 2001).

## II. STATEMENT OF OBJECTIVES AND METHODOLOGY

The objective of this professional paper is to collect information from an number of recent and reliable sources and present strategies that hospital and nursing managers can use to effectively reduce turnover and benefit their recruitment and retention efforts. Information is compiled from newspaper articles, online databases, Internet sites, healthcare journals, and management journals.

This thesis focuses on rural hospitals, specifically in Montana, and how they can benefit by using certain cost effective recruitment and retention strategies. Several managers around Western Montana were interviewed, including two directors of nursing and two human resource managers, to examine how local hospitals are adjusting to the nursing shortage.

### **PERSONAL INTERVIEWS**

**Leah Emerson** – Director of Nursing, St. Luke Community Hospital, Ronan, MT.

Interviewed on 21 March, 2001 at St. Luke Community Hospital, Ronan, MT.

**Wayne Fuchs** – Director of Public Relations, St. Luke Community Hospital, Ronan, MT.

Interviewed on 21 March, 2001 at St. Luke Community Hospital, Ronan, MT.

**Karen Lund** – Director of Nursing, St. Joseph Hospital, Polson, MT. Interviewed on 21 March, 2001 at St. Joseph Hospital, Polson, MT.

**Deb Morris** – Human Resources Director, Marcus Daily Memorial Hospital, Hamilton, MT. Interviewed on 22 March, 2001 at Marcus Daily Memorial Hospital, Hamilton, MT.

**Jan Van Fossen** – Human Resources Director, St. Patrick Hospital, Missoula, MT. Interviewed on 20 March, 2001 at St Patrick Hospital, Missoula, MT.

### **III. CAUSE OF NURSING SHORTAGE**

The national economy has been very strong in the past few years. The overall demand for work is high, causing low unemployment and shortages of workers all across the nation. States with low unemployment rates suffer even more. Karl Singer, MD, a family physician in New Hampshire explains his state's situation. "Our state's two percent unemployment rate has led to a very tight labor market in all fields. Employers are struggling to fill their vacancies, and it is relatively easy for employees to change jobs or even move into different fields" (Singer 2000). However, the healthcare industry has been hardest hit. There are many factors causing the national nursing shortage, many of which are difficult to remedy, proving, this shortage is very serious and will take many years to overcome.

We are experiencing an aging patient population with more serious diseases and illnesses. Hospitals and communities are trying to find ways for dealing with this. St. Elizabeth Regional Medical Center and Bryan LGH Medical Center, the two hospitals in Lincoln, NB, are both engaging in multimillion dollar expansion projects to meet the healthcare needs of the city (Cha 2001). Because many of the nation's hospitals have to do the same thing, this alone causes a substantial increase in demand for nurses, as well as other healthcare professionals.

Perhaps the biggest cause of the nursing shortage is the aging baby boomer population in the nursing work force. Baby boomers, who make up a huge portion of the nation's healthcare work force, are quickly approaching retirement and there are not enough young nurses to fill the vacancies. Currently the average age of nurses in

America is forty-five, and an amazing 10% of all nurses are under thirty years old (Butler 2001). Kim Moore, Vice President of Nursing at St. Elizabeth in Lincoln, NB, states that this situation will only get worse. “After 2010, more nurses will be in their fifties and sixties and demand for nurses will exceed supply by twenty percent by 2020” (Cha 2001). The American Medical Association is even more pessimistic. They believe that supply will fall twenty percent below demand by 2010. A recent national survey also found that two-thirds of the nation’s nurses are likely to retire within the next decade (Smith 2001).

Coupled with the aging work force, is the declining number of young nurses coming into the profession. There are three factors causing this, a continuous decline in nursing education enrollment throughout the nation, a lack of master’s level nursing educators, and better opportunities for young graduates.

Not being able to fill their classes and not finding teachers for those classes are haunting nursing schools around the nation. Some nursing schools have closed because of lack of enrollment (Butler 2001). Bachelor’s degree and master’s degree programs are both showing steady enrollment declines. Master’s programs are extremely important because they prepare nursing educators. A recent survey by the American Association of Colleges of Nursing (AACN) found that enrollment in bachelor’s programs fell 2.1 percent in year 2000 and master’s programs fell 0.9 percent, and the same survey last year discovered a 4.9 percent and 1.9 percent decrease, respectively (AACN 2001, 2000).

The nursing profession is plagued with decreasing working conditions, long hours and overtime, and relatively low compensation. RNs with a great deal of experience do not get paid much more than recent college graduates. Additionally, they feel the pay is

not compatible with the amount of hard work the job demands. Leah Emerson believes this is especially true in rural hospitals simply because nurses must have a very wide array of skills and must be able to care for all types of patients in all types of situations. In a recent public hearing for U.S. Senators Paul Wellstone and Mark Dayton, Daniel Peterson, board chairman for the Minnesota Home Care Association stated, “With less money from insurers including Medicare and Medicaid, there is less money to pay nurses. Increasingly they can find better paying, less stressful jobs in other fields” (Evans 2001). A majority of nurses recently surveyed said they would not recommend nursing as a profession to their children (Smith 2001). In other words, the nursing profession is being identified as one that is very physically demanding and requires long hours, and young people are being driven away from it at an early age. Other fields of study seem more attractive. Karl Singer, MD states, “After all, nursing often requires working nights and weekends and, with the current cost constraints in medicine, salaries are relatively limited compared to those of fields such as finance and computers” (Singer 2000).

Technology has played a large role in the decreased attraction to nursing. Years ago, nursing students knew they had basically one career choice after college, to become a nurse. Now, due mainly to technological advances in health care, nursing students have an incredible variety of career options, most of them more attractive than nursing. For example, a young graduate with medical education can go into technology research or sales, both of which are less physically demanding and have much better compensation opportunities (Butler 2001).

#### **IV. Effects of Nursing Shortage**

*“The shortage is particularly worrisome given the growing evidence that the level and quality of nursing care can have a dramatic effect on whether a patient lives or dies. The study (by the University of Pennsylvania) found that adding just one nurse to a patient’s care rotation reduced the odds of a patient dying by half” (Wall Street Journal 2001).*

For hospitals, the national nursing shortage has two underlying effects, which are increased turnover and decreased quality of care. Demand for nurses is high, which means that hospitals are competing heavily to get quality nurses. As competition grows, nurses are being offered more compensation and better benefits. Nurses are clearly in the driver’s seat when it comes to their careers. They can easily move to a different area or to another employer, and get paid the same or better, which leads to increased turnover. The key to surviving any worker shortage is to decrease turnover, which can only be done by effectively recruiting quality people and then using sound retention strategies to keep them there.

Turnover can be very detrimental to hospitals, especially rural hospitals. Because of recent Medicare and Medicaid reimbursement cutbacks, rural hospitals are experiencing much lower profits and tighter budgets. High turnover means increased recruitment and training costs for new employees, which many rural hospitals simply cannot afford. Karen Lund, Director of Nursing for St. Joseph Hospital in Polson, MT, says her recruitment and training costs are as high as \$15,000 to \$20,000 per RN (Lund 2001).

Even if hospitals are able to maintain their turnover percentage, it is not good enough in today’s tight labor market. Jan Van Fossen, Human Resources Director at St.



**Patrick Hospital in Missoula, MT, states that they have sustained a sixteen percent turnover rate over the last few years. However, because of the difficulty in attracting qualified applicants for nursing positions, she claims that St. Patrick's advertising expense has increased from \$38,000 to \$87,000 in just one year (Van Fossen 2001).**

**Not only are hospital's finances suffering from the shortage, but overall quality of care is being compromised also. An important statistic in healthcare is a hospital's nurse to patient ratio. Of course there are other factors involved, but technically, the lower the ratio, the higher the quality of care. A proposed California state law states that hospitals must maintain a ratio of one nurse to every six patients on general surgical units. A California nurse group is suggesting a ratio of one to four, which means that each patient will receive about fifteen minutes of care per hour from a nurse. *The Wall Street Journal* published an article telling patients that they need to shop around to get the best care possible and not just assume they will get quality of care anywhere they go (Parker-Pope 2001).**

## **V. RECRUITMENT STRATEGIES**

### **Recruit the Right People**

*“Everyone wants to be magnificent, and not just ordinary. Unfortunately, often we expect only the ordinary and not the magnificent” (Blanchard & Waghorn 1997).*

The overlying key to an effective recruitment strategy is to recruit the right people. The most important strategy is to recruit and hire employees who are a proper fit to the mission of the hospital and can help meet its goals (Why They Leave, 2000). Too many times employees are hired who do not mesh with the hospital. Just recruiting and hiring the right people can save a tremendous amount of resources, including recruitment and training costs, while at the same time contribute more to the success of the hospital.

### **Signing Bonuses**

Signing bonuses can be an effective tool for recruiting nurses, or at least getting them interested. They work especially well for young nurses with very little money and who are seeking assistance to get started in a new city. However, many hospitals feel that sign-on bonuses are a last resort when fighting the nursing shortage. Managers believe the funds could be better used for other purposes. Most Montana hospitals are not currently offering sign-on bonuses for RNs because the demand has not reached that critical stage yet. Even St. Patrick in Missoula, one of the state’s largest and most innovative hospitals, is not offering hiring bonuses for RNs, says Jan Van Fossen (2001). They are, however, offering bonuses for high demand positions like radiology technicians

and lab technicians. Nurses in cities whose positions are in high demand, such as Los Angeles and Las Vegas, are being awarded hefty signing bonuses. Awards of \$1,000 - \$3,000 are given in exchange for a nurse's two or three year commitment.

Smaller, rural hospitals, such as St. Luke and St. Joseph, have very limited recruitment funds, but may soon find it necessary to attract nurses using signing bonuses. Both Lake County hospitals are not offering hiring bonuses, but Directors of Nursing Leah Emerson and Karen Lund are worried.

We are not currently giving hiring bonuses because in the past, nurses have wanted to work here for different reasons. They love the beauty of this area and living on Flathead Lake. When it comes time that we can't hold out any longer we may be in trouble because we simply can't afford it (Lund 2001).

### **Relocation Assistance**

Rural hospitals are assisting some newly hired nurses in their moving fees. Managers feel that nurses will forget about the signing bonus they received, but instead remember how the hospital invested time and money to help them relocate. In turn, nurses feel that the hospital has an invested interest in them. Karen Lund looks to hire only nurses who will invest at least a couple years of their career to the hospital in exchange for relocation assistance. "I hire people that want to stay. If they can make at least a two year commitment, I always pay for relocation" (Lund 2001).

## **Tuition Reimbursement**

Hospitals in areas with an extreme demand for nurses are adding partial tuition reimbursement to their hiring packages. This is yet another perk nurses are receiving for committing to a hospital for a period of time, and is especially beneficial to hospitals interested in attracting recent graduates who have college loans. It is one of the first things many young nurses look for when applying for jobs. Both Lund and Emerson say they realize the importance of offering this advantage to attract young graduates and plan to soon use this tool to persuade quality nurses to work for them.

## **Compensation Strategies**

In one of their weekly surveys of seventy top business executives, the Providence Business News and Bryant College recently asked what the most important issues are in attracting good employees. The results are as follows:

- Salary (37%)
- Medical Benefits (26%)
- Ongoing Training (16%)
- Flextime (10%)
- Other (11%)

For most nurses, salary and benefits are the major factors in making their employment decision. The most common compensation strategy is to use a pay and benefit package equal to or very close to what competitors are paying. However, hospitals need to be aware of what healthcare wages are in other parts of their state and the country, not just in the local area. Using this strategy will minimize the effects of differing wages being an

issue, and will allow a hospital to focus on the other, perhaps cheaper methods to attract nurses. Some hospitals, especially those that pride themselves on having superior quality of care, may choose an aggressive compensation strategy if affordable. By offering significantly higher wages, the hospital can be quite selective in its recruiting process.

Although a competitive pay scale is crucial, most managers consider it part of their retention strategy, which is where many mistakes are made. Managers assume that nurses will be satisfied with their jobs simply because their wages are high. They should not base their retention efforts on their compensation strategy. Greg Gillespie, Human Resource Coordinator at St. Elizabeth Regional Medical Center in Lincoln, NB, explains, “Money is important only to the point where it helps you make a decision on where you’re going to work, but it doesn’t keep you where you work generally” (Cha 2001).

According to Jan Van Fossen, St. Patrick’s pay scale has always been competitive, but it has made a change that she feels gives the hospital an advantage when recruiting more experienced nurses. RNs coming into the hospital used to start at the bottom of the RN pay scale, regardless of their experience. Because of this, recent graduates were making as much as RNs with 10 years experience. Due to the change in policy, newly hired RNs at St. Patrick now are paid based on their experience, not just by the number of years they have been working there (VanFossen 2001).

### **Internet Recruiting**

The concept of e-recruiting is relatively new to managers and human resource staff. In the past few years, the internet has become the number one resource for both hospitals and nurses for employment. This concept goes beyond posting a classified ad

on the local or regional newspaper website. In an article by John Andrews entitled “Employee Recruitment, Down to a Science,” the new generation of e-recruiting is in the form of internet recruiting services. “Judging by figures reported by companies, including Jobsience.com, Medimorphus.com, Medcareers.com and Hospitalhub.com, health care is steadily turning to the Web to fill jobs” (Andrews 2000). In its first year of existence, Jobsience.com received over 1,000 viewers, and it now receives over two million views per month. Nineteen thousand current job seekers are using Medcareers.com, and Medimorphus.com claims that job seekers and clients are doubling each week.

These Internet companies are doing more for nurses and employers than just providing employment assistance. They want them to use their site for other services such as continuing education units, temporary staffing, candidate background checks, and newsletters.

Rural hospitals can especially benefit from this low cost recruitment strategy. Michael Weinholtz, CEO of Mediorphus, states that “The worker shortage is greatest in rural areas, so they are looking for people from urban areas” (Andrews 2000).

### **Laying the Foundation**

*“We are bringing in high school students to get them involved and excited about healthcare. This is very important to us because so many kids love it here and will eventually decide to stay here, hopefully working for us. We started exploring this last year, and feel it will be a success.”*

*- Deb Morris, HR Director, Marcus Dailey Memorial Hospital, Hamilton, MT*

Children raised in small, rural communities often live their entire lives in the same town. Deb Morris says there are currently quite a few nurses working at the Hamilton hospital who grew up there. To combat the nursing shortage, Marcus Dailey Hospital is using this to their advantage by initiating a School to Work program. Interested high school students get placed in one department every semester and actually get put to work helping out the professionals in that department, where they also receive school credit. Changing departments each semester gives the students an overall understanding of healthcare, and besides being put to work, students are involved in mock interviews and have opportunities to observe medical procedures. The goal of this program is to spark an interest in healthcare early in student's lives, encouraging them to study nursing in college. The School to Work program is administered through Montana Tech University, and students receive scholarships for their Certified Nurse Assistant Program.

Hospitals, colleges, and nurse associations all realize how important it is to get young students involved and interested in healthcare. Joan Meehan-Hurwitz, director of communications for the American Nurses Association (ANA), states, "If you wait too long to get to these kids, they have already started thinking about what they're going to do. It's too late by then to move into the nursing curriculum. They may not have the necessary science or math classes" (Fitzgerald 2000). The National Student Nurses' Association released an MTV-style video last year that is being shown to middle school and high school students all around the country. It gives information about nursing schools and opportunities in healthcare, including specialized care (Fitzgerald 2000).

## **Nursing Education Programs**

A very effective method of keeping a continuous flow of new nurses coming into a hospital is to be involved with nursing education programs at state or local colleges and universities. St. Luke Hospital in Ronan, MT partners with nearby Salish Kootenai College to provide nursing students preceptor based education. Emerson says the goal of this program is to supply the temporary nurse pool with qualified nurses, and eventually hire some of the students as full time employees. “The PRN (on call nurse) pool is very difficult to fill in rural areas. Therefore, educating these students in our facility allows students to become comfortable with the physicians and staff, making them more likely to work for us full time or on a PRN basis when they complete their education” (Emerson 2001).

Van Fossen states that St. Patrick had four open positions in critical care last year and always has a very difficult time recruiting nurses for this specialty area. Because of this they have implemented a critical care internship program, hoping to ease their recruitment burden. This three-month program is open to recent graduates as well as experienced RNs. So far she feels the internship program has been a success (Van Fossen 2001).



## **VI. RETENTION STRATEGIES**

### **The Soft Side of Leadership**

*“Tactical interventions are important, but long-range ongoing strategic interventions will reduce the peaks and valleys of retention problems” (Kerfoot 2000).*

Employee morale, loyalty, and staff development are considered the soft side of leadership. Many managers rely too heavily on retention tactics such as bonuses and tuition reimbursement, and fail to recognize the importance of these aspects of leadership. Although tactics are important in retaining key employees, they will only be effective if they are part of an entire retention program.

Many large organizations currently have retention programs in place. Some of their strategies focus on only retaining physicians, while others try to reach all employees of the organization. Smaller health care facilities tend to not use retention programs, usually due to lack of resources.

To combat the growing nursing shortage crisis, a retention program that focuses specifically on nursing personnel must be established. Nursing staff is in much higher demand and their needs are different from other types of employees. Employee retention programs that are too broadly focused will not be as effective for retaining nurses as those that have specific goals in place.

The overall strategy of a nursing retention program needs to focus on the soft side of leadership. Every aspect of the program should be connected to creating a culture that increases employee morale and their loyalty to the organization, while at the same time develops them as a valued employee (Nelson 2000). If any of the policies within the

retention program are not focusing on one or all of the above concerns, then they must be reevaluated.

Smaller institutions often have a much more difficult time establishing and maintaining retention programs because of a lack of financial and administrative resources, especially programs that are aimed specifically at nurses. This can be a growing concern for managers as many of these small hospitals find it more difficult to deal with the nursing shortage and are constantly being forced to tighter budgets. However, as difficult as it may be to allocate resources to nurse retention programs, making the decision to establish a nursing retention program is the first crucial step in overcoming the nursing shortage. Once this decision has been made, a diverse committee must be formed to oversee the implementation and development of it. The committee should contain staff from all areas of the organization, including administration, physicians, nursing, and human resources. Depending on the resources available, a retention specialist can be hired on a consultant basis or full time.

There are many aspects of a successful retention program, including new hire programs, community builders, rewards/awards programs, fostering open communication channels, education and development programs, job enrichment, job redesign, and customization/flexibility. These programs will be discussed in this section.

## **New Hire Programs**

*“With the mountain of information new nurses must master, it’s no surprise nurse turnover is highest in the first three years after starting a new job” (Cha 2001).*

Some turnover is avoidable among new hire nurses. Some nurses simply desire different experiences or have strong reasons to relocate. However, there is sound evidence that a leading cause of RN turnover is lack of support in adjusting to the new environment (Cha 2001). The focus of a new hire support program is to keep newly hired nurses by helping them adjust to the hospital’s organization and culture, providing them with personal development assistance, and even possibly provide retention bonuses. This program works especially well for young nurses and new nursing graduates.

The core of the program should include providing a preceptor and a mentor for new nurses. The preceptor fosters continuous learning and training for a new nurse and assists them in enhancing their medical and technical skills. Preceptors should be chosen by their skills, experience, and ability to work well and teach younger or less experienced nurses. The difficulty that may arise is the fact that as the nursing shortage becomes more noticeable, current staff are forced to do more work and be more efficient, making it more difficult being a preceptor.

Inexperienced nurses have great risks since their patient’s health and lives are at stake. If nurses feel they are not educated enough or do not have the proper training to deal with certain situations, their job can become very stressful and not enjoyable, and it is likely they will quit. This is why an effective preceptor program is essential for retaining new nurses. Jan VanFossen says she teams up new nursing grads with

preceptors for up to three month, which demonstrates how important they believe preceptors are.

Every hospital has a slightly different culture, and has employees and managers with different personalities and expectations. A mentoring program for newly hired nurses can assist them in learning and dealing with these aspects of their new environment. Rebecca Colvin, a recent nursing graduate and new hire for St. Elizabeth Regional Medical Center in Lincoln, Nebraska, feels the mentoring program she's involved in is a huge benefit to her, and she also saw it as a recruitment tool when looking for an employer. "Everybody I've talked to has really enjoyed the mentoring program. I don't know anyone who's chosen not to do it...I think it would be difficult to stick with it if there wasn't any support and if the environment wasn't so welcoming and so helpful. (Cha 2001).

Another important aspect of new hire programs is a post hire interview. It is extremely beneficial to both the manager and new employee to talk about if the employees expectations of the hospital are being met and what things are occurring that pose potential problems.

Financial incentives, or retention bonuses, can be used in an effective retention program, depending on how aggressive the hospital wants its retention efforts to be. Some hospitals are offering \$1,000 to \$5,000 after committing to three years.

If a new hire retention program is used correctly, it can be very effective in reducing turnover. St. Elizabeth in Lincoln claims it has seen dramatic positive results due to its new hire support program. With turnover as high as 70% prior to the program,

it is now retaining 92% of its new employees, and nurse vacancy rate has decreased by 8% in one year (Cha 2001).

### **Community Builders**

*“It is very difficult to leave when you work with a highly synergized team of nurses, physicians, administrators, and others working for the greater good of patient care” (Kerfoot 2000).*

Programs that create a social community in the work place can have an incredible effect on employee morale and their commitment to the organization and their colleagues. Creating a network of friends is one benefit that not all hospitals can match. Softball games, picnics, volunteer work, ski clubs, and Christmas parties are good examples of activities that help bind employees together. Also, projects that allow employees to work in teams create terrific adhesion in the hospital. Wayne Fuchs, Public Relations and HR Developer at St. Luke Community Health Care Organization in Ronan, MT, states that he has developed a committee that aims at cultivating loyalty to the organization and increasing morale. Plans are underway for next winter’s organization-wide ski weekend and an ice-skating party. St. Luke already offers a quarterly lunch picnic/barbecue and has an excellent Christmas party, which employees look forward to every year. Employees that are involved in these activities develop social ties to the organization and their colleagues, and work is not seen just as a place to put in the time and go home.

## **Open Communication Channels**

*“An approachable boss is often higher on the list of why employees remain at a company than dollars or perks” (Zyska 2000).*

A 1999 survey in the *Wall Street Journal* states that feeling their contributions are not valued, poor communication, and little or no involvement or participation in decision-making are three out of the top five reasons why employees leave their jobs. This shows that communication is a key component to any retention strategy.

First of all, managers need to employ an open door policy, meaning literally that the door to their office is open for employees to express concerns, present new ideas, and share information. Listening to employees and encouraging communication has positive effects not only for the employee, but also for the manager and the entire organization. In a hospital, nurses are the employees working directly with the patients. They hear complaints, experience problems, and see potential problems before they occur. Managers can also gain powerful information from nurses involving employee morale and retention, and can have a head start in solving the issues before they become too extreme (Kerfoot 2000).

Managers need to be proactive in providing open communication channels for nurses, possibly even setting aside weekly or monthly times for employee feedback. An article by Mary Ann Costello in AHA News gives a list of questions that managers can ask employees. These questions are aimed at gaining information about effectiveness of current retention strategies/tactics, finding new strategies/tactics, and including

employees in making decisions about their job and the hospital. The retention committee should review the information gathered. The following are examples:

- What can I do to keep you here and what would entice you away?
- Are you recognized for your accomplishments?
- Does your immediate manager support you in matching your skills and desires to your career goals?
- Are you challenged in your day-to-day work?
- Is the training you want available to you?
- Has your manager helped you develop a career action plan?
- Does your manager give you regular, candid feedback?
- What would make your job easier?

Costello states that even if managers cannot offer some of the things that employees mention, the employees will still feel that they participated and their feelings have been heard. Managers may, however, view radical new ideas to improve operations as criticism, resulting in a closing of communication channels. Therefore, it may be necessary for the retention committee to occasionally listen to employees' views.

Another important aspect is the communication from managers to nurses to inform them on what's going on in the hospital and about current developments. John Welsh, Ph.D, senior consultant with Dallas-based Personnel Decisions, Inc., states that "This makes employees feel that they're trusted to make decisions. And those are the things that motivate people to stay on the job" (Carr 2001).

Focus groups are another communication tool that can be very effective in making a nurse feel that they are contributing. In these weekly or monthly focus group

meetings, nurses can get together and discuss ways that would make their jobs more satisfying. They can also use this time to discuss patient care issues and developing ideas to increase their quality of care. Lisa Werner Carr states that the leader of these groups should be someone with no managerial control over the nurses.

Poor communication can be found between nurses also, especially if they do not understand each other's duties and responsibilities. Nurses must work together and have high levels of communication to provide the best quality of care possible. Many behavior problems stem from a misunderstanding of the complexities of other nurses' jobs, and thus make assumptions with things like why they do not help at certain times. As a result, a breakdown of communication occurs, nurses will not work as a team, and quality of care suffers. Managers should be aware when this is happening, and make sure nurses know the specifics of other's responsibilities to prevent situations like this.

### **Management Training**

Ongoing management training is essential in developing effective organizational communication. Employees need feedback, and they need it in a constructive and positive manner. Another leading reason why people leave their jobs is because they receive little or no feedback on their job performance. Many managers need training on giving effective and productive performance appraisals, providing constructive feedback, and on conflict management. Too often nurses leave their jobs because of conflict with their managers that could have been avoided with proper management conflict training.



Another aspect of effective conflict management that could be implemented is the use of human resources to mediate certain conflicts, which would take some of the clash away from the nurse and the manager. If this approach were taken, human resource staff would need to be involved in conflict management training as well.

### **Continuing Education**

Many hospitals are offering to pay part or all tuition fees for their nurses to go back to school on a part time basis to further their education. Jan VanFossen, says St. Patrick Hospital used to offer only \$300/yr for continuing education, but now allow up to \$1,000/yr assistance. VanFossen feels this has been a very effective retention tool, especially for young nurses, and can be viewed as a recruitment tool also. St. Luke Hospital in Ronan, MT and St. Joseph Hospital in Polson, MT will pay tuition on a case-by-case basis if they feel the nurse is highly valued. St. Elizabeth Regional in Lincoln, NB reimburses nurses as much as \$1,500 per year.

### **Rewards/Recognition Program**

*“Employees must know if they work hard and perform well that they will be appreciated and valued and that appreciation will increasingly be shown in new and meaningful ways” (Nelson 2000).*

Many hospitals currently apply customer appreciation awards such as “Employee of the Month” or “Nurse of the Year”. These programs are effective, but they fail to reach all the other employees who work just as hard. Some awards seem too difficult to get, not motivating the employee at all. An effective program recognizes achievements at a more personal level. The way to implement this is to empower

department managers to reward their employees. A booklet that Joan Lloyd recently published entitled “Tips for Retaining Talented Employees” suggests giving managers an account with funds used for recognizing employee’s efforts to be used at their own discretion. Examples include professional game tickets, dinners for two, theatre tickets, department pizza parties, and even on-the-spot bonuses (Lloyd 2000). Appreciation and excitement for these types of awards will be significantly higher, and in turn, employees will be motivated, which is the whole idea behind the rewards/recognition program. Leah Emerson says managers at St. Luke use this method of issuing awards, and the response has been excellent. Additionally, she claims that managers often send rewards to people’s homes, making them feel even more appreciated (Emerson 2001).

Traditional “Employee of the Month” award programs should not be terminated. People who receive this award are usually outstanding employees and their success and abilities should be recognized on a hospital-wide level. However, implementing a management-controlled rewards/recognition program will prove to be more effective and reach more employees.

### **Job Enrichment**

*“Managers can encourage employee loyalty by helping to build careers instead of offering the most money and the best perks” (Zyska 2000).*

A common cause of turnover is due to nurses feeling a lack of enrichment in their jobs. They feel they are not being challenged enough and are not given enough responsibility. A highly skilled, intelligent nurse will be frustrated with his/her job if they are not given more responsibility. Nurses cannot simply feel they come to work,

take orders, and care for patients. Not only will they have low morale, but efficiency and quality of care will suffer as well. For example, if a hospital has developed a culture that empowers nurses and encourages them to make decisions, they will not hesitate when certain patient care situations call for their help.

Karen Lund, DON for St. Joseph Hospital in Polson, MT, claims that her number one retention strategy is to empower her nurses. Nurses need to be empowered to make decisions about their jobs and retention issues, not just patient care. Retention teams composed of all levels of nurses are an excellent method of giving them more responsibility. These teams can solve many retention problems and are empowered to take action on their own. Karlene Kerfoot explains this by restating comments by D. Laurie in his book *The Real Work of Leaders*.

Leaders must encourage people to become responsible and then give the work back to the people who need to participate in the change. Retention is everybody's business. Too often leaders determine the solutions when the people on the front lines are better prepared to do so. Laurie recommends that the leader resist the temptation to supply answers, and create self-confidence in people that they have the solutions to problems (Kerfoot 2000).

A unique tool used to provide a framework for discussion among nursing staff and retention teams is to develop a resume for each department. Similar to an individual resume, the department resume should include specific information on the department such as number of staff, their work experience, and length-of-stay, as well as

the department's accomplishments, objectives, and long-term goals. This resume provides direction for nurses and their departments, and guides them in making important decisions.

Engaging the "whole person" is a crucial role in enriching nurses' jobs. If the relational side of people's lives is ignored, they feel unattached and unengaged to their work. The workplace will be seen as a place where employees can grow emotionally and spiritually if they can bring their souls to work, not to mention they will be much happier and more productive. Involving family and friends in events, fundraisers, volunteer work, and awards can help achieve this, as well as utilizing career centers and support groups (Kerfoot 2000).

In an article in Minneapolis-St. Paul City Business, Joan Lloyd exemplifies several other excellent methods in creating job enrichment:

- Ask employees who attend a conference to come back and share what they learned with everyone else.
- Create employee-run committees. Some examples are Fun Committee, a Quality Committee, and a Recognition Committee. Involve them in ways they feel they are contributing.
- Give employees some spending authority over some part of their job. Give them a budget they have control over.

Career ladders are yet another extremely valuable concept to augment nurse's careers. Providing a clear structure of possible advancement will encourage nurses to further their training, education and skills, and will alleviate

frustrations of glass ceilings. Merit pay and salary increases can be included as well.

### **Job Design**

An excellent retention strategy is to design nurses' jobs so they are offered enrichment they are unable to receive anywhere else. Many nurses, especially RN's, feel frustrated with their jobs because they are consumed with tasks not directly related to patient care. Managers must design RNs' jobs to use their skills to the greatest advantage. Because RNs are paid high wages, their jobs should be designed to maximize patient care and cost efficiency. For example, RNs doing secretarial work that takes them away from their patients will become frustrated unless their jobs are redesigned to allow them more time with patient care (Kerfoot 2000).

### **Customization/Flexibility**

*"Nurses expect flexibility in their scheduling. We provide the basic guidelines and they work together to set their own schedule. Most nurses choose to work three twelve-hour shifts, then we give them five days off if they want"*

*- Karen Lund – DON,  
St. Joseph Hospital, Polson,  
MT*

Nurses have many different reasons for working. Some have young children who prefer to get off work early and at the same time every day. Others have strong career and/or financial goals and are eager to work long hours. Older nurses have different reasons for working than recent college grads. A rigid scheduling policy will do nothing but force quality nurses to seek other employment (Kerfoot 2000). Adjusting schedules to fit the needs of individual nurses is an extremely effective retention tool. A recent survey

by employee placement firm Robert Half International found that 79 percent of workers surveyed would quit their jobs in exchange for a more flexible work schedule and an amazing 66 percent said they would go as far as to accept a pay decrease for flexibility (Nelson 2000).

To accommodate the needs of nurses many hospitals have switched from the traditional eight-hour, five days a week shift to much less conventional twelve-hour shifts. Actually, most nurses expect twelve-hour shifts when applying for jobs. They feel it provides them more time with patients and increases quality of care, and they also enjoy having four or five days off in between shifts. Managers must decide which tactics would be beneficial and still contribute to the mission and goals of the hospital. For example, giving nurses three twelve hour shifts immediately following a full weekend shift may be detrimental to the hospital's mission of superior quality of care. Some managers are not comfortable with allowing longer shifts. Leah Emerson, DON at St. Luke Hospital in Ronan, MT, wants to stick with the typical eight-hour shifts.

We're holding out (on twelve-hour shifts) for as long as we can. I feel that quality of care is compromised with longer shifts. Sure nurses enjoy their days off, but they get so tired by the end of the third twelve-hour day that they lack consistent quality of care to their patients. This is especially true under stressful and busy conditions"

(Emerson 2001).

Besides scheduling, nurses also differ in their benefit preferences. A nurse who already has health insurance through a spouse will be more motivated by receiving higher

wages or even a different benefit package (Cha 2001). Childcare given to all employees as a benefit will not motivate older nurses. As retaining nurses becomes increasingly important, hospitals that use cafeteria plans will be more common. The key aspect of a cafeteria plan is customization. Much like selecting food in the hospital cafeteria, nurses are able to customize their schedule and benefit package to accommodate their personal needs.

## **VII. CONCLUSION**

**The nursing shortage that is sweeping our nation is having a drastic effect on hospitals and the quality of care patients receive. Hospitals are finding they must turn away patients and even close down entire wings because they do not have enough nurses to fill the demand. Nursing schools, hospitals, and nursing associations are pleading for legislators to delegate funds to nursing programs in attempt to fight this growing problem.**

**The shortage is caused by the combination of an aging work force and a constant decreasing number of nursing students entering the profession. Young people are discouraged from becoming nurses because of the need to work long, hard hours and the relatively low pay. Even nursing students are not interested in nursing because they find better opportunities in such jobs as medical sales and case management.**

**Hospitals, especially those in rural areas, see their profits directly affected by the nursing shortage. Many nurses find better compensation and benefits at other hospitals, causing very large turnover rates. Recruitment and training costs for new employees can range from \$15,000 to \$20,000 per RN, which is extremely harmful to a hospital's bottom line. The overall quality of care that patients receive from nurses suffers from the shortage because nurses are responsible for more patients, allowing them less time and effort for each patient.**

**In a time when quality nurses have many opportunities and it is difficult to attract them, recruitment strategies play a very important part in overcoming the nursing shortage. Offering signing bonuses, relocation assistance, college loan repayment, and tuition reimbursement are excellent ways to recruit and sign new nurses, however, none**



of these tactics will work if a hospital does not have goals to hire the right people who are a good fit to the hospital and its culture.

Once quality people are recruited and hired, there are many different efforts a hospital must take to ensure they stay. Since new nurses, especially young college graduates, are sometimes vulnerable and inexperienced, a program should be developed that provides them with a preceptor and a mentor who will help develop the nurse's skills and make his/her transition into the new work place culture a little less stressful. Managers need to be continuously trained to provide positive feedback, resolve conflicts, properly reward good employees, and improve communication. Nurses' jobs should be redesigned to give them more enrichment and responsibility, which will help them feel that they contribute to the success and future of the hospital. In addition, managers need to be flexible and offer customized compensation and benefits packages that are molded based on individual nurse's needs. The most important retention strategy that must be included in all retention efforts is to develop nurses as employees and as people, focusing on providing an environment that fosters learning, high morale, and loyalty to the hospital.

Utilizing these retention strategies is crucial in retaining key employees. However, without proper management of these strategies by a retention committee, they will be ineffective in that the hospital will eventually fail to recognize the changing needs of nurses. An organization-wide retention team will be effective in small rural hospitals, but because of the significance of the nursing shortage, it is necessary for larger hospitals to delegate nursing retention to a team designed to specifically deal with these issues.

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