Employee perceptions of workforce retention strategies in a health system

ABSTRACT
The quantitative study explores the perceptions of 379 nurses using a survey to assess awareness of, participation in, and effectiveness of 28 workforce retention strategies offered by Queensland Health. Perceptions of workforce retention strategies were also examined to determine if any aspects of the strategy (retention factors) had an influence on turnover intention. The major findings were that respondents were more aware and had participated to a greater extent in those strategies that were included in Queensland Health policy or were part of the nursing enterprise bargaining agreement. Strategies ranked as most effective included those that provided a monetary advantage and to a lesser extent, a professional development opportunity. A positive relationship was found between retention factors and decreased turnover intention.

Keywords: ageing workforce; global financial crisis; talent management

Retaining a skilled workforce and decreasing unwanted employee turnover is an economic and service delivery necessity for organisations. Key to operational and service delivery excellence is high employee retention. Many studies have investigated the job satisfaction/turnover relationship. This study builds on these previous works, focusing on employee perceptions of workforce retention strategies and their relationship with employee turnover intention. Despite the many resources being invested in developing and implementing workforce retention strategies and the dire consequences that may result when turnover is unwanted; it was found that there was a paucity of research regarding retention strategies and turnover intent in Queensland Health. Using this justification, the chosen research approach was driven by four major points; a gap existed in the literature; the importance of workforce retention strategies; development of a conceptual framework as a contribution to theory; and the potential applications of the research’s findings, especially in health services.

Acknowledging the increased interest and the consequent financial commitment organisations make in retaining employees, the obvious question was whether any of this effort made a difference to employee intention to turnover. The contention argued was that workforce retention strategies did have some effect on an employee’s intention to turnover, but that there were probably greater influences on the decision to leave or stay.
The study was conducted within Queensland Health, a department of the Queensland Government, Australia. It is a large multi-layered, diverse and complex organisation employing approximately 74,000 staff members. This diverse group includes clinicians, administrators, operational staff, trades people and artisans in 25 different occupational streams (Queensland Health 2010). The department has 15 health service districts across the state ranging from highly populated metropolitan to sparsely populated rural and remote communities. Services provided include acute care, acute and community based mental health, primary health care in community health settings and population health units (Queensland Health 2008). Queensland Health’s budget for 2011-12 was $11.046 billion (Queensland Health 2011).

LITERATURE REVIEW

As employers grapple with why people leave an organisation, one of the attempts to mitigate the problem is for an organisation to offer workforce retention strategies. Workforce retention strategies for the purposes of this study have been defined as professional development or support opportunities that have been developed and implemented by Queensland Health, for employees of Queensland Health. There are many types of retention strategies that may be implemented. In an effort to shed some light on which are most suitable, the research objective was: To examine the perceptions of employees regarding the effectiveness of workforce retention strategies implemented in a health service.

There were four core concepts integral to this study: turnover and retention; workforce retention strategies; retention factors; turnover intention. For the purposes of this study, turnover refers to voluntary employee turnover (Udechukwu & Mujtaba 2007, p. 165 after Lambert 2001). Retention rate may be complemented by turnover to provide a greater understanding of worker movement, however according to some researchers, it is not simply the opposite of turnover (Waldman & Arora 2004). Retention follows specific people and groups of people over time and there is good evidence that supports the notion that staying and leaving involve different psychological and emotional processes (Mitchell, Holtom & Lee 2001). Turnover and retention were therefore regarded as two
separate processes and not simply the opposite of each other. Workforce retention strategies presented in previous studies included for example improved communication, recognition of roles, adequate staffing levels, supportive management and shared governance (Kuhar, Miller, Spear, Ulreich & Mion 2004; Leurer, Donnelly & Domm 2007; Wilson, Squires, Widger, Cranley & Tourangeau 2008). Whilst these ‘strategies’ are important and must not be overlooked, a different perspective was to consider those workforce retention strategies that were support or development activities or programs which have been developed and implemented by the organisation to retain the employee. Barriers to employees participating in a workforce retention strategy were also considered important to the investigation. To probe these issues, the first research question was: RQ1. What are employees’ perceptions about workforce strategies being used in Queensland Health informed by:

a. Employees’ awareness of workforce retention strategies
b. The level of participation in workforce retention strategies
c. The perceived level of effectiveness of workforce retention strategies
d. The perceived barriers to participating in workforce retention strategies

It is acknowledged that a workforce retention strategy could act on known antecedents of turnover by improving job attitudes, enhancing job characteristics such as job opportunity, or increasing job embeddedness. Rather than studying each workforce retention strategy as a whole, this study aimed to characterise the strategy by introducing the notion of ‘retention factors’. The retention factors were derived from the literature pertaining to Herzberg’s two factor theory of motivation, expectancy theory and equity theory. Traditionally, these three motivation theories have been applied to aspects of an employee’s job, however, it was determined that many of their criteria may be logically applied to aspects of a workforce retention strategy. The adaptation was achieved by tailoring the wording of the item, but keeping the intent of the condition or criteria, as determined by the relevant theory. The association between retention factors and workforce retention strategies was investigated through the second research question: RQ2. How do respondents characterise their preferred workforce retention strategy in terms of retention factors?
Turnover intention was included as a core concept because the study required the investigation of current employees rather than those who had already exited the organisation. Those who had left were difficult to contact and survey. Consequently, turnover intention was the independent variable and its association with the independent variables, retention factors, was explored through research question three. The directional hypothesis was supported by literature findings as they applied to employee retention and turnover (Mobley, Horner & Hollingsworth 1978).

**RQ3. What is the relationship between various retention factors and turnover intention?**

- **H1** There is a positive relationship between retention factors and decreased turnover intention

The literature search and study of relevant articles and texts about the topic ‘workforce retention’, clearly elicited three key disciplines: motivation, turnover and retention. The literature reflected the complexity of the interrelationships surrounding motivation and attempts have been made by some researchers to tie all of the contemporary motivation theories together to explain them (Robbins, Judge, Millett & Waters-Marsh 2008). The three motivation theories chosen as most applicable to this study were Herzberg’s, expectancy theory and equity theory. These three theories were applied to workforce retention strategies to derive the retention factors, as mentioned earlier. Further application of the three motivation theories enabled a more in-depth analysis of the study’s findings. Turnover theory was studied to elicit the most appropriate proximal predictors for use as items to tap turnover intention (Griffeth, Hom & Gaertner 2000). The four items selected were job satisfaction, thoughts of quitting, job search and intention to quit. Retention was chosen as the third important perspective from which to investigate the research problem. Retention of staff and the talent management of skilled practitioners are crucial to sound clinical and service delivery outcomes for a health service like Queensland Health. Studies have found numerous predictors of retention including age, motivation, rewards and job satisfaction (Tourangeau & Cranley 2006; Zurn, Dolea & Stilwell 2005). Further to this, it is acknowledged that there are many complex processes that impact on an employee’s decision to stay or leave an organisation.
The demographic variables of gender, age and tenure were also investigated to determine if they had any influence on the relationship between the independent variables - retention factors, and the dependent variable - turnover intention. This question formed research question four: **RQ4. How does the relationship between retention factors and turnover intention vary when taking into account the demographic variables of gender, age and tenure?** Null hypotheses were chosen because there was a paucity of information in the literature pertaining to these relationships.

- **H₂** Gender does not significantly moderate the relationship between retention factors and turnover intention
- **H₃** Age does not significantly moderate the relationship between retention factors and turnover intention
- **H₄** Tenure (length of time in the location) does not significantly moderate the relationship between retention factors and turnover intention
- **H₅** Tenure (length of time in the profession) does not significantly moderate the relationship between retention factors and turnover intention

The conceptual framework was developed by applying the three motivation theories to workforce retention strategies to derive a set of retention factors. The framework included the relationship between the retention factors as the independent variables and their influence on the dependent variable – turnover intention. The demographic variables of gender, age and tenure, derived from the literature, were included in the framework to investigate whether they moderated the retention factor/turnover intention relationship. It is important to note that the study is exploratory in nature and in no way suggests causality.

**METHODOLOGY**

The research paradigm applied for this study was a positivist approach emphasising a commitment to naturalism and quantitative methods (Neuman 2003; Toma 1997). To ensure the most rigorous design to inform the research questions required surveying a large, geographically diverse, relatively homogenous group of employees. The nursing stream within Queensland Health best met this
population requirement. The sampling frame was all Grade 5 and Grade 6 nurses listed on payrolls (6,300) from eight Health Service Districts, with 3,000 purposely selected for the study. Further to this, three important features were considered in the choice of research methodology. Firstly there was the significant geographic dispersal of the sample across the length and breadth of Queensland, secondly there was the large sample size being targeted and thirdly, the research objective and questions were best suited to a quantitative methodology. It was therefore determined that survey research was most appropriate for this study. A survey was posted (1,500) and emailed (1,500) to 3,000 nurses from Grades 5 and 6 located in 63 sites in eight health service districts within Queensland Health. The overall response rate was 12.6 per cent, n = 379. The survey consisted of four main sections. Section A focused on respondents’ awareness of, participation in, and perceived effectiveness of, 28 retention strategies available to nurses in Queensland Health. This section used dichotomous scales for the awareness and participation questions, and an interval scale for rating the most effective strategy. Section B focused on investigating how respondents characterised their preferred retention strategies in terms of the derived list of 22 retention factors. The retention factors were the independent variables for the study. The dependent variable was turnover intention as this was the phenomenon to be explained. The items chosen to tap this construct were identified in the literature as being the best predictors of turnover (Griffeth et al. 2000), and were selected because they were most proximal to turnover intention. These items were rated using interval scales. Section C focused on identifying the individual and organisational barriers to participation using interval scales and two open-ended questions about personal and organisational barriers to participation. Section D provided general demographic information about the respondent using dichotomous, category and interval scales. The section also included an open-ended question about reasons for quitting in the next 12 months. Four focus groups were used to validate the survey content and the survey pre-testing included face validity, content validity and a pilot study at two sites. The data was analysed using the Statistical Package for Social Sciences (SPSS) version 11.

Checks were firstly made to ensure correct data input followed by response bias and normality testing. Descriptive statistics were conducted on the demographic data and measures of central tendency and
dispersion conducted on the independent and dependent variables, providing a picture of how respondents answered the survey items and the variability in the responses. Factor analysis was applied as a data reduction method and reliability and consistency were checked using Cronbach’s alpha. Multiple regression analysis was used on the independent and dependent variables to investigate the relationship. Moderated multiple regression analysis was conducted to determine if any of the demographic variables influenced the relationship between the independent variables, retention factors, and the dependent variable, turnover intention. Moderated multiple regression analysis was used to investigate the moderator effects.

RESULTS
In the sample of 379 respondents, 90.5 per cent were female, the greatest number of respondents was in the age bracket 41-50 years (35.9%), and the majority of respondents worked in either permanent full time (47.0%) or permanent part time (42.9%) positions. Most respondents were working in Grade 5 positions (59.6%) and of the groupings, most had worked in their current location for 2-5 years (26.2%). By far the greatest group for tenure in the profession were those in the > 20 years category (47.3%). Response bias was checked for the two survey modes, paper-based and on-line, using the independent group t-Test. The t-value for all items was not significant p > 0.05, and therefore it could not be concluded that a significant difference existed between the two groups. Descriptive statistics were conducted on the demographic variables. Measures of central tendency and dispersion were conducted on the remaining dependent and independent variables. Data reduction using factor analysis was conducted on the 22 retention factors – the independent variables, and the four turnover intention items – the dependent variable. Bartlett’s test of sphericity and Kaiser-Meyer-Olkin sampling adequacy indicated that the complete set of intercorrelations was suitable for factoring. This was achieved using principal components analysis (Coakes & Steed 2007) and an oblique rotation. Factor analysis of the independent variables produced four components or factors, representing 67.17 per cent of the variance. Reliability analysis assessing the degree of consistency in the factors was determined using Cronbach’s alpha: 0.92; 0.90; 0.82; 0.64. Factor analysis of the independent variables produced one factor with a variance on 78.98 per cent and a Cronbach’s alpha of 0.91. The
four factors produced from the set of retention factors - independent variables, were labelled; personal, opportunity, workforce retention strategy, fairness. The dependent variable was labelled turnover intention.

Most respondents were aware of, and had participated in, those strategies that were included in Queensland Health policy or were part of the nursing enterprise bargaining agreement. Respondents were most aware of; salary packaging, professional development allowance and performance appraisal and development. The top 3 strategies that respondents had participated in were; performance appraisal and development, salary packaging and professional development allowance. The rank order indicated that most felt that those strategies that provided a monetary advantage and to a lesser extent, a professional development opportunity were perceived as most effective for retaining staff. In consideration of Herzberg’s two-factor theory, this indicated a duality of extrinsic and intrinsic factors. This resonates with findings from studies where it was found that nurses have both intrinsic and extrinsic factors that lead to work satisfaction (Craft Morgan & Lynn 2009). The top 5 retention strategies ranked as most effective for retention were; half pay holidays, salary packaging, professional development leave, cadetships – Indigenous nursing and the professional development allowance. At the other end of the scale, although ranked in the top 3 strategies in which respondents had participated, performance appraisal and development was not perceived as effective, ranking 25 out of a possible 28. Based on expectancy theory where an individual’s belief regarding the likelihood that a particular behaviour will be followed by a particular outcome (Ivancevich & Matteson 1990), these findings may suggest that respondents who have participated in the performance appraisal process did not feel their efforts were rewarded. However it must be acknowledged that there are many other complex factors which may influence respondents perceptions (Smith & Rupp 2003; Steers & Porter 1974).

Perceived barriers were categorised as individual and organisational. Individual barriers were that respondents did not know about the strategies available and there was a perceived lack of time to participate. Organisational barriers were perceived as being that the strategies were not well promoted
and that there was a lack of line manager support. Emerging themes from the free comment section reiterated these findings and in addition, individual barriers included busy with family commitments, not interested in participating and only working in casual or part-time positions. Organisational barriers to participating in workforce retention strategies from the free comments included perceptions of a heavy workload, short of staff, bullying and lack of leadership. Regarding inequity, it was noted that respondents felt barriers to participation as a result of being unfairly treated, or when preferential treatment was given to another staff member. This may be explained when examining these findings with regards to equity theory where efforts expended and rewards received were compared to others in similar work situations (Ivancevich & Matteson 1990).

Retention strategies producing retention factor outcomes and characteristics from the respondent’s personal perspective were rated highest. These included: I invested effort...; My performance...; I felt personal gain...; I felt some level of achievement... Nurses taking responsibility and personal credit for achieving in a workforce retention strategy may find this assists them to cope in a challenging environment. Findings indicated that turnover intention was most strongly positively correlated with retention factors that offered some type of opportunity for advancement or recognition to the respondent. Examples included: receiving recognition; increased work responsibility; possibility of advancement; possibility of growth as a result of participating in a workforce retention strategy. A Pearson product-moment correlation was conducted on the independent variables - retention factors, and the dependent variable – turnover intention to investigate the first hypothesis $H_1$. It was found that higher retention scores were positively correlated with lower turnover intention, thus supporting $H_1$. Although the relationship between the independent variables and the dependent variable was significant $p < 0.000$, all the independent variables together only explained 22.4 per cent of the variance in the dependent variable, turnover intention. This reiterated the complexity of the relationship including the acknowledgement of many other influences in the mix. Moderated multiple regression analysis was used to explore the moderator effect of the demographic variables; gender, age and tenure, on the retention factors/turnover intention relationship. Three models were tested for each moderator variable to determine if there was any influence on the relationship by noting changes in the
beta coefficients, $R^2$, and taking into account the significance of the change where $p < 0.05$. Of the three demographic variables, only gender had a weak main effect $p < 0.10$. It was therefore determined that the demographic variables did not significantly moderate the relationship between the retention factors and turnover intention. Consequently, the null hypotheses $H_2$, $H_3$, $H_4$, and $H_5$ were unable to be rejected.

The findings from the research questions have contributed to the further development of the conceptual framework regarding retention factors and their impact on turnover intention. The study’s findings have enabled articulation of specific retention factors that have influenced employees’ turnover intention and perceived barriers to participation have been identified. Exploration of the moderating effects of the demographic variables provided new insights about whether they influenced the retention factor/turnover intention relationship and a number of emerging themes as to why nurses may quit in the next 12 months was also divulged. Three of the most concerning findings from the survey were that generally most respondents thought about quitting, generally many respondents were motivated by the economic downturn to stay with Queensland Health, and slightly more than half had intentions to quit within the next 12 months. It is salient to note that the ageing workforce also impacts on this cohort’s intention to quit in the next 12 months. Queensland Health’s ongoing commitment to recruit new staff and promote nursing refresher skills programs was acknowledged.

As a result of this study, five recommendations for consideration were suggested: 1) Develop and implement a campaign aimed at promoting and recognising the role of nurses, especially Grades 5 and 6; 2) Ensure the organisation’s response to feedback sought is acted upon in a timely manner; 3) Invest in designing or updating workforce retention strategies that include the identified retention factors positively associated with decreased turnover intention; 4) Offer the opportunity to participate in workforce retention strategies as part of an overall employee retention framework; 5) Develop and implement a targeted Retention Management Policy. All of these recommendations would be generalisable to the wider nursing community.
CONCLUSIONS

The contention argued that workforce retention strategies have some effect on an employee’s intention to turnover, but there are probably greater influences on the decision to leave or stay has held true. Respondents were aware of and had participated mostly in those strategies that were Queensland Health policy or part of nurse enterprise bargaining. Strategies that provided a monetary advantage, and to a lesser extent a professional development opportunity, were perceived as being most effective for decreasing intentions to quit. The most common individual barriers were not knowing about the strategy, or not having enough time to participate. The most common organisational barriers were that strategies were not well promoted and a lack of line manager support to participate. Retention factors from the respondents’ personal perspective were rated highest as characterising their preferred retention strategy, and opportunity type retention factors were most positively associated with decreased turnover intention. The demographic variables gender, age and tenure did not significantly influence the relationship between retention factors and turnover intention.

Organisations world wide agree on the importance of retaining a skilled workforce and decreasing unwanted turnover, especially within the global marketplace and in such turbulent times. Although much effort has been invested in employee retention, organisations like Queensland Health are still challenged by the loss of talent and shortage of staff. This study has demonstrated that workforce retention strategies do have some effect on an employee’s intention to turnover, although it is acknowledged there are many other influences. The findings have potential for application in the Queensland Health milieu. They have set a solid base for future investigations and expanded research opportunities, whilst shedding a little more light on this complex relationship.

LIMITATIONS AND FUTURE RESEARCH

Caution must be exercised when applying these findings to other settings because the study was conducted within one organisation, Queensland Health and focused on one occupational group – nurses. Other limitations were that the study was undertaken against the background of severe economic changes during the height of the global financial crisis. Further to this, survey methodology
has limitations including common method bias due to the self-report aspect (Podsakoff, MacKenzie & Lee 2003). As a result, generalisation of the research findings should be approached cautiously; however the survey instrument could be applied to other organisations. A number of opportunities for further research have arisen as a result of this study. The research methodology may be applied to other occupational groups within the organisation to investigate their perception of workforce retention strategies with the intent of developing strategies with preferred characteristics to decrease turnover intention. Focusing on one workforce retention strategy and investigating the effect of various retention factors related to that particular strategy on turnover intention could lead to a more controlled study. This may provide more insight to the questions surrounding causality and the antecedents of turnover intention. The open ended question section enriched the quantiative findings. To widen the research opportunities, the emerging themes from the free comment sections could be expanded through a qualitative methodology approach within an interpretivist or critical research paradigm.

REFERENCES


Ivancevich, JM & Matteson, MT 1990, Organizational behaviour and management, Second edn, BPI Irwin, Boston.


Neuman, WL 2003, 'Qualitative and quantitative research designs', in *Social research methods, qualitative and quantitative approaches*, 5th edn, Allyn & Bacon, Boston, pp. 137-68.


Udechukwu, II & Mujtaba, BG 2007, 'Determining the probability that an employee will stay or leave the organization: A mathematical and theoretical model for organizations', *Human Resource Development Review*, vol. 6, no. 2, pp. 164-84.

