CHAPTER 3

EMPLOYEE TURNOVER, EMPLOYEE RETENTION AND HEALTHCARE SECTOR

3.1 SERVICE SECTOR IN INDIA

The services sector constitutes a large part of the Indian economy both in terms of employment potential and its contribution to national income. The sector covers a wide range of activities from the most sophisticated in the field of Information and Communication Technology to simple services pursued by the informal sector workers.

Service sector in India is also called tertiary sector, is a major contributor of Indian economy. 55 per cent of Indian GDP comes from service sector. (Times of India, 8 February 2013). Growth is about 8.9 per cent against 10.6 per cent last year. The tertiary sector of industry involves the provision of services to other businesses as well as final consumers. Services may involve the transport, distribution and sale of goods from producer to a consumer, business process outsourcing, IT/ITes services, banking services, tourism, retail services, hospitality services, healthcare services etc are few examples which come under this sector. Other two sectors are primary sector (such as mining, agriculture fishing etc.) and industry (manufacturing) sector. The services industry is one of the largest and fastest-growing sectors in the global market. Its contribution to the Indian economy is particularly significant, with regard to employment
potential and impact on national income. About 80 per cent of India's total exports are dominated by high-skilled services, such as software business services, financial services and communication services (http://www.ibef.org/industry/services.aspx).

The major sectors that combine together to constitute service industry in India are listed below.

1. Healthcare & social assistance
2. Information Technology
3. Trade
4. Education
5. Financial services
6. Media
7. Hospitality, accommodation and food services
8. Entertainment, culture and recreation
9. Transportation and warehousing
10. Storage
11. Communication
12. Tourism
13. Public utilities
3.1.1 **Attrition Rate in Service Sector**

Service sector in India is confronted with high attrition rates. Attrition rate was highest in IT/ITes sector at 23 per cent, banking and financial services, 18 per cent, Healthcare, 12 per cent and FMCG, 11 per cent in the year 2010-11 (moneycontrol.com/news/business/it-ites-sectors). According to The Economic Times, 19 July 2011, IT/ITes and healthcare sectors are witnessing the highest attrition rates.

3.1.2 **Healthcare Sector**

Most important and inevitable among service sector is healthcare sector. Though we have rapidly progressing private healthcare sector, hospitals are not able to provide patient satisfaction with respect to the quality of service they are providing. In order to provide the patient satisfaction, employees must be satisfied first. It is imperative for the management to understand the perception of employees with regard to the retention strategies, hr practices, work environment, training and development opportunities, career advancement opportunities etc. Conducting employee satisfaction surveys would be a right approach as a solution. Due to the increasing health care issues and rapidly spreading diseases, the healthcare sector has become an inevitable aspect. There is a growing concern for quality services and treatment.
Indian healthcare sector has the potential to become a global healthcare destination. India has the modern medicine combined with traditional therapies. The top private hospitals in India not only have the best-in-class medical infrastructure and technology such as 64 slice CT scans, computer navigated surgery suites and world class physicians on board. There is a ‘reverse brain drain’ in India in healthcare sector where top Indian doctors who were settled abroad are returning to our country. There is a tremendous growth in medical tourism.

Universal healthcare in India is still a challenge for the government because the system does not meet the basic minimum standards and is underfunded, understaffed, undersupplied with medicines and surgical equipments. A large percent of the earnings of an ordinary citizen is spent on healthcare. Private healthcare facilities are immense in amount in urban locations and are expensive to meet the demands of an average citizen.

70 per cent of the Indian healthcare is comprised of private healthcare. Research in areas related to healthcare is conducted by Indian Council for Medical Research (a Government of India agency). Given our population size and ethnic diversity of our country, India has become a big destination for clinical trials. Government of India gives incentives for research and development in health and pharma related research and expenses incurred on pharma R&D are tax deductible. According to Debasish Mishra, Executive Director Partner, PricewaterhouseCoopers India, there is a need for strategic planning to improve the level of research and to collect and disseminate the findings from small community based projects. To improve the efficiency of research in our country, network of research and innovation centers called, ‘knowledge clusters’ should be
created. All large hospitals review events within the hospitals and institute appropriate corrective measures by conducting internal clinical audit processes. Due to the growth of private sector, availability and quality of the healthcare services has been improved. Success rates in India are equal to or better than healthcare services in developed countries. There is an increase in the employment due to the growth of private sector in healthcare which made service sector ranked as second largest employer of India.

Healthcare sector in India is attracting investors inside as well as from outside India. There are tie ups with foreign universities and medical institutions which has lead to a significant improvement in the quality of health care services. This trend is high in metropolitan cities and tier II cities where there is immense demand for quality health services.

India has about 12,760 allopathic government hospitals, with a bed capacity of 5.76 lakh (Source : Ministry of Statistics and Programme Implementation 2010). In India, a typical hospital needs to comply with several acts such as law related to governing the commissioning of hospital, law governing storage/ sale of drugs and safe medication.

3.1.2.1 Current trends in Indian healthcare sector

Patient participation is another trend in Indian healthcare sector. Patients are becoming more aware of the opportunities and quality providers due to the growth of technology and media. According to Debashish Mishra, Executive Director Partner, PricewaterhouseCoopers India, current trends that are shaping Indian healthcare sector are:
1. Higher economic growth and higher disposable income of the Indian citizens are leading to higher per capita health spend.

2. There is changing profile of disease from more infectious diseases to more lifestyle diseases.

3. A growing concern is health status of the urban poor due to the increase in migration to metro cities, which have congested and unhygienic living conditions.

4. Several qualities of service issues created by private sector.

5. Upcoming public private partnerships.

6. Increased penetration of private health insurance.

7. Government schemes for healthcare delivery and health insurance for the poor.

8. Private equity players pay keen interest in investments in healthcare delivery.

(http://www.asianhhm.com/healthcare_management/state-indian-healthcare.htm)

3.1.2.2 Types of hospitals in India

A hospital is a healthcare organisation which provides treatment to the patients with specialized staff and equipments. Indian healthcare is comprised of public hospitals and private hospitals. Public (government hospitals) provide free or low cost patient care to the public.
Private hospitals are expensive but people perceive that the treatment provided by private hospitals is much superior compared to the service provided by government hospitals. Specialized hospitals include hospitals meeting the special needs such as trauma centers, rehabilitations centers, psychiatric hospitals, children’s hospital etc. Medical facility which is much small in size is generally termed as a clinic. Multi-specialty hospitals are those hospitals which provide particular types of services in specialized areas such as cardiology, eye care, cancer, psychiatry etc under one roof. Due to this concentration, multi-specialty hospitals are having their cutting edge over general hospitals.

Multi-specialty hospitals are multifaceted healthcare institutions that include every branch of medicine and surgery under various departments all under one roof. There is a surge in the number of multispecialty hospitals in India over the last decade that has improved the healthcare system to a great extent. Rendering quality treatment has become the goal of these hospitals. These hospitals are specialized health centers that deal completely with the diagnosis and treatment of every possible healthcare situation. These institutions provide quality treatment to massive patients and are equipped with a large number of specially trained staff who are experts in their areas. Many more multi-specialty hospitals are intended to emerge in the suburbs of cities and in rural India, where there is a high need for the same.

Some of the leading multi-specialty hospitals in India are listed in Table 3.1.
Table 3.1  Leading multi-specialty hospitals in India

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Multi-specialty Hospitals</th>
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<tr>
<td>1</td>
<td>Medanta- Medicity Hospital</td>
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<tr>
<td>2</td>
<td>Apollo Hospitals</td>
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<tr>
<td>3</td>
<td>Fortis Healthcare</td>
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<tr>
<td>4</td>
<td>Artemis Health Institute</td>
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<tr>
<td>5</td>
<td>Batra Hospital and Medical Research Center</td>
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<td>6</td>
<td>Health Care Global Enterprises Ltd. (HCG Hospitals)</td>
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<tr>
<td>7</td>
<td>Manipal Hospitals</td>
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<tr>
<td>8</td>
<td>Columbia Asia</td>
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<tr>
<td>9</td>
<td>Narayana Health</td>
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<tr>
<td>10</td>
<td>Ramaiha Hospitals</td>
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The multi-specialty hospitals in India have eminent physicians from across the globe who are specialized in their respective areas of expertise. All these multi-specialty hospitals are well equipped with latest technology, most advanced laboratories which performs all kind of testings. For example, Fortis Escort Heart institute is supported by an advanced laboratory which can perform tests in the field of Nuclear medicine, Radiology, Biochemistry, Haematology etc. These multi-specialty hospitals intents to bring world class medical care within the reach of common man in India. HCG hospitals are specialists in cancer care with 25 centers across India. Each centre is provided with a business system, management expertise and capital resources that bring patient focused and state-of-the art cancer care to the patients. Twelve top players amid multi-specialty hospitals in Bangalore are listed in Table 3.2.
Table 3.2 Twelve top players in Bangalore

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<tr>
<th>S.No.</th>
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<td>1</td>
<td>Fortis Hospital</td>
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<td>2</td>
<td>Apollo Hospitals</td>
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<tr>
<td>3</td>
<td>Manipal Hospital</td>
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<tr>
<td>4</td>
<td>NIMHANS (The National Institute of Mental Health and Neuro Sciences)</td>
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<tr>
<td>5</td>
<td>Narayana Health</td>
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<tr>
<td>6</td>
<td>HOSMAT (Hospital for Orthopaedics, Sports Medicine, Arthritis, Neuro &amp; Accident-Trauma)</td>
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<tr>
<td>7</td>
<td>Columbia Asia</td>
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<td>8</td>
<td>Sagar Hospitals</td>
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<td>9</td>
<td>Vikram Hospital</td>
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<tr>
<td>10</td>
<td>Greenview Medical Center</td>
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<tr>
<td>11</td>
<td>Bangalore Hospital</td>
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<tr>
<td>12</td>
<td>Mallya Hospital</td>
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3.1.2.3 Features and facilities of multi-specialty hospitals

Though we perceive that multi-specialty hospitals are all private hospitals, Tamil Nadu Government multi-super-speciality Hospital is an exception. It is a 400-bed government-owned super-speciality hospital in Chennai, India, located at the Omandurar Government Estate on Anna Salai and was opened in February 2014 as a referral hospital. The facilities at this hospital include 14 dedicated operation theatres, laboratories,
CT scan and MRI scans, a 500-seater conference hall. It also has a hospital management information system with a storage capacity of 60 terabytes specifically to store patient information.

Some of the equipments and technology available at Apollo Hospitals, Bengaluru include

1. Thallium Laser-First in India
2. Holmium Laser-First in South India
3. Digital X-Ray-First in Karnataka
4. 64 slice CT angiogram
5. 1.5 Tesla MRI
6. Low energy & High energy linear accelerators
7. Navigation System for accuracy in surgical procedures
8. 4-D Ultrasound for 4 dimensional sonography
9. Digital fluoroscopy
10. Gamma camera


One of the flagship centres of excellence at Apollo Hospitals, Bangalore has the ‘The Minimal Access Surgery Center’ (MASC) which is dedicated to the practice of surgical techniques that are least invasive for
the patient. The benefit of this facility is that the patient recovers faster, safer and with fewer long-term consequences of the surgery. Surgery has been advanced by the availability of laparoscopic technology, video imaging capabilities, harmonic scalpel ("cold scalpel") for cutting and coagulation and an ever-expanding base of surgical experience. Surgeons are routinely using these techniques in almost all surgeries.

The National Institute of Mental Health and Neuro Sciences (NIMHANS) is a multidisciplinary Institute for patient care and academic activities. Multidisciplinary integrated approach is the main approach of this institute.

Narayana Health is one of India's largest and world's most economical healthcare service providers. Equipped with all super-specialty and tertiary care facilities that the medical world has to offer, it is now a one-stop destination for any healthcare requirement a common man needs. Facilities offered by Narayana Health are: super-specialty tertiary care facilities in areas of specialization including cardiac surgery, cardiology, gastroenterology, vascular, endovascular services, nephrology, urology, neurology, neurosurgery, paediatrics, obstetrics & gynaecology, psychiatry, diabetes, endocrinology, cosmetic surgery and rehabilitation, solid organ transplants for kidney, liver, heart and bone marrow transplant as well as general medicine.

Hospital for Orthopaedics, Sports Medicine, Arthritis, Accident-Trauma, Hosmat Arthritis and Joint Replacement Centre (HOSMAT Neuro Centre and HOSMAT Spine Centre) is another popular super major speciality hospital. It is the first comprehensive hospital in India which specializes in Orthopaedics, Sports medicine, Arthritis, Accident, Trauma
and Neurosciences. HOSMAT offers the best of expertise and skill, current technology in treatment and human relations, to their patients.

Columbia Asia hospitals are designed carefully for the needs of patients and built for maximum comfort and efficiency. Being highly patient focused hospital, patients of Columbia Asia benefit from advanced medical diagnostics, treatment and the personal care.

Vikram Hospital, one of the largest private hospitals in South-of-Karnataka offers tertiary and quaternary healthcare services to patients. The Hospital provides high-quality care in all clinical disciplines and has outstanding specialised treatment facility for Cardiology, Cardiac Surgery, Neurology, Neuro Surgery, Center for Stroke and Epilepsy, Orthopaedic and Trauma Care, Spine Surgery, Bariatric and Metabolic Surgery, Gastroenterology and Hepato-biliary, Nephrology, Urology, Critical Care, Pulmonology, Endocrinology, Maxilofacial, ENT, Plastic Surgery, Medical and Surgical Oncology, Gynaecology, Cosmetaology and Dermatology Center.

The Bangalore Hospital, established by Sushruta Medical Aid and Research Hospital Limited, renders services in almost all faculties of medicine and surgery including super specialties such as Cardiology, Cardio Thoracic surgery, Neurology, Neuro surgery, Nephrology and Renal transplantation, Gastroenterology, Radiotherapy, etc. under one roof. Hospital has the most advanced and sophisticated diagnostic facilities.

Mallya Hospital in Bangalore has grown over the years with substantial increase in bed strength, infrastructure and quality patient care with human touch using state-of-the art technology with quality health care under one roof. Mallya hospital is the first Multispecialty hospital in the
country to receive the coveted ISO-9002 certification award and recently upgraded to ISO 9001:2000.

3.1.2.4 Challenges faced by hospitals

According to Prathap Reddy, founder of Appollo hospitals one of Asia’s largest health care groups with more than 10,000 beds across 55 hospitals and a host of health care services, biggest challenge in health care is to increase quality supply while ensuring that it is affordable to a large number of patients who are currently not served, underserved or poorly served. This has been the focus of hospitals and changes in the consumer’s preferences are leading towards new demands in the healthcare delivery. Changing demographics is another challenge faced by healthcare sector. According to him, Indian healthcare is on a brisk of revolution. Opportunity, entrepreneurship and a facilitative environment will lead to Public-Private Partnerships (PPP) and many more novel health care delivery models are expected. Hospitals have the responsibility to the patients first and then towards the investors. Government is expected to play a crucial role in coming with regulations in private sector (http://knowledge.wharton.upenn.edu/article/apollo-hospitals-prathap-reddy-preparing-tomorrows-health-care-problems/).

Another challenge faced by Indian healthcare is to make the services available to all equally, to rich and poor in urban or rural areas. Yet another challenge is to ensure the consistency of quality care across the nation and reduce the cost without compromising on quality.

Indian healthcare system is in a very critical stage. Cost is increasing day by day and health care becomes unaffordable to common man. Though India is having the second largest population in the world,
healthcare infrastructure in India is overburdened. Due to improper implementation of public health programs, there is outbreak of tremendous infectious diseases. Lack of proper environmental sanitation measures, safe drinking water, under-nutrition, poor living conditions and limited access to preventive and curative health services etc are making the situation worse. Lack of education and awareness contribute towards the increase in the spread of diseases. States still have constraints with respect to investment in health care. There is a need for innovation in healthcare sector (Remedios 2013).

According to Damani (2013), Indian healthcare system is affected with numerous problems and too many laws. The doctor population in India is 1:1500 when compared to an estimated 1:1000 in China and 1:350 in the United States (USA). In urban India, the ratio is estimated at around 1:500 while rural India it is at around 1:2500.In India, there are about 9.2 lakh allopathic doctors. Genuine students, who prefer to pursue medical profession, have to pay capitation to get a seat in medical institutions. Government hospitals are confronted with a shortage of teaching staff due to a pay differential compared to the pay offered by the private firms. There should be a regulation in referrals between doctors and pharmaceutical company representatives. The Clinical Establishments (Registration and Regulation) Act 2010 brings some restrictions and regulations with respect to these aspects.

There are minimal number of non-profit health care providers in India, which make the healthcare facilities unaffordable to common man. The private sector in Indian healthcare can play an important role in transferring management skills and best practices to the public sector. The government needs the support of private sector in order to attract more
resources, expand healthcare coverage and provide diversity of quality services.

3.1.2.5 NABH accreditation

National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent board of Quality Council of India, intents to set up to establish and operate accreditation programme for healthcare organisations. The board caters to desired needs of the consumers and set benchmarks for progress of health industry. The board is supported by all stakeholders including industry, consumers and government and have full functional autonomy in its operations (http://www.nabh.co/).

3.1.2.6 Benefits of accreditation

Accreditation results in high quality of care and patient safety. At accredited hospitals, patients get services and care by credential medical staff. Rights of patients are respected and protected. Patient satisfaction is guaranteed and regularly evaluated. Patients have a high perception about accredited hospitals with respect to quality, hygiene and safety. Accreditation provides satisfaction not only to the patients but to the employees as well. Accreditation ensures quality work environment and ongoing basis learning facilities which the employees opt for. An accredited hospital ensures continuous improvement in all aspects since it has the pressure to meet the quality levels. It increases the confidence amid the patients who aspire for quality services and care. Accreditation also provides opportunity to hospitals to benchmark with other best competitors.
To comply with the standard elements of accreditation, hospitals will have a process-driven approach in all aspects of hospital activities starting from registration, admission, pre-surgery, peri-surgery and post-surgery protocols, discharge from the hospital to follow-up with the hospital after discharge etc. Not only the clinical aspects but the governance aspects are also process driven based on clear and transparent policies and protocols of accreditation.

3.2 EMPLOYEE RETENTION

Retention is a critical element of an organisation’s general approach to talent management. Talent management is defined as "the implementation of integrated strategies or systems designed to increase workplace productivity by developing retaining and utilizing people with the required skills and aptitude to meet current and future business needs (Lockwood 2006). According to Sindhwani & Mamgain (2013), “employee retention is a process in which the employees are encouraged to remain with the organisation for the maximum period of time or until the completion of the project”. According to authors, retention includes three ‘Rs’ : Respect, Recognition and Rewards. Employees prefer respect from the management, recognition and rewards for their good performance as well. When these three ‘Rs’ are ignored, employees get de-motivated.

Talent management is a systematic and continuous process for some organisations. Talent management is a dynamic process of identifying, assessing and developing talent in a systematic way for future roles to ensure the effectiveness of the organisation (Patnaik & Rao 2013).

Experienced nurses /staff provide quick solutions and service to the patients in hospitals and it is imperative to retain these valuable
employees. As the population is increasing on a rapid pace, there will be great demand for healthcare services. Employee retention is the key to service excellence and by retaining more staff, organisations will be able to reduce overtime pay and pay for temporary staff. Since the retained staff knows the organisational procedures and policies, administrative errors as well as medical errors can be less. For the physicians it would be much feasible to work with the known experienced nurses. When new hires come, it will take much time to get acquainted with the environment and practices. This can result in the less inflow of the patients.

Several methods were proposed by Price (1977) to measure employee turnover, including accession, separation, stability, survival and wastage rates. On the whole, however, it seems that the most prevalent approach in organisations to measure turnover is the separation rate. The separation rate (or attrition index) is expressed as the number of members who left during the period divided by the average number of members during the period. Employee retention takes into account the various measures taken so that an individual stays in an organisation for the maximum period of time.

J.K.Lakshmi Cement Ltd. has 3 Ps – Patience, Persistence and Performance, ingrained as part of the differentiating culture, which fundamentally rests on the premise of care. Company believes that people build business/ company and leader should support, nurture, develop, grow and retain the talents to create competitive advantage. Managing Director of J.K.Lakshmi Cements Ltd. is the chief mentor and custodian of people processes and systems and through her personal involvement and drive, she took the company to its heights (Deb 2012). Major HR programs at J.K.Lakshmi Cements Ltd. include: 1) Training & development
2) Employee involvement & recognition 3) Quality of manpower resources 4) Employee satisfaction & motivation survey 5) Talent management & Improvement in quality of Management Cadre Staff 6) Performance management system 7) Innovative unique HR practices 8) Quarterly PMA review meeting 9) Customer in culture 10) Enhancing company external HR brand values.

Though companies are facing talent management difficulties in several regions of the world, the challenges are most acute for young professionals and new managers in emerging markets - India is a prime example (Tymon Jr et al. 2010).

HR managers have to identify the reasons for the employee's departure and implement effective retention strategies. Employee retention refers to the various policies and practices which let the employees stay with an organisation for a longer period of time. Every organisation invests time and money to develop a new employee, make him a corporate ready material and bring him at par with the existing employees. The organisation is completely at loss when the employees leave their job once they are fully trained.

It was reported that banking industry would open 7.5 lakh jobs for those with technology skills. Banking sector is getting more technology savvy, the core tasks such as book keeping and accounting have been replaced by IT applications. This will be opening more jobs for IT professionals (Business Line, 16 July 2012).
3.2.1 Need and Importance of Employee Retention

Retaining a positive and motivated staff is crucial to an organisation’s success. High employee turnover increases expenses and also has a negative impact on company morale. An effective way of ensuring the key workers remains while being productive is implementing an employee retention program. Retention strategies are implemented by the organisations to manage employee turnover and to attract quality workers into the organisation. Competitive pay, benefits, employee recognition and employee assistance programs are examples for employee retention strategies. Retention strategies focused towards retaining good workers helps offset employee replacement costs and reduces the indirect costs such as decreased productivity and lost clients. It also enhances organisational productivity. When an employee leaves, it takes substantial time to recruit and replace with a new worker and till then productivity suffers. Retention should begin with the recruitment process itself. Effective retention strategies enhance the employee’s morale and also develop a positive work environment (Scott n.d).

Retention is important because recruitment is expensive in terms of time and money. After the recruitment of a new employee, organisation invests immense amount in training and developing the candidate. When an employee leaves, he/she is more likely to join the competitor and would take all organisational information with the employee which can be shared with the new employer. It is time consuming for a new employee to learn the policies and culture of the organisation.

The Bureau of Labor Statistics report indicates that there are more jobs opening in healthcare sector. As there are more opportunities,
employees have more opportunities to switch. According to the Price water house Coopers (PwC) Saratoga report, 2012/2013, hospitals are observing that the quality of their hires has weakened and voluntary turnover rates are increasing. This indicates the need for effective retention strategies in healthcare sector. First-year turnover in the hospital sector (28.3 percent) is higher than for the rest of U.S. industries which is 21.5 percent and it is increasing. In the report, nurses have highlighted that (22.2 percent) of nurses leave after their first year of working in a hospital (Rice 2012). PwC Saratoga report also states that compared with the past two years, hospitals are losing excellent performers and employees in key roles at increasing rates. The cost of turnover according to the report is 1.5 times the projected base salary for departing exempt employees and .5 times the projected base salary for nonexempt employees.

According to Porkodi & Haque (2012), human resource is the strength of the hospitals and provides competitive advantage to the organisation. Hospitals can have modern equipments and technology, but they are futile in the absence of skilled human resources. Human resources are the treasure of any hospital because they shape the destiny of the hospitals. Human resource management and retention is crucial for the efficient operation of hospitals. To provide quality patient care and patient satisfaction, employees should be trained, developed with the appropriate knowledge, skills and abilities. To retain this invaluable work force, hospitals adopt various strategies such as compensation, incentives and other motivational strategies. Employees are motivated by providing rest hours, recreational facility, holidays availed, salary paid, reasonable pay, pay for overtime, retirement benefits etc., Paying them salary on time, redressing their grievances, job enrichment, adequate number of holidays,
providing proper training and other resources to perform, can facilitate the retention.

According to June Marshall, RN, NEA-BC, director of advancing professional nursing practice at Texas Health Presbyterian Hospital Dallas, “retaining nurses is important for providing stable patient care environments and building strong teams”. She also added that the nurse leaders who studied the characteristics of hospital environments found that retaining nurses in hospital environments improved nurse satisfaction, patient satisfaction and specific clinical outcomes. Experienced nurses can provide patient satisfaction (Wood 2010).

3.3 EMPLOYEE TURNOVER AND EFFECTS OF EMPLOYEE TURNOVER

Turnover is defined by Reggio as "the movement of employees out of the organisation, which is a negative aspect". According to Mobley (1977), turnover is a process. He started the turnover process with job dissatisfaction being the catalyst. This catalyst then initiated thoughts about quitting and job searching, ultimately leading to an intention to quit and actually quitting. Mobley (1977) in his model of employee turnover suggested that job satisfaction was the primary determinant of quitting intentions. He also added that committed employees are expected to remain, because they believe in the organisation’s goals and values.

There are different types of turnover, each with its own implications. One important distinction is between voluntary and involuntary turnover. Voluntary turnover is initiated by the employee, while involuntary turnover is initiated by the organisation, often due to the
poor job performance of the organisation or organisational restructuring (Allen et al 2010).

Various problems are associated with losing an employee. It is difficult to find suitable replacements for lost employees, especially when the highly experienced performers leave. It is a time consuming process to recruit and train new employees and help them reach the same levels of performance the departed employees had. Employee turnover adversely affects ongoing projects and services, which will result in dissatisfaction among customers and other stakeholders. For the new employees, it takes much time and effort to reach the same levels of the departed employees and there is no guarantee that they are going to reach the same level. Ongoing basis recruitment and training is expensive for the organisation which will directly impact the profitability.

Turnover is expensive to the organisations. According to Right Management, a talent and career management consulting firm, it costs nearly three times an employee’s salary to replace with new employee. This cost includes recruitment, severance, lost productivity and lost opportunities. According to Life Work Solutions, a provider of staff retention and consulting services, the following are some turnover facts:

1. Over 50 per cent of people recruited in to an organisation leave within 2 years.

2. One in four of new hires leave within 6 months.

3. Nearly 70 per cent of organisations report that staff turnover has a negative financial impact due to the cost of recruiting, hiring and training a replacement employee and the overtime work of
current employees that is required until the organisation can fill the vacant position.

4. Nearly 70 per cent of organisations report having difficulties in replacing with new staff.

5. Approximately 50 per cent of organisations experience regular problems with employee retention (Yazinski 2009).

According to Betbeze (2010), CEOs of the organisations have the responsibility for curbing employee turnover rates. Turnover is fundamentally about the culture of the organisation and whether the organisation cares about it or not, it is the right thing to do because it puts the organisation among the best patient care providers. Until the recent economic downturn, many hospital leaders blamed turnover on external factors, such as shortages in clinical areas particularly and the hot job market generally. But now it is the time for the management to address those internal causes of turnover, which can resolve the associated problems such as low morale, patient dissatisfaction and medical mistakes etc.

Compared to any other industries, hospitals are suffering a much higher turnover - PwC Saratoga’s 2012/2013 US Human Capital Effectiveness Report says. The report, aggregated the data collected from nearly 60 hospital systems across the country, which represents more than 1 million employees (Thompson n.d). Hospital turnover rates in 2013 range from 8.7 to 31.7 per cent across United States according to report generated by Nursing Solutions’ 2013 National Healthcare and Registered Nurse Retention Report.
It is imperative for the employers to understand their rates of labor turnover and how they affect the organisation’s performance. High attrition will have a deep impact on organisational performance and adds more on training and recruitment cost. Organisation start losing the trust of the employees will find it difficult to attract potential candidates. Issues related to interpersonal relations, organisational culture, opportunities for career development and training and professional growth are becoming major reasons for employees’ decision to leave the organisation. Employee retention is about fostering a conducive culture which is having appropriate practices for the employees to grow within the organisation (Chatterjee 2009).

3.3.1 Cost of Turnover

Employee turnover is one of the largest and widely unknown costs an organisation faces. Ernst & Young estimates approximately $120000 to replace 10 professionals. Employee turnover costs companies 30 per cent to 50 per cent of the annual salary of entry level employees, 150 per cent of middle-level employees and approximately 40 per cent for upper level, specialized employees (Kaur 2012).

According to US department of labor, it costs a company one third of a new hire’s annual salary to replace an employee. This cost includes both direct and indirect costs. Direct costs include advertising expenses, sign on bonuses, headhunter fees and overtime expenses. Indirect costs include, HR manager’s time involved in recruitment, selection and training and decreased productivity until a new employee is hired and replaced (Michaud 2000).
Some costs associated with Turnover are

1. **Pre-departure costs:** reduced productivity of the employee who is about to leave and using company time to look for another job.

2. **Termination costs:** costs related to terminate including exit interviews, pay calculations and other record keeping expenses.

3. **Recruitment costs:** related to advertising, recruiting, interviewing, screening, background references etc.

4. **Training costs:** cost of training replaced employees.

5. **Productivity costs:** related to workers who are generally less productive and create customer dissatisfaction.

6. **Vacancy costs:** lost of sales or lost productivity until the position is occupied by new employee.

The sum of these costs can be many times the employee's salary. Turnover in one organisation can affect the other department as well. For example, in IT department, a departing employee may leave with the software codes and it may take months to train another employee to acquire that knowledge (Achoui & Mansour 2007). Turnover cost is very high at the executive levels. Every time an employee quits, a replacement may be recruited, selected and trained. Knowledge, skills and contacts that a departing employee takes out constitutes a huge loss for the organisation.

According to Brian Friedman, an HR consultant, the transactional cost of replacing a person is about 1.5 to 2 times the current
salary paid in that position. The following types of costs incurs due to high employee turnover in an organisation:

1. Hiring cost involved in recruitment, selection and placement of new employees.

2. Cost of training and development.

3. Loss of production in the intervening period in which the position remains vacant.

4. Socialization cost of new employees.

5. Adverse impact on the existing employees’ morale.


7. Disturbed teamwork and team spirit in the organisation (Swarnalatha & Prasanna 2013).

### 3.3.2 Cost of Turnover in Hospitals

High rate of employee turnover costs businesses’ time, productivity and money. In the healthcare industry, employee turnover is highly expensive, because as the rate of turnover increases, the quality of patient care significantly declines.

According to Dr. Rashi Agarwal, Director, Praxis Healthcare Pvt. Ltd., Mumbai, India, cost of employee turnover in hospital adds hundreds of thousands of dirhams to a company’s expenses. Turnover costs
also include hiring and training costs and productivity loss. Though it is
difficult to calculate the exact estimate of turnover costs, industry experts
often quote 25-30 per cent of the average employee salary as an
approximate estimate. Other costs include:

1. Interruption of patient care: Patients most often come to a
hospital because of their relationships with staff which is
developed during each visit that makes the patient more
comfortable and caring. When an employee leaves, the
relationships that employee built are lost, which could lead to
potential customer loss. Loss of continuity of care causes
discomfort for the patient which leads to dissatisfaction.

2. Loss of productivity: When an employee resigns, it takes good
amount of time in hiring a new employee and then training the
employee. Until then productivity is lost and new replaced
employee’s performance cannot be guaranteed neither.

3. Turnover leads to more turnovers: When an employee leaves,
the effect is felt throughout the organisation. Morale of the
organisation becomes low and the negativity affects the
remaining staff.

4. Loss of internal information: When an employee leaves, he/she
takes valuable internal information, customers, current projects
and past history with them and sometimes it can be furnished to
the competitors. Much time and money has been invested on the
employee in expectation of return on investment thus when the
employee leaves, realization of the return on investment
becomes impossible.
5. Goodwill of the hospital: When the attrition level is low, the goodwill of a hospital is maintained. Higher retention rates motivate potential employees to join the organisation whereas high turnover rates may restrict the potential employees.

According to Salarzehi & Amiri (2010), one major issue related to nurses is high cost of training. Government has also invested in nursing and education and when the nurses do not stay for a long tenure with their organisations, country’s resources are wasted in this context. When more employees leave, it will add more work load for those employees who are left with organisation. Establishing a participatory and supportive leadership and administration and providing job security nurses can be motivated and retained. Attractive salary should be paid to them and the profession itself should be appreciated and recognized.

Turnover among nurses is a great concern among healthcare providers in western world since they are facing a shortage or nurses. Nursing profession is experiencing declining number of new nurses and high rate of younger nurses are leaving the profession due to high stress, low pay and lack of career advancement opportunities, whereas on the other side, demand for the nurses is increasing due to this shortage. New Zealand is one of such country which is facing nursing professional shortage. One major reason for this shortage is due to the international recruitment of nurses. Cost of turnover includes direct cost and indirect costs which make the turnover cost calculation complicated. Costs vary according to the experience and specialization in the particular position. Thus due to the difficulty in calculating the indirect costs, many studies under represent the turnover cost by calculating only direct costs. Some negative aspects associated with nurses shortage included: bed closures,
restricted surgery and reduced inpatient admission. Overstress of the supporting nursing staff was also reported (North et al 2005).

According to Jones & Gates (2007), costs of turnover of nurses include

1. Advertising and recruitment.
2. Vacancy costs (e.g., paying for agency nurses, overtime, closed beds, hospital diversions, etc.).
3. Hiring.
4. Orientation and training.
5. Decreased productivity.
6. Termination.
8. Poor work environment and culture, dissatisfaction, distrust.
9. Loss of organisational knowledge.
10. Additional turnover.

According to Thompson (n.d) financial cost of losing a single nurse is estimated to be double the nurse's salary. The average hospital loses approximately $300,000 per year for every percentage increase in nursing turnover annually. These costs are due to the contingency staff wage bill, training costs and loss of patients.
The average direct cost to replace a full-time registered nurse at the 13 hospitals in the study, conducted by the Robert Wood Johnson Foundation (RWJF), totalled $36,567. This sum involves expenses associated with termination payouts, filling temporary vacancies, additional overtime costs and hiring and training new staff. The loss of experienced nurses is found to be more costly.

The cost of staff turnover is often overlooked in hospitals. Although some degree of turnover is favorable and healthy for any organisation, excess turnover is associated with a surprisingly substantial cost calculated in dollars. The loss of a single critical care nurse translates to a cost in dollars equal to 156 per cent of his or her annual salary and quality of the patient care get affected (Holtz n.d).

According to Cleaver (2013) direct costs of replacing an employee in hospital include the following:

1. **Termination** – Exit interview(s), severance, higher unemployment taxes, vacation payout

2. **Replacement** – Advertising, agency/screening, testing, interviewing, verification of licensure/certifications and in some cases travel and relocation

3. **Training** – Orientation, re-certification, skill assessment programs

4. **Vacancy Cost** – Temporary staffing expenses

Whereas the indirect or “hidden” costs of replacing an employee includes the following:
1. Reduced Quality of Care – Replacing one of your employees with a new/temporary/Registry person reduces the quality of patient care.

2. Reduced Morale – Remaining staff are de-motivated when an employee leaves from their unit.

3. Lost Productivity – Productivity is zero from the time employee leaves till replaced with a new one.

4. Increased Workload – Work load increases for other members, since there is no one to perform in that vacant position.

5. Cost of new Employee – New employee may take time to get acquainted with the new position but investment is same.

6. Historical knowledge – Those employees who had been associated for a long time will have a thorough understanding of the operations in the hospital, but for a new employee it becomes difficult to manage.

The cost of losing a single nurse has been calculated to equal about twice the nurse’s annual salary. It is estimated that hospitals lose about Rs. 3,00,000/- per year for each percentage increase in annual nurse turnover. Losing these critical employees negatively impacts healthcare organisations in a variety of ways such as: decreased quality of patient care, loss of patients, increased contingent staff costs, increased nurse and medical staff turnover, increased staffing costs, increased accident and absenteeism rates, etc. (Surendra kumar 2012).
3.3.3 Reasons of Employee Turnover

Employees leave the organisations due to many factors. Bad Boss is another reason for employee turnover. Around 70 percent of corporate employees complain about their bosses, shows a survey conducted by The Associated Chambers of Commerce & Industry (Assocham) in India. The survey on employees-boss relationship covered around 2500 executives from New Delhi, Mumbai, Kolkata, Chennai, Ahmedabad, Hyderabad, Pune, Chandigarh and Dehradun. The survey indicated that respondents moved because of the management, supervisor, general work environment, lack of career advancement or promotional opportunities, lack of flexibility and lack of job security. Most of the respondents preferred good work environment and good salary (http://article.wn.com/view/2012/10/13/Bad_boss_chief_reason_for_employees_quitting_Survey/).

Majority of the people in IT companies leave in one or four experience range. Main three reasons for the departure of employees at Infosys are education, spouse/marriage and career progression. During 1-2 years of the job, employees leave to pursue their higher education. People with 3-5 years of experience leave after they get married which is mainly because their spouses may be working in distant locations (Baburajan 2014).

Work related attitudes of employees are identified as main causes of employee turnover. The one work related attitudes receiving the greatest research attention as a predictor of employee turnover tendency is job satisfaction (Johnson et al 1990).
According to strategic planning consultant Leigh Branham, there are other reasons other than pay for employees to leave. 88 per cent of employees leave their jobs due to the other reasons. 70 per cent of managers think employees leave mainly due to compensation related factors. Branham mentioned seven main reasons why employees leave a company:

1. Employees feel the job or workplace is not what they expected.
2. There is a mismatch between the job and person.
3. There is too little coaching and feedback.
4. There are too few growth and advancement opportunities.
5. Employees feel devalued and unrecognized.
6. Employees feel stress from overwork and have a work/life imbalance.
7. There is a loss of trust and confidence in senior leaders (Yazinski 2009).

Employee turnover projects the number of employees leaving the company and new employees filling up their positions as replacement. According to Jose (2013), main reasons for employee turnover are: a) lack of vision Many employees do not care about their organisation’s profit, but about their personal interests. These employees come with lots of expectations and expect a fast growth and when the process delays, they develop the turnover intent. b) Salary – one major/common reason for the change of job is dissatisfaction with the pay packages. c) Work
environment – Every employee prefer to work in an environment where he/she is comfortable to work with, absence of such environment can be disappointing to many and result will be employee’s exit from the organisation. d) Lack of motivation – Many employees expect appreciation, or a pat on the back, when their performance adds value to the organisation. This can motivate the employees to perform even better and when there is no such gestures from management arises, they can get de-motivated. e) Growth prospect – This is the primary reasons for leaving for many employees. When there are no career advancement opportunities, tendency will be to leave the organisation and join another place where they get career advancement opportunities.

According to Irwin (2011), there are five major reasons for employee’s decision to leave. They are:

1. “It doesn’t feel good around here” - This include number of issues pertaining to the corporate culture and the physical working environment.

2. “They wouldn’t miss me if I were gone” - Many employees don’t feel personally valued neither engaged with the organisation. When people don’t feel engaged or appreciated, they develop the tendency to leave.

3. “I don't get the support I need to get my job done” - Every employee prefer to excel in their job and to grow or that they need support from the supervisor as well as from the management. When they lack this support, they feel like quitting.
4. “Lack of opportunity for advancement”- All employees refer to career advancement opportunities in the organisation where they work for and when it is not present, they will not be interested to continue there. Professional growth is a very strong desire among today’s workforce, particularly with the younger generation. They also prefer to get career development programs offered by the organisation in order to excel in the prospective positions in the organisation.

5. “Inadequate employee compensation”- Employees want fair compensation, but money is not the only factor which comes first when deciding whether to stay or go. A certain percentage of people will always chase for better compensation.

Dashed Pathway (-) represents presumed influences of satisfaction and commitment on intent to stay and turnover that are not analyzed in this study.

(Source: Currivan 1999)

**Figure 3.1** Causal model of employee turnover
Currivan (1999) developed a causal model of employee turnover which depicted the reasons for turnover. Model is depicted in Figure 3.1.

Reasons for employee departures cited in major research studies, are listed in descending order (Kay & Jordan-Evans 1999; Herman 1999)

1. Employee/manager relationship
2. Inability to use core skills
3. Not able to impact the organisation’s goals, mission
4. Frequent reorganisations; lack of control over career
5. Inability to “grow and develop”
6. Employee/organisation values misalignment
7. Lack of resources to do the job
8. Unclear expectations
9. Lack of flexibility; no ‘whole life balance’
10. Salary/benefits

Major reason for the employee turnover was dissatisfaction with the compensation packages, some even have the perception that only managers are getting attractive pay packages. Some employees are frustrated about the policies of the firm itself, where they do not get any reimbursement for anything. Many employees complain about the minimal
training opportunities provided by their organisations. Meeting should be conducted with the management and employees at least once in a month, because this is the forum where they can express their concerns as well as suggestions. Another reason found for the employee turnover was there was no opportunity to meet with their managers. Employees are also of the perception that they are not encouraged to think creatively but only encouraged to do the work. Many employees are also disappointed about the promotion policies existing in the organisations, they believe that only those employees who are close with the manager, get the promotions frequently while others are ignored.

3.3.4 Reasons for Paramedical Staff’s Turnover

Nurses play a vital role in hospitals in providing quality patient care and satisfaction. Patients have more interaction with nurses and they build a relationship with the nursing staff. Once these employees leave the organisation, patients may hesitate to visit again. Thus medical staff turnover has a great impact on organisation’s performance. Recruiting and training new hires is time consuming and it is not guaranteed that new staff will maintain the same relationship and performance as those who left.

Dr. Kerfoot, Vice president of nursing for API Healthcare, a healthcare workforce technology company, shares three reasons for nurses’ turnover, which are mentioned below (Punke 2013)

1. Relationships: When the relationships between nurses, managers and physicians are ruined, nurses are more likely to leave the firm. Relationships are ruined due to many reasons. Some incompetent nurses may be promoted due to the politics they play with their managers or supervisors and this can be highly
de-motivating to competent performers. Hospital management needs to look into such kind of issues and fix it.

2. Staffing: Shortage of staff can be another problem. Due to this, existing nurses will get overburdened and result in a burn out of the nurses. Management should understand this situation and proper scheduling is required in order to prevent turnover related to these issues.

3. Personal reasons: These reasons are not in the control of management. Some may get fatigue, while treating highly risk patients. Another reason is “glass ceiling”. This is the situation that when they look for expanded roles and when it is not available, in the same organisation, they develop tendency to look out.

Based on a survey conducted on nurses, mandatory overtime is found to be one reason for nurses’ turnover. Floating to departments where they are not comfortable was another reason. Non-nursing tasks was another reason for turnover among nurses. Bad manager was another reason for turnover. Most nurses admitted that a good manager acting as their mentor can be an integral part of their professional development (Gray-Bernhardt 2012).

Being unable to manage the work load was another major reason for the nurse’s turnover. Other factors include a low sense of control over job performance, feeling ill-respected, lack of clarity about the job, lack of career advancement opportunities and poor communication system in the hospitals. Poor relationship with the manager was quoted as another major reason for leaving the hospitals.
Emotional stability plays a crucial role in paramedical staff’s profession. They have to manage death, birth, illness etc on a daily basis. Though these situations can be difficult to manage while performing, some nurses may not be able to withstand such emotions. These stressful factors can have an impact on employee’s decision to leave. Employees have high emotional stability experience a positive feeling on their job and become satisfied where as employees with low emotional stability will find it difficult to adjust in above motioned situations and they are the ones who get easily dissatisfied.

Study conducted by the Academy of Medical-Surgical Nurses revealed that nurses left clinical settings because of unfriendly workplaces, emotional distress related to patient care and fatigue and exhaustion (Barajas 2014).

According to Hunt (2009), factors that drive turnover of nurses are the following

1. Feeling overworked; not being able to manage workload.

2. Lack of role clarity and low sense of control over job performance.

3. Not feeling respected and valued for contributions and capabilities.

4. Poor communication with management around critical issues affecting work.

5. Not receiving recognition or rewards for accomplishments.
6. Lack of career opportunities and support for career development.

7. Lack of trust and effective collaboration with coworkers.

8. Work schedule does not match job needs or expectations.

9. Work is too physically demanding.

Employee turnover is a challenging issue for developed and developing countries as well. One of the approaches to enhance nurse’s retention is to focus on recruitment and selection activities and establishment of more nursing schools that produce more nurses. Second approach is to attract and retain quality professionals. Psychological empowerment, leadership style and job stress were found to have an impact on job satisfaction of the nurses (Choong et al 2012).

Various studies have been done with regard to the reasons for nurse’s turnover. In 2003, one study results indicated that the major predictor of a nurse's intention to leave was job dissatisfaction. In 2004, another study found that low job satisfaction was the most important factor linked to nurse turnover. Burnout has been identified as another causal factor which affected employee turnover. Other factors which are predictors of RN turnover include salaries, lack of time with patients and demographic characteristics such as being male, having no children at home and being unmarried (Perrine 2009).

According to Manjunath Naganur, a staff nurse working at a private hospital in Belgaum, Karnataka, nurses form the backbone of medical services or patient care in the hospitals. Unfortunately in India,
this important section of workers is highly exploited. They receive no respect and dignity at workplaces and are paid extremely low salaries with lack of job security. Many nurses come from poor backgrounds and had to pay lakhs of rupees to get a nursing degree for which they have to take huge loans thus leaving them indebted. But after graduation, what really confronts them is lack of opportunity in government hospitals. In the private sector, the nurses are confronted with extremely low salaries, (between Rs. 3000 - Rs. 4000 a month) as against the labour standard of around Rs. 6000. Even the most experienced nurses get paid about Rs. 8000 - Rs. 9000. Many staff nurses have to sign a 2-3 year bond /contract. Breaching the contract often resulted in shelling out Rs. 50,000- Rs. 100,000 for obtaining their release. Without this, all their certificates will be held by the hospital management. Most of the nurses are forced to work beyond the regular 8 hrs working day, to more than 10 to 11 hrs. None of the nurses are given employment benefits like Provident Fund (PF) and gratuity. The nurses are not even given health coverage despite facing higher risk of infections. Last year saw many strikes in Kerala and several other places including Bangalore. (http://www.socialism.in/index.php/condition-of-nurses-in-india/).

Nissar, a male nurse working in corporate hospital in Delhi, in his article, explains the life of nurse in India. United Nurses Association (UNA), is a Facebook group of nurses, formed in October 2011, boosting a membership of more than 164,000 members today. The UNA has been in the forefront of many strikes in Kerala. Author says issues are not always wage disputes, but other factors such as exploitation by private hospitals. According to him, nurses are not paid properly according to the standards. He suggests all the nurses to unite and become member of trade unions in
order to protect from being exploited. (http://www.socialism.in/index.php/life-of-nurses-in-india-is-a-cursed-one/)

Figure 3.2 Causal model of turnover

Figure 3.2 depicts the causal model of turnover developed by Price & Muller (1981). Model was developed based on a longitudinal data collected from 1091 registered nurses in seven hospitals. Four great determinants which have great effect on the turnover was - intent to stay, opportunity, general training and job satisfaction. Alternative jobs outside the hospital increase the turnover. Repetitive work makes the job boring and lead to dissatisfaction. Participation in job related decision making, proper information about job related issues, close relationship with
colleagues inside the organisation, good pay, career advancement etc have a positive impact on job satisfaction, will keep the employees for a long tenure.

Increased dedication to occupational standards of performance and general occupational socialization tends to decrease intent to stay. Model indicates that intent to stay has a direct negative impact on turnover.

Compensation factors were important to clinical staff in Andara and Nyangana (South Africa). Lack of good schools for children, high workload due to staff shortages, poor telephone and internet connectivity, lack of accommodation for the hospital staff, poor supervision and management were some factors contributed towards hospital staff turnover. According to World Health Organisation (WHO) report, globally, half of the world’s population resides in rural and remote areas, but most health workers and health facilities are located in cities. Statistics indicate that these rural areas are served by only 38 per cent of the total nursing workforce and physician workforce ratio is even more lesser (Chani et al 2014).

Nurses’ turnover problems fall into main five categories according to Cangelosi et al (1998). They are: 1) work environment and job dissatisfaction 2) Job related stress 3) lack of recognition 4) lack of career advancement 5) personal commitments or responsibilities. Nurses prefer to be involved in decision making process. Ruined relationship with managers put them into stress and anxiety. Nurses who work in specialized unit have a tendency to get burn out easily. Many employees prefer to be recognized for their excellent performance and loyalty. All employees
prefer career growth and a lack of career growth opportunities can make them to think about leaving the organisation.

It is imperative to provide satisfaction to the nurses and retain them since they are indispensible part of the hospitals. It is essential to understand the needs of the nurses and pay them according to the standards of the industry. A growing population of India and the emergence of new diseases, reminds that healthcare sector is an important part of our life. Healthcare sector is incomplete without a satisfied and stable workforce.

Female employees, who have issues with their marriage, take the decision to leave. In the case of female nurses, spouse interferes and dominates in decision making in family related issues. In Indian culture, it is always females that carry out the family related aspects such as taking care of children, taking care of aged parents etc. In certain cases, female employees will be forced to leave their work and stay at home. Appropriate work life balance practices can be a retention tool in this context.

Inappropriate staffing levels can threaten patient health and safety and lead to greater complexity of care, which can impact RNs’ (registered nurse) health and safety by increasing nurse pressure, fatigue, injury rate and ability to provide safe care. There is an increase in the use of mandatory overtime, as a staffing tool, which is causing great work pressure on the nurses. It will have a negative impact on patient care, increase in medical errors and will drive the nurses away from the bedside. There should be safety on the job as well. Staff nurses work hard on the job where they are risking their health by lifting the patients and by performing other physical efforts. Back injuries are always a danger and common among staff nurses due to this kind of physical effort requirement in the
jobs. Proper training has to be provided in such cases. They also risk their health due to the hazardous environment in which there are no proper needle disposable process. Proper training should be provided in this aspect as well. No staff nurse should have to deal with violence in the workplace, whether from staff, patients or visitors.

3.3.5 Impact of Turnover on Organisational Performance of Hospitals

High employee turnover has a great impact on hospital’s performance. There will be excessive work load for remaining staff due to the shortage of the staff. Delay in daily routine procedures (e.g. transfer of the patient to operation theatre, ICU and wards), poor patient satisfaction and complaints from patients are other potential problem which might occur. Newly joined staff might take long time to cope with routine procedures and until then there will be severe patient complaints and dissatisfaction. Remaining nurses will get burned and result in poor job satisfaction. Complaints from housekeeping and biomedical department in terms of segregation of biomedical wastes can be another prospective problem. Overall there will be dissatisfaction among staff as well as patients, which will have a great effect on organisational performance.

Healthcare providers view turnover as just part of the cost of doing business. By looking at the direct costs and indirect costs involved in the turnover, healthcare providers should not accept employee turnover as an inevitable aspect. High turnover will have a great impact on quality of care and patient satisfaction. There will be delay in the patient care due to the shortage of staff.
There is loss of productivity and organisational knowledge due to high turnover. There is increased workload for those employees who are left while the vacant position is not yet filled. There is a lapse of time until a new hire is replaced and trained. High turnover has a negative impact on team cohesion, care provided and thus result patient dissatisfaction. Following can result with respect to team work and patient care:

1. Loss of morale in the organisation.
2. Lower levels of workgroup cohesion and relational coordination with other healthcare providers.
3. Lower levels of workgroup learning.
4. Less time devoted to patient care due to the low morale.
5. Administrative mistakes can be made in patient care.
6. There can be errors in medication and general length of patient stay is adversely affected.
7. Waiting time can be prolonged due to the shortage of staff.

Turnover ends up with a shortage of staff in hospitals. Understaffing will affect the quality of care and result in an increase in infections in which the infants are more vulnerable. Turnover also results in the nurse’s fatigue due to overload of work and work pressure. Nurse’s fatigue will have great impact on quality of patient care, employee and patient satisfaction as well as elevate the operational costs of the hospitals (Brimmer 2013).
Left over staff will be overloaded with work and result will be staff burn out. Staff burn out has a great link to higher rates of Healthcare-Associated Infections (HAIs), which will costs hospitals millions of additional dollars each year. Hospitals should improve the organisational climate in order to curb this burn out situation. A culture where great support is provided to the staff, give them more autonomy and make them participate in the decision making process.

Higher rates of poor patient outcomes such as pneumonia, shock, cardiac arrest and urinary tract infections are some consequences faced with low nurse staffing hospitals. In United Sates, the nurse workforce consists of licensed nurses Registered Nurses (RNs) and Licensed Practical Nurses (LPNs) and Nurses' Aides (NAs). RNs and LPNs are licensed by the state in which they are employed. RNs assess patient needs, develop patient care plans and administer medications and treatments while LPNs carry out specified nursing duties under the direction of RNs. Nurses' aides typically carry out non-specialized duties and personal care activities (Stanton n.d). Still there is shortage of nursing staff in general, in United States, since baby boomers are in the process of retirement. This can even cause a drain brain of nursing staff from our country. They are always lured by the economic factors associated with this job in United States. There is high demand in other countries such as Middle East countries as well.

Taiwan is another country where nursing staff turnover is very high. Owing to the ongoing National Health Insurance policy reform in Taiwan, Taiwanese hospitals had to make some reduction in the payments but increase in the costs of work force, supplies and technology. Hospitals were forced to do downsizing of their nursing staff due to cost cut and such
changes resulted in high nursing turnover. This eventually affected the quality of patient care and patient satisfaction. Shortage of nurses, stressful work environment and work pressure impacted the quality of the healthcare service rendered which resulted in patient dissatisfaction (Ma et al 2009).

It is imperative for the management to be alert and curb the employee turnover rates in order to sustain in this competitive environment. Employee retention is much cost effective than high employee turnover costs.

3.4 EMPLOYEE RETENTION STRATEGIES

Retention strategies are efforts made by organisations to provide a working support that support the employees to remain with the company. Organisations have started to realize the significance of retaining their quality performers. Retaining quality performers adds to increased productivity and morale, as well as reduces the associated costs of turnover. Turnover statistics show that the cost of unwanted turnover can be 1.5 times the employee’s annual salary. Greatest cost associated with employee turnover is lost business and productivity. Seven step strategy that helped one fortune 500 company to maintain 67 per cent of retention is stated below (Poskey n.d) :

1. ‘Conduct job analysis audits to provide realistic job previews’ – conduct the job analysis to objectively define the core competencies required for success in each role, it should provide a realistic job preview for the candidates. All the behavior and skills required in the particular jobs should be clearly mentioned.
2. A well-designed assessment and selection process should be implemented.

3. A proper orientation training should be provided to the new hires.

4. Provide ongoing professional development by implementing appropriate training programs which are meant for the skill enhancement of the staff.

5. There should be a good relationship between the manager and the employees.

6. Compensation should be fair and attractive.

7. Succession planning should be encouraged.

Fortune’s best companies are using a number of non-monetary strategies. Creating brand loyalty among employees is one among such strategies. Leading brands such as Microsoft and Intel have created an image of being a challenging and cutting-edge place to work. This value attracts talents who prefer to work for an industry leader. South West airlines has a different strategy, it puts its employees as first customer, because satisfied employees takes care of the customers.

As a retention strategy in Infosys, leading IT company in India, has brought their executive pay into $1 million club. This is comparable to some global companies’ compensation. (Times of India, 23 September 2014). In order to manage the alarming attrition levels, which is 18 percent at Infosys, which competes with Wipro, HCL, Tata Consultancy Services, etc. has given two rounds of compensation increase, 6 per cent to 8 per cent
and 6 per cent to 7 per cent in the last six months. Infosys also restructured a variable compensation that is one of the big demands from its employees. Promotions are in consideration as well. Management promised that instead of bringing candidates externally, they would promote the internal candidates in the positions open (http://www.infotechlead.com/2014/04/21/infosys-outlines-strategies-control-attrition-22040).

Facebook and Apple, global leaders, have come up with a unique strategy to retain their female workforce. Companies will pay for women employees to freeze their eggs. This facility would permit the women employees put their fertility on hold while they focus on their career. But there is criticism about this strategy, which says that this move could be viewed as a tactic to entice women to “sell their souls to their employer”, sacrificing motherhood on return of promotions. These two firms appear to be the first in offering such kind of coverage as a retention strategy (Times of India, 16 October 2014).

Employee retention is considered as a competitive strategy of pay package and other benefits. Kraft Canada Inc. has created a new promotion plan which is called Individual Development Plan. It helps the employees to map out their career plans and facilitates the management to understand and track employee’s performance. Goal of the company is to be a leader in the food industry with strong leadership practices. Company has various programme to develop employees, including training sessions, seminars, networking opportunities, career development programme etc. At least twice a year, employees and managers meet together to discuss career objectives and design career development plans. These discussions facilitate to develop training curriculum through which the employees’ moves are matched with business needs of the organisation (Colman 2003).
In order to prevent the turnover costs, most feasible thing that can be done by organisations is to retain their valuable employees. Retention is much easier when it is said, than done. Competitors are always there to lure star performers with attractive packages and other benefits. When employees feel that they are no longer important to the organisation, they start seeking for other jobs outside. Building strong relationships with the employees is one strongly recommended strategy to retain the best performers. Management should understand that employees are integral to the success of the organisation they deserve to be treated with respect and kindness.

Best way to develop bonding with the employees is to find some common grounds and build connections from there. Often, employees good performance should be praised and that too in public. This boosts their morale and makes them feel that management care about the self esteem of their employees. Whenever there is a need, employees should be defended as well. When they make mistakes, management should not be harsh, let them learn from mistakes. This will make the employees to think out of box and make them more creative. Managers should listen to the employees’ problems and provide solutions. It is imperative to create a fun environment where employees feel like their home. Keep a strong work force, by recruiting quality people. While recruiting stage, poor quality employees are selected, the turnover can definitely go higher (Michaud 2000).

Employees must be listened to understand their attitudes and perceptions. Employee satisfaction survey is an excellent way to learn employee’s attitudes. Not only conducting survey is important, but taking actions based on this survey feedback is essential. Exit interviews will be
great source of information to understand the reason behind departure of the employees (Wille 1994).

While companies are offering differentiated increments and enhancing stock options, some companies are going extra mile to keep their top performers happy. Citi India has launched a breakthrough strategy for retaining their women performers. Strategy helped women (young mothers) to secure performance ratings during their six months maternity leave (Bhattacharya & Chaturvedi 2013). Policy secured a woman’s rating by considering the current year’s rating when she takes maternity leave, as well as the average rating of the previous two years. The better of two ratings was considered as the final performance rating for the year under consideration. It helped women officers with top ratings to maintain their performance status while they were on maternity leave.

Mahindra & Mahindra focuses on learning opportunities through leadership development programme from reputed Institutes like Michigan University and Harvard Business School. At Microsoft India, for the high potentials, there are different benches – the emerging leader bench, leader bench, senior leader bench and executive leader bench. The benches are a function of experience and reflect the impact of the role (Bhattacharya & Chaturvedi 2013).

According to Mr. Ajoyendra Mukherjee, Executive V-P and Global Head, HR, Tata Consultancy Services (TCS), talent engagement has helped retention at TCS. Mr. Mukherjee believes that a person thinks of leaving an organisation if the person feels that the job that he is doing is not challenging enough or he is not being taken care of in the organisation (Sheth 2013). Compensation is not always the main reason. At TCS, when
a person joins as a lateral, he/she was integrated with the organisation. Rotation at TCS helps the person to grow and develop their own competency. Focus is given on Career growth discussions as well.

Good employee retention strategies help to maintain the health of the organisation. It is cost effective and time effective, to have the employees retained than conducting more recruitment and training programs for the new hires. Top retention strategies according to Jose (2013) are as follows:

1. Organisations should providing quality work environment to the employees since it has a significant impact on employees. Policies and practices should be clearly communicated to the employees. Financial status and other new decisions should be made transparent to the employees. This will give them a feeling that they are a part of the organisation. Work environment should be fun filled for the employees. By adopting this strategy, companies like Google, Microsoft and Amazon.com were able to retain their workforce.

2. Employee-manager relationship: Many employees do not leave the company, but the manager. Managers should have empathy towards their employees and willingness to listen to their employees. Managers should understand that every employees are different. Every employee will have their own strengths; it is the responsibility of the manager to understand this and utilize the best out of the employees. All employees should be treated equally; there should not be any kind of favoritism within the
organisation. Grievances should be addressed before it becomes a severe problem.

3. Motivation – Employees should be motivated by providing constructive feedback about their performance.

4. Monetary benefits – Money is not the only reason for the turnover, still many employees expect a good compensation for their inputs. Incentives, bonus and other welfare benefits should be provided accordingly based on performance as well as commensurate with the industry pay.

Some unique strategies adopted by three major organisations are listed in Table 3.3 (Jose 2013).

**Table 3.3 Unique retention strategies**

<table>
<thead>
<tr>
<th>Company</th>
<th>Retention Strategy</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>WIPRO</td>
<td>‘Wings within’ programme where existing employees get a chance to quit their current job role and join a different firm within WIPRO</td>
<td>High retention rate</td>
</tr>
<tr>
<td>Google</td>
<td>1. Social gatherings for employees like TGF open meeting, twice weekly outdoor roller hockey game where staffers are encouraged to bring founders 2. Common offices, lobbies, cafes 3. Googlers can bring in new ideas without bothering about funds</td>
<td>1. More contact between googlers 2. Environment electrifying and fun 3. More retention rate</td>
</tr>
</tbody>
</table>
Table 3.3 (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Retention Strategy</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCS</td>
<td>1. A choice of working in over 170 offices across 40 countries in variety of areas</td>
<td>Significant impact on job hopping achieved</td>
</tr>
<tr>
<td></td>
<td>2. Paternity leave for adopting a girl child</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Discounts on group parties</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Jose 2013)

According to Palshikar et al (2011) when an employee exhibit the desire to leave, HR managers can adopt any of the following retention strategies to prevent them from leaving. These strategies include: offer a higher salary, offer promotion, overseas deputation, provide a transfer to a location of choice of the employee, change of employee’s role, which can add higher responsibility, provide financial assistance or loans, transfer to new project, provide training and other competency building initiatives, and redressal of any specific grievance. Authors also suggested broader means of strategies which include: a) identification of employees who are at risk of attrition with a proper tracking system b) Training and development of “back up” team employees c) Improved mechanisms for the transfer of knowledge d) Implementation of succession planning process to identify potential leaders e) Preparation of a comprehensive attrition control plan to handle the after effects of predicted attrition. Authors strongly believe that attrition can be predicted and averted.

Fostering an engaged workforce requires listening to workers. Dunkin Donuts based in USA and Baskin Robbins changed their
employee’s uniform to make them more comfortable. In response to the requests received by employees, Dunkin Brands HR team adjusted its training curriculum (Krell 2012).

Retention strategies adopted by IT industry in India includes improving work life balance of employees, encouraging learning and development, developing a positive organisational culture etc. Realizing that keeping manpower motivated was extremely important to retention of personnel, a number of leading Indian software and services players have put in place special HR strategies over the past two three years. Wipro raised salaries by 15-17 per cent and 18-19 per cent during October – November 2004, as a retention strategy. Wipro also offers stock option plan to their employees. ITes BPO firms are providing a host of benefits to employees from luxuries such as housing schemes, low rate loans, pick up and drop, attractive catering, having spouses working in the same organisation and recruiting the non-recruitables like housewives and old age people (NASSCOM newsline 2005). Anitpoaching agreements, better perks, higher compensation, well-laid career plans, better recruiting methods, balance between performance expectations and growth aspiration etc., are other retention strategies adopted by IT-ITes companies.

At the NASSCOM HR forum in Calicut, Kerala, on July 12, 2012, industry experts deliberated on the new war for talent and changing role of HR in organisations. During the session, Geetha Manoj, Head, Tata Consultancy Services, Kochi, said, the war for talent is not in the area of recruitment, but in the area of retention of employees. She added that the need of the hour is to explore various ways of effectively and efficiently engaging talent (Nair 2012).
Environmental employee retention strategies suggested by Irwin (2011) includes, addressing three fundamental aspects of the workplace: a) the ethics and values foundation upon which the organisation rests b) the policies that interpret those values and translate them into day-to-day actions and c) the physical environment in which people work. Author further suggested that organisation should clarify its mission and create a value statement. Organisation should communicate positive feelings and should be fair and honest. As a part of employee retention, management should promote integrity and insist on security. Author also suggested employee relationship strategies as a retention tool. In order to maintain a positive relationship with employees, managers should be trained in this aspect. Managers should ask the employees why they want to work for the organisation, which will help the managers to understand what employees need. Once they understand the needs of the employees, try to make the things better for the workforce. Whenever possible, try to bring the worker’s family or write thank you letters to them for supporting the employee. Birthdays of the employees should be celebrated and festivals should also be celebrated by inviting their family.

Mentoring can be a great retention strategy that can be implemented. A mentoring program integrated with a goal-oriented feedback system will provide a structured mechanism for developing strong relationships with the management and employee and can serve as a strong foundation for employee retention. With a mentoring program, an organisation pairs someone more experienced in a discipline with someone less experienced or newly hired in a similar area and can develop specific competencies, provide performance feedback and design an individualized career development plan.
Lack of career development plans and mentoring was founded as one the reason for employee turnover. Coaching should be provided to the staff in order to learn more skills to perform on their job.

Organisations should make the employees feel valued. Employees feel values when their suggestions are taken into consideration. An organisational culture which values the employee is considered as more motivating and conducive to employees.

Challenging job is another strategy that can be implemented. Employees become bored with the same routine job, it is important to give them responsibilities based on their skills and abilities. Recognition for the good performance is another strategy that can be implemented. Every employee prefers an appreciation from the management when they perform better. Regular performance appraisal motivates the employees, especially star performers. It is imperative to motivate the employees to retain them. Social or cultural events should be conducted to boost the morale of the employees.

Employee engagement is another retention tool adopted by organisations. An engaged employee is satisfied with his work and would never think of quitting his job. He willingly accepts responsibilities and looks forward towards a long term association with the organisation. An engaged employee always stays motivated in his current assignments and become committed to the organisation. Managers should understand what makes an employee engaged to the job. Supervisors and team leaders have a crucial job in identifying employee engagement strategies. A conducive work environment itself is a strategy that can engage an employee and make him/her loyal to the organisation. A proper
communication system, support from the management, challenging job etc are some strategies that can make an employee engaged. Employees should feel that this organisation is their family.

Conerly (2013) suggests seven employee retention strategies. They are:

a. Track retention – Management should know who is doing well and who is not doing well, and who needs coaching or training.

b. Good supervisor – In order to retain the employees a good experienced supervisor is a must.

c. Hire right person – While recruiting, ensure that right person is getting hired.

d. Offer great pay, recognition and responsibility – employees should be paid an attractive compensation based on their ability and good performance should be rewarded. Some employees prefer more responsibility in their job.

e. Flexibility – Provide some flexibility to the employees to balance their personal life and work life.

f. Stress – Look for stress factors and trainers should be trained to distress the employees who are in need.

g. Reevaluate the pay – Compensation should be revised accordingly.
An effective retention strategy should focus on and diplomatically address four key elements - performance, communication, loyalty and competitive advantage. Employees should feel that their talents and capabilities are being used while they are performing, then they begin to develop a sense of belonging and a feeling that this is my company. Second element is communication, there should be a proper communication structure in the organisation whether it is related to meetings or any other instructions, employees should receive timely information. Managers should also listen to the grievances of their employees. Third element is loyalty. When managers display loyalty, in reciprocation, employees will also become loyal. Fourth element is competitive advantage. Employees prefer to work for a winner, a reputed brand or name. Management should emphasize the competitive advantage of their organisation, to the employees as well as clients. Employees should feel proud that they are working for a leader (http://www.entrepreneur.com/article/76456).

3.4.1 Employee Retention Strategies in Healthcare Sector

Retention process should start from hiring right employees, with right motivation and realistic job experiences. Employee’s role should be clearly communicated and superior performance should be rewarded. Training and career development programs should be implemented. Providing a continuous feedback would increase employee’s sense of control. Managers should listen to their problems and redress grievances.

Cooley (2014) suggested four retention strategies in healthcare sector. First, by conducting surveys, managers can understand the reasons for high employee turnover. Second is to give training and retraining to
employees on an ongoing basis. When the employees feel that they are not equipped with skills to perform on the job, tendency to leave can trigger. Third suggestion is, in order to increase job satisfaction, there should be effective communication throughout the organisation. Managers should clearly communicate job expectations, company policies, mission statements, goals, plans and upcoming events to their employees. Fourth suggestion is to provide unique opportunities to the employers which competitors cannot provide.

Some providers improve retention by examining and acting on their particular organisational shortcomings. One healthcare organisation had its employee turnover in pharmacy. Finally it was revealed that lack of training was the major reason and organisation implemented appropriate training programme for the pharmacy staff which resulted in the reduction of employee turnover. Promoting engagement among physicians is another retention strategy adopted by one healthcare organisation. Mentoring programme also have a crucial role in reducing employee turnover. At one of the health institution, each new nursing assistant was provided with a mentor and this strategy helped to dramatically drive down turnover, from 64 per cent to 4 per cent (Rossheim n.d).

Some of the retention measures suggested by Swarnalatha & Prasanna (2013) include: provision of incentives for long-term stay, retention bonus, intangible benefits, matching jobs and individuals, and employee relationship management. An employee stays with organisation for a long tenure should be paid incentives towards the loyalty. Retention bonus is a bonus paid to the employees, while organisation undergoes a change, for example, a merger or acquisition. During this change, some employees decide to leave the organisation. In order to retain them,
retention bonus can be helpful. Intangible benefits are those in the form of overseas training, overseas employment in case of companies which have subsidiaries in foreign countries, holiday trips for employees and their families, dinner meetings in luxury hotels with employees and their families, etc. Employees should be placed in the job which matches to their skills and competencies. Finally organisations should maintain an employee relationship management by taking care of every aspect of employees related to their employment.

U.S. hospitals are facing acute shortage of staff, which is making them to reconsider about strategies that can attract and retain skilled medical professionals. Baby boomers have started to think about retirement and Generation X have become a major part of the work force. This generation of workers is highly skilled and ambitious, and brings a different perspective to work. While GenX professionals gain greater experience in the workforce, career opportunities in healthcare are growing. As a result, hospitals are feeling the challenge of retaining these professionals. Flexible schedule to balance the work and life is one of the retention strategy adopted by hospitals in United States. They provide condensed hours in order to balance the weekends. Employees should feel connected to their organisation and they should be kept in a loop. Having a transparent communication can help employee retention. Maintaining a strong spirit and creating a policy where employees feel good about their work is another helpful strategy to prevent staff turnover in hospitals (Holtz n.d).

According to George (2011), senior vice president of HR, Mercy Northern region, Ohio, employee retention is an important element of success in any organisation and even more important in healthcare.
Cost of replacement of registered nurse averages about $64,000. Low turnover enhances the patient care quality. Workforce should be maintained competent to engage the physicians and thus facilitate them to work efficiently. It is the disengaged employees who leave the organisation. Provide better living wages, conduct survey to measure employee engagement, peer interview technique, annual performance appraisal with a conversation with employees, acknowledging employees’ emotional demands etc are few strategies incorporated in this organisation.

According to Powers (2007), retention efforts should start from day one, where employees join the organisation. Many hospitals have found that healthcare staff begins to think about leaving after 180 days itself and half of them leave after first year itself. Assigning a mentor for the new employee will be a helpful strategy. Regular meeting which facilitates an open communication is also found to be helpful in retaining the medical staff. Conducting social events is another recommended strategy. Education that improves self-actualization and fee reimbursement are other retention methods suggested. Flexible hours and appropriate pay are other strategies recommended.

Indian Institute of Health Management Research (IIHMR) recently conducted a national conclave on ‘Human Resource Management in Pharmaceutical Industry: Challenges and Future Directions’ in Mumbai. This initiative was to analyse the importance of Human Resources (HR) in a well-established pharma company. Talent acquisition, employee retention and management are some of the important topics which were discussed at the conclave. An organisation’s growth depends on its employees’ strength. Identifying and recruiting the correct human resources, is the first step in developing a strong employee base. Managers should be competent
enough to select the right candidates from the market, based on qualification, technical and soft skills. On ongoing basis, human resource managers should be engaged in talent development, employee retention and conflict management. ‘One approach fits all companies’ formula should not be the criteria while selection. For a good candidate to do justice to his role, an ideal mix of technical and managerial skills is required. The attrition rate in the pharma industry is 20 per cent, according to SD Gupta, Director, IIHMR. By providing a positive atmosphere to its employees in terms of supportive culture, training programme, a policy for conflict management and adequate ‘rewards and recognition’ programme etc are crucial to employee retention.

Dr. Rashi Agarwal, Director, Praxis Healthcare Pvt. Ltd., Mumbai, India suggested a conducive work environment to retain the healthcare staff. Providing adequate advancement opportunities for career, developing an effective orientation and induction programme, encouraging learning/training programme, tuition reimbursements plans and initiating on-the-job training programme are some of the other employee retention strategies suggested by Dr. Agarwal. Recognition and rewards for the good performers are required to motivate the employees. Offering bonus, perks, fair and competitive salaries were also suggested retention strategies to retain the hospital staff. Quality work, meaningful responsibilities, recognition, respect, growth opportunities and friendly supervisors are the factors that keep the employees stay with their organisations. An employer or management that reacts well to the employee’s ideas and suggestions is always perceived as a positive strategy from employee’s perspective.

As a retention strategy, Allen memorial hospital, Lincoln, Unites States, offers tuition reimbursement for their staff. Those employees
who receive a grade A, will get 100 per cent reimbursement, for a B grade, 90 per cent reimbursement and for a C grade, 70 per cent will be reimbursed. Employee must work for Allen Memorial for two years to qualify for this reimbursement program or receive a waiver if it is difficult to fill in that position.

Allen Memorial also offers four internal training programme for scrub technicians, nurse aide, recreation technologists and phlebotomists. These programmes are a combination of basic orientation, a multi-media academic training session and clinical training with a mentor. Organisation also provides outreach programmes through accredited universities in such a way that hospital has contracts with several local and state schools to provide clinical rotations for students. Imaging, CT mammography, radiologic technology and nursing are some of the subjects involved in these outreach programmes.

Dr. Dan C Trigg Memorial Hospital, Tucumcari, NM, developed a community scholarship programme to improve retention of nurses. The programme intents to train and hire nurses from the local community, since nurses from the community are more likely to stay with the hospital for a prolonged period of time. The hospital also offers scholarship funds such as 100 per cent reimbursement of tuition fee, books and supplies, as well as a $250 monthly stipend. Two to four students are sponsored each year through this programme.

Hamilton hospital, Webster city, IA, offers an alternative scheduling programme that permits the employees to work in a set of weekend shifts (three out of four or seven out of eight weekends). Depending on the package, employees will receive 135 per cent to 155 per
cent of pay. If a clinical employee has to work on a day off, they get paid "Day Off Premium Pay". The hospital also provides financial support for continuing education and certification classes. In order to reward employees on individual, departmental and organisational levels for outstanding job performance, the hospital developed a performance recognition programme. Pizza parties, gift bags and free snacks in the cafeteria are some of the inducements employees receive. Every employee receives a free half-hour massage on a monthly basis.

Hereford Regional Medical Center, Hereford, Texas, has employee referral programme. Employees that refer a nurse through the referral bonus programme receive $150. Hereford Regional Medical Center also provides scholarships to their employees who are interested in seeking a health care degree, such as diabetic teaching or nursing. In return, employees agree to a work commitment after graduation.

Memorial Community Hospital & Health System, Blair, USA, implemented a retention bonus programme for retaining good employees. The retention bonus is currently available only to employees in radiology and physical therapy. The $6,000 bonus, is paid every six months over a three-year period in return for a three-year work commitment. Employee should pay back the amount, if he/she breaches the contract.

Twin city hospital, Dennison, Ohio, USA, developed a referral system in which their employees would receive payment for referring a quality candidate. Employee will receive $100, for recommending certified, licensed, registered, or supervisory staff personal and if the newly hired is still employed after their 90-day orientation, referring employee will receive $100. If their recruit is still employed, after six months from
the date of hire, the referring employee receives another $150. The referring employee receives $25 following the 90-day orientation, for all other positions and after six months later they receive another $25 if the new hired is still employed. If the hospital is having a difficult time to fill a professional position, they post an internal posting and offers $500 to anyone who refers a suitable candidate.

According to Joice (2013), organisations should focus on improving working environment. “Conducive working atmosphere, proper work schedules, seamless communication within the management level, adequate training for the employees and timely motivation of both monetary and non-monetary benefits” would reduce high employee turnover. Organisations should render beneficiary factors for the employees’ family as well.

To improve nurse retention, strategies suggested by Jones & Gates (2007) include: transforming the work environment by providing strong, top-level nursing leadership and supportive nursing supervision throughout the organisation, involving nurses in decision making pertaining to patient care delivery and practice, re-designing nurses work spaces that is less physically demanding, safe environment, limiting work hours, ensuring safe staffing levels, flexible work schedules and employment opportunities such as job sharing; and improving nurses wages.

Study supported by the Robert Wood Johnson Foundation (RWJF) and coordinated by The Lewin Group, namely “Wisdom at Work: Retaining Experienced Nurses”, found that a number of health care organisations lowered experienced nurses turnover rates by making a
concerted effort to improve nurse morale and productivity. Successful retention strategies included innovative approaches to staffing; employee health and wellness programs; and training and development opportunities for veteran nurses. Study found that initiative such as teams and equipment to help nurses lift patients and other heavy items, did not contribute to drop in turnover among experienced nurses even though they enhanced morale and curb expenses associated with work-related injuries. Study also found that organisation with sustained commitments by corporate leadership, a corporate culture that value aging, compensation packages and benefits that cater to the needs of older workers, retirement plans and flexible work arrangements were successful in retaining their experienced and old employees.

According to Cleaver (2013), there should be a tracking system to know where the turnover rates and replacement costs are. Empowering the employee and keeping them accountable is an effective retention strategy. Listening to employees is crucial, after listening take necessary action as well. Some managers ignore what they listened, but employees will have expectations. While recruiting, ensure that the prospective candidate is culture fit and ethical fit.

According to Mercado (2012), a registered nurse, following strategies can facilitate employee retention. They include

i. Stay in touch - keep in touch with the employees on a daily basis, by walking around in the units.

ii. Reward Longevity & Preceptors - Employees should be appreciated for their loyalty. The preceptor can build a
relationship with the new nurse eventually experience a special bond over the years, which will result in the employee loyalty.

iii. Individualize Orientation - Extend the orientation program for newly hired nurses by weeks and possibly longer on an individual basis. Sometimes a newly-graduated nurse requires more time with a preceptor to learn about the job.

iv. Recognize quality - Provide “nurse excellence award”, nominated by peer nurses.

v. Encourage career development - Encourage for further education and tuition fee reimbursement for the nurses to become registered nurses.

vi. Use ‘floating’ wisely - A new nurse who has trained in a specialty area may require to float to another area of the hospital, due to shortage of staff. Appropriate manual should be in place to help these nurses which facilitates them to perform in that area, should guide them about what specific duties are expected to be accomplished. Else it may result in job dissatisfaction among the staff.

Some of the best retention practices implemented by certain healthcare organisations are

a. Assessment of the new hires in every 30 days, 60 days and 90 days.

b. Assigning a mentor to the newly hired employee.
c. Conducting employee satisfaction surveys and frequent meetings with the employees that redress grievances.

d. Job rotation of pharmacists in the pharmacies.

e. Creation of strong clinical environment.

f. Recognition of the employees by management and colleagues.

g. Face to face meeting with higher level managers with employees to know them better.

h. Kind and approachable managers who show concern for others. (Duggan 2010).

Management should communicate properly what it is expected from the employees. Employees should be valued by their organisations. Learning and development opportunities are also important to employees. Mentoring, coaching, proper compensation according to the competence or ability, employee referrals, a positive culture are widely accepted employee retention strategies. Management should provide an environment where the nurses have job autonomy. Good performance should be recognized and rewarded. Nursing supervisors should provide support to the nursing staff to achieve their goals. There should be open and transparent communication with the management and employees.

Compensation plays a crucial role in retaining employees in any organisation. Supervisors should always build a pleasant relationship with their staff. Bad boss was one of the major reasons for employee turnover in hospitals. When employees are treated well, they feel a close association with their organisations, which will in turn make them committed
employees. Managers should always listen to their staff and respond to their problems. Staff meetings should be conducted on regular basis and issues should be addressed in the meetings. Work – life – balance policies should be implemented for them to balance their personal life and work life. Policies such as giving a day off on their birthday and providing flexibility for family functions etc can boost the morale of the staff. Career advancement opportunities should be made available. Coaching and mentoring should be provided to the staff to enhance their skills for the present job as well as for future career. A culture of accountability should be facilitated.

Jaimie (2010) has suggested ten key considerations for medical staff in a changing healthcare workforce. According to the author, layoffs are not the best option to save money. Medical staff should be hired from the National Healthcare care Career network (USA). US healthcare workforce is facing acute shortage of medical staff, including physicians and nurses. Author has also suggested planning for employee’s succession planning and career planning programs, because employees always look forward for the career advancement in their organisations. Young generation employees do not have a permanent relationship like how their seniors used to have, hence it is imperative to implement such strategies to enhance their relationship with the organisations and thus make them committed to the organisation. Hospital management should plan up for promotions strategies even though there is lack of top level positions in the hospital. Job rotation is another method which helps the employees to learn more skills and thus becomes a training program for the staff. Author also emphasize the need for IT experts’ addition to the medical staff.
According to Studer (2010), the best way to ensure employee retention is to focus on “five pillar leadership”. It is a sustained focus on people, service, quality, finance and growth. These five pillars support the organisation in enduring service and excellence and the key to this excellence is people. By setting up proper measurement system for the goals and measuring progress towards these goals, results can be achieved. Employees usually cite the relationship with their managers as one major reason for the turnover and finance department should be able to understand the relationship between these five pillars and employee retention. Because when the employee turnover increases, cost can also shoot up.

Baby boomers are dramatically increasing the demand for nurses in healthcare sector of USA. Healthcare providers are facing a tough time to provide quality patient care. High turnover of medical staff in healthcare institutions is already affecting the quality and availability of healthcare services. The most obvious retention strategy is salary and it is made attractive in the form of incentives and perks. Creating and promoting a brand, enable an organisation to recruit and retain its employees it needs. Federal Express is the best example of creating brand loyalty of employees who follows the policy of “Equal treatment for all” (Abrams 2004). Microsoft and Intel have created a brand image of challenging and cutting edge place to work with, which has attracted creative employees. Advantage of this brand building strategy is that employees become emotionally attached with the organisation. Recognition is another powerful tool to build employee loyalty. Best organisations implement the recognition program to ensure that employees get the rewards they deserve. Such recognitions involve cash awards. Customer service awards, tours, celebrations banquets and other activities.
Bank of America has such a recognition program called “Customer Experience Leadership Award” (CELA). If a customer praises an employee’s performance and write a letter to the management, manager might present CELA award to that employee. Miami Valley hospital (United States) is a best example in this practice. As recognition, they give gift certificates, annual banquets, etc. Partnering with training or educational organisations is another retention strategy suggested. For example, hospitals can have a tie up with nursing schools to enhance their educational level and get more advanced training. Providing family benefits is another retention strategy that can lure employees.

Non-wage benefits are highly attractive to employees and employers equally, since they are non-taxable to employees and less expensive to employers. Example of such benefit includes flexible working hours. In some hospitals, this is a major retention strategy. Employees can complete their schedule by working 8-12 hours to be worked in seven or fourteen days. Some hospitals offer employees to work in evening or noon shifts. This flexibility help them balance their personal life and work life. On-site child care is another non-wage benefit provided by hospitals. Subsidized meals and accommodation facilities are other retention strategies adopted by healthcare institutions. Some nurses get additional pay for working in a understaffed unit, temporarily. Weekend pay is higher than week day pay, some institutions offer 50 per cent higher compared to week day pay. Another non-wage benefit is ‘care options’, which include discounts on laboratory testing, pharmacy discounts at the hospital etc. (Cangelosi et al 1998).

Employees need something more in their job than the pay. Worker’s expectations had been shifted compared to past few decades.
They prefer balanced work life, participation in decision making, opportunities for career growth and to be able to make a meaningful contribution toward the growth of the organisation. Many prefer better working condition and working environment. Flexibility has become the major concern of women employees as well as male employees in healthcare sector. Healthcare organisations should offer flexible work schedule and job sharing to their employees. Employees would like to know what is going on in their organisations and be a part of strategic planning. Employee’s suggestions should be valued by the management. Healthcare organisations should ensure that their employees are getting ample opportunities for the career growth. Offer appropriate training including technical training for the advanced technology oriented equipments installed in the organisations. By understanding the expectations and implementing proper strategies, healthcare organisations can retain their talented workforce and can attain the competitive advantage (Izzo & Withers 2002).

In order to address the turnover, organisation should focus on those managers who have more contact with employees. Turnover literature indicates that factors related to individual work units, limited staff, patients’ interaction and relationship with the managers, were major reasons of employees’ decision to leave their organisation. Manager’s retention efforts should focus on those employees, who are at the greatest risk of leaving. Healthcare organisations generally focus their retention on nurses, since this group makes the major bulk of workforce. Retention is the responsibility of all managers, whether they are at the middle level or lower level. Employee satisfaction survey is topped as the employee retention tool. Other retention tools included frequent revised compensation packages, flexible schedule, forums for the employees to
meet the executive managers. Survey conducted by Numerof and Associates (NAL), a strategic management consulting firm in United States, to study the effective retention strategies in healthcare institution found some of the most effective and least effective retention strategies. Most effective retention strategies included: a) preference given to internal promotions b) frequent compensation reviews c) Salary adjustments d) Retention bonuses e) Retention task force f) Health plan upgrades and g) Meeting with top management. Employee issues hotline, flexible benefits, pension plans and hospital branded merchandise were voted as least effective retention methods (Abrams 2002).

Mazzuckelli (1999) suggests certain strategies to retain IT staff in healthcare sector. Anything to support family of the employee will be encouraging to them. Providing flexibility, day care facility for the children are few such strategies. Family trips should be entertained by the management, for all employees and their families together. Offering training opportunities for career growth is a vital component of a robust retention plan. Opportunities to learn from outside vendors, nursing schools, or fee reimbursement plans are most expected from employees and should be encouraged by the management as well.

3.5 CONCLUSION

This chapter presented the fundamental concepts of employee turnover, employee retention and retention strategies adopted in various sectors. Chapter also provided a brief about service sector and healthcare sector and challenges faced by healthcare sector. Analysis of the concepts presented in this chapter emphasizes the need for effective employee retention strategies in hospitals.