

CHAPTER 5

RECRUITMENT, SELECTION, AND RETENTION

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LEARNING OBJECTIVES

After completing this chapter, you should be able to

- describe the major steps and decisions involved in recruitment and selection;
- discuss the factors people consider in deciding to accept a job offer;
- address the advantages and disadvantages of internal and external recruitment and other sources of applicants;
- explain the concepts of person–job and person–organization fit and their relevance to recruitment and selection; and
- identify the most important factors related to turnover and retention and strategies that can improve retention.

VIGNETTE

Joan Hampton is director of a nationally known home healthcare agency that is currently recruiting for a nurse manager. The nurse manager job involves supervising other nursing and ancillary staff, managing the scheduling process, coordinating nursing activities with other home health services, providing direct service, and ensuring compliance with policies, procedures, and regulatory requirements. Following are the major job requirements:

- Current and unencumbered state license to practice as a registered nurse
- Three years' experience as a registered nurse, at least one of which must involve full-time experience in providing direct patient care in the home health setting; one year supervisory or management experience preferred
- Current CPR certification
- Ability to assess patient status and identify requirements relative to age-specific needs
- Excellent verbal and written communication skills
- Strong interpersonal skills and ability to work in teams
- Knowledge of federal and state rules and regulations, Joint Commission standards, and other regulatory requirements
- Strong fiscal planning and human resource management skills

Sandra Goodman has been with the home health agency for five years and has proven to be a diligent, hardworking, and reliable employee. For the past 15 months, she has held the temporary position of nurse manager and has done well in that position. She sets high standards for herself, has become an expert in the agency's reporting and billing procedures, and understands regulatory requirements and the financial operations of the agency. Sandra has applied for the permanent position of nurse manager, for which she has many of the qualifications.

Along with Sandra, Michaela Roberts is being considered for the position. Michaela has seven years of experience in home healthcare and three years of experience as an ER nurse. However, she has no supervisory experience and limited financial skills. Several nurses in the agency interviewed and liked Michaela and recommended her for the position.

Joan is tempted to offer the job to Sandra because of her experience and because she could step into the position with little training. However, several nurses have come to

Joan indicating that they will quit if Sandra is offered and accepts the job. While Sandra has performed well in the temporary nurse manager role, she has an autocratic personality and management style that have alienated many of the nurses. She has been known to lose her temper and insult the staff for failure to follow procedures.

While the other nurses support hiring Michaela, Joan feels that she does not have the time to properly orient and train her for the position. Michaela is bright and indicates a willingness and aptitude to learn, but Joan is much more comfortable and secure with Sandra. However, she is also concerned with morale problems and turnover if she decides to hire Sandra. What advice would you give Joan, and why?

INTRODUCTION

Staffing means getting the right people into the right positions in a timely manner. Staffing includes recruitment, selection, and retention. *Recruitment* refers to various methods to generate a pool of applicants. *Selection* involves choice: who among applicants should be chosen for a particular position? *Retention* refers to keeping people in the organization once they have been hired.

We explore these three topics together because they are integrally related with each other and other human resources management (HRM) functions. These HR practices are highly interdependent. For example:

- ◆ The success of recruitment efforts determines in part how selective an organization can be in hiring. An organization can be more selective when there is a relatively large supply of qualified applicants from which to choose.
- ◆ Developing a recruitment plan that seeks to generate a pool of qualified applicants depends first and foremost on the existence of an accurate, current, and comprehensive job description.
- ◆ Employee retention can relate to how an organization welcomes and orients new employees.

As with all HRM functions, organizations must be cognizant of legal considerations when developing and implementing recruitment and selection procedures. For example, because it is illegal under Title VII of the Civil Rights Act to discriminate in hiring based on race, gender, and other characteristics, those involved in employee selection need to be careful that these factors do not bias selection decisions.

RECRUITMENT

Recruitment refers to the methods organizations use to attract qualified individuals on a timely basis and in sufficient numbers and to encourage them to apply for jobs. Organizations should consider these key questions:

- ◆ Should we recruit and promote from within, or should we focus on recruiting external applicants?
- ◆ Should we consider alternative approaches to filling jobs with full-time employees, such as outsourcing, flexible staffing, and hiring part-time or temporary workers?

- ◆ How important is it for employees to fit with the culture of the organization? Should we favor applicants who best fit the culture but may require additional training to improve their technical skills?

An organization's recruitment success depends on its attractiveness, the community and labor market in which it is located, the economy, its work climate and culture, managerial attitudes and behavior, and workload.

FACTORS THAT INFLUENCE JOB CHOICE

Accepting a job offer is a big decision with possibly lifelong implications. What do potential employees look for in a job? Once an individual is offered a position, how does he make the decision to accept or reject the offer? Applicants are certainly concerned with compensation, benefits, and opportunities for career mobility and promotion. They may also consider the availability of other positions. Applicants are sensitive to the attitudes and behaviors of the recruiter or whoever is their first contact with the organization. First impressions are potent, because the sense of whether one fits in with the organization is often decided at this stage. Early negative first impressions may be difficult to reverse. Applicants are more likely to accept positions in organizations that share their values and style.

Communicating values to potential employees is often done through a signaling process. Consider, for example, the recruitment potential of the following messages:

- ◆ "A power to heal. A passion for care." (WakeMed 2007)
- ◆ "Every life deserves world class care." (Cleveland Clinic 2009)
- ◆ "Transforming care, transforming careers. Lives change here every day. And yours can, too." (North Shore–Long Island Jewish Health System 2009)

Consider the values statement of the world-renowned Mayo Clinic, spoken by Dr. Charles W. Mayo: "There are no inferior jobs in any organization. No matter what the assigned task, if it is done well and with dignity, it contributes to the function of everything around it and should be valued accordingly by all" (Mayo Clinic 2009). Mayo Clinic's website also indicates that it is one of *Fortune's* 100 Best Companies to Work For and that it has been a Magnet hospital since 1997. Seeking to attract members of minority groups to its workforce, Kaiser Permanente (2007) devotes a substantial portion of its web-based recruitment efforts to promoting its National Diversity Program and its emphasis on culturally competent care. To distinguish itself from other hospitals, the nursing recruitment website of Johns Hopkins Hospital (2007) states: "Though your choices are vast in today's nursing market, we challenge you to discover for yourself what is different about a nursing career with our world-renowned, Magnet-recognized team and America's #1 hospital."

Organizations promote themselves as good places to work by appealing to a variety of employee needs, interests, and values. Understanding the factors that affect job choice is central to developing effective recruitment strategies. It is valuable to distinguish between individual characteristics and vacancy characteristics.

! CRITICAL CONCEPT The "Perfect" Job

Is there a "perfect" job? Rarely. When a person accepts a job, she always makes compromises and trade-offs. For example, the organization may not be able to meet her expectations for pay, but professional development and career opportunities may offset the lower salary. A parent concerned about childcare responsibilities may reject an offer of an otherwise perfect job because the two-hour daily commute places undue stress on the child and parents. Employer and applicants must be aware of the multiple factors that go into a job acceptance decision.

Individual characteristics are personal considerations that influence a person's job decision. The factors that lead a family physician to accept employment with a rural health center may be quite different from those that drive a nurse to accept employment with an urban teaching hospital. Life stage may affect the relative importance of these factors.

Vacancy characteristics are those associated with the job, such as compensation, challenge and responsibility, advancement opportunities, job security, geographic location, and employee benefits.

Compensation and benefits are often key elements in an individual's decision to accept a position. For some healthcare positions, compensation is complicated by differential pay rates, hiring or signing bonuses, and relocation assistance. Hot-skill premiums—temporary pay premiums added to base pay for employees with in-demand skills—have become particularly common in healthcare, although premiums usually remain in place even after market pressures ease. The relative importance of compensation to employees is complex. Under certain circumstances employees may leave an organization for another to obtain only a small incremental increase in compensation. In other cases, employees may stay with an organization even when offered a generous improvement in compensation by another organization.

The amount of challenge and responsibility inherent in a particular job is frequently a key job choice factor; professionals seek positions that put their training to best use. Many applicants value jobs with advancement and professional development opportunities; however, there are often limited opportunities for clinical staff to advance

while continuing to do clinical work. Advancement opportunities for technically trained individuals may be limited to management positions. For some, taking on management responsibilities may lead to feelings of loss of their professional identity. Even more important is the fact that clinically trained people often do not have the required management skills to work in a managerial capacity. The advanced practice nurse position is an example of how nursing has sought to retain nurses in clinical positions while offering career growth and professional development.

? DID YOU KNOW? Clinical Nurse Specialists

Clinical nurse specialists (CNSs) are advanced practice nurses who hold a master's or doctoral degree in a specialized area of nursing practice. Their area of clinical expertise may be in

- a population (e.g., pediatrics, geriatrics, women's health),
- a setting (e.g., critical care, emergency room),
- a disease or medical subspecialty (e.g., diabetes, oncology),
- a type of care (e.g., psychiatric, rehabilitation), or
- a type of health problem (e.g., pain, wounds, stress).

In addition to the conventional nursing responsibilities that focus on helping patients prevent or resolve illness, a CNS's scope of practice includes diagnosing and treating diseases, injuries, and disabilities within his field of expertise. Clinical nurse specialists provide direct patient care, serve as expert consultants for nursing staff, and take an active hand in improving healthcare delivery systems.

SOURCE: Adapted from ExploreHealthCareers.org (2008).

first column briefly describes each applicant. The second column states each applicant's minimum standards for acceptance along four dimensions: pay, benefits, advancement opportunities, and travel requirements. These four dimensions are sometimes categorized as noncompensatory standards: no other element of the job can compensate if these standards are not met; these are deal killers. Column 3 is a description of a hypothetical job

Job security is clearly an important determinant of job choice. The current healthcare and business environment is characterized by a great uncertainty, in part due to organizational change including mergers, acquisitions, and downsizing. Fear regarding job security was once limited largely to blue-collar workers, but professionals and managers are also at risk.

Geographic location and other lifestyle concerns may be highly important to applicants, particularly for individuals in dual-income families, in which the potential for spouse employment may play a significant role in acceptance decisions.

Employee benefits continue to grow in importance in job acceptance. In some highly competitive fields, many companies have moved beyond traditional benefits, such as health insurance and vacation pay, into such areas as membership in country clubs or health clubs, on-site day care, and financial counseling. However, given a healthcare environment facing increasing financial pressures, it is likely that employee benefits will be reduced in coming years.

Exhibit 5.1 illustrates how different applicants may assess the importance of different job features. Although the table oversimplifies the job choice process, it shows how personal preferences and life circumstances may affect job choice. The

EXHIBIT 5.1
Three Hypothetical Applicants

Applicant	Minimum Standards for Job Acceptance	Job Description
Person 1: 23 years old, single	Pay: at least \$40,000 Benefits: Health insurance coverage of at least 25 percent Advancement opportunities: Very important Travel requirements: Unimportant	Job: Insurance company provider relations coordinator Pay: \$45,000 Benefits: Health insurance covered at 50 percent Advancement opportunities: Recruitment done internally and externally Travel requirements: Average 25 percent travel
Person 2: Sole wage earner for large family	Pay: at least \$50,000 Benefits: Health insurance coverage of at least 50 percent Advancement opportunities: Very important Travel requirements: Cannot travel more than 25 percent of the time	Job: Healthcare consultant Pay: \$55,000 Benefits: Health insurance covered at 50 percent Advancement opportunities: Strong history of promotions within one year Travel requirements: Average 50 percent travel
Person 3: Spouse of high-wage earner	Pay: at least \$35,000 Benefits: Unimportant Advancement opportunities: Unimportant Travel requirements: Cannot travel more than one week per year	Job: Research assistant in academic medical center Pay: \$37,000 Benefits: Health insurance covered at 50 percent Advancement opportunities: Generally hires externally for higher-level positions Travel requirements: Little or none

being considered by the job applicant. After looking at the minimum standards for job acceptance (column 2), consider how each of the three applicants would assess the acceptability of the particular job. For example, person 3, who does not like to travel, will be unlikely to accept a job that requires substantial travel, regardless of anything else; person 2 views health insurance as an absolute requirement for acceptance.

THE RECRUITMENT PROCESS

The human resources plan should provide the foundation for recruitment. A human resources plan includes specific information about the organization's strategies, the types of individuals required to achieve organizational goals, and recruitment and hiring practices.

Human resources information system

An integrated information system designed to provide managers with information for HR decision making. It may include information on all aspects of HR, including information on past employees and applicants.

Skills inventory

A manual or electronic system designed to keep track of employees' experiences, education, skills, knowledge, abilities, and other characteristics.

Those involved in recruitment and selection must have a thorough understanding of the position that needs to be filled, the position's required competencies, and its relationship to other positions in the organization. A recruitment effort should begin with a job analysis that provides information about job requirements and qualifications.

Recruitment requires an assessment of the external environment, particularly the supply of potential applicants, and a market analysis that provides information about compensation and benefits for people who hold similar jobs in other organizations. Many organizations obtain this information through wage and salary surveys. External recruitment sources, such as colleges, competing organizations, and professional associations, should be assessed to determine if they have yielded successful candidates in the past. Logistical issues may also be examined, such as the timing of a recruitment effort; for some positions, seasonal factors are relevant, such as the time of graduation from nursing school.

Recruitment also includes a review of past recruitment efforts for this and similar positions: Will this a job require an international search, or will the local labor market suffice? A **human resources information system** (HRIS) may provide helpful information. Many systems include information described in Exhibit 5.2. A **skills inventory** database maintains information on current employees' skills and certifications, educational background, training completed, seminars attended, work history, and other job-related data. Such a database is useful for many HR functions, including succession planning. Organizations should maintain records of applicants who were not hired in the past, because they may be qualified for positions in the future. A well-managed database can broaden the pool of possible applicants.

Recruitment and selection can be costly. For a single position, the cost may be equivalent to, and in some cases may exceed, the position's annual salary. As a result, it is important to measure the efficiency of the recruitment process. Exhibit 5.3 illustrates

Type of Cost	Expenses
Cost per hire	- Advertising, agency fees, employee referral bonuses, recruitment fairs and travel, and sign-on bonuses - Staff time: salary; benefits; and overhead costs for employees to review applications, set up interviews, conduct interviews, check references, and make and confirm an offer - Processing costs: opening a new file, medical examination, drug screening, and credential checking - Travel and lodging for applicants, relocation costs - Orientation and training
Application rate	- Ratio of referral factor: number of candidates to number of openings - Applicants per posting - Qualified applicants per posting - Protected class applicants per posting - Number of internal candidates, number of qualified internal candidates - Number of external candidates, number of qualified external candidates <i>Cost per hire measures can be calculated for all referral sources or by individual referral source.</i>
Time to hire	- Time between job requisition and first interview - Time between job requisition and offer - Time between offer and acceptance - Time between job requisition and starting work
Recruitment source effectiveness	- Offers by recruitment source - Hires by recruitment source - Employee performance (using performance evaluation information and promotion rates) - Employee retention by recruitment source - Offer acceptance rate (overall and by recruitment source)
Recruiter effectiveness	Response time, time to fill, cost per hire, acceptance rate, employee performance, and retention
Miscellaneous	Materials and other special or unplanned expenses, new employee orientation, reference checking, and drug screening

SOURCE: Adapted from Fitz-enz and Davison (2002).

EXHIBIT 5.3

Measures of Recruitment Effectiveness and Efficiency

measures for assessing the effectiveness and efficiency of the recruitment process. Each of these factors varies depending on the job, and a good HRIS and cost-accounting system can help the organization understand the major costs associated with recruitment and selection.

EXHIBIT 5.2

Human Resources Information System Recruitment Data

HRIS Data	Uses in Recruitment
Skills and knowledge inventory	Identifies potential internal candidates
Previous applicants	Identifies potential external candidates
Recruitment source information - Yield ratios - Cost - Cost per applicant - Cost per hire	Helps in the analysis of cost effectiveness of recruitment sources
Employee performance and retention information	Provides information on the success of recruitment sources used in the past

RECRUITMENT SOURCES

Internal recruitment

An approach to employee recruitment that emphasizes identifying and recruiting applicants who are already members of the organization.

External recruitment

An approach to recruitment that emphasizes identifying and recruiting applicants outside of the organization.

Peter Principle

The theory that employees in an organization will be promoted to their highest level of competence and then be promoted to and remain at a level at which they are incompetent.

Employee referral

An approach to recruitment in which current employees help identify promising applicants.

An initial step in the recruitment process is applicant sourcing, specifying where qualified applicants are located. **Internal recruitment** refers to promotion or transfers from within the organization. **External recruitment** regards applicants from outside of the organization. Each source of applicants has its advantages and disadvantages, as shown in Exhibit 5.4. Internal recruitment may be advantageous because candidates are generally already known to the organization; managers are familiar with the applicant's past performance and future potential. Internal applicants are also familiar with the organization and may not require as much start-up time as external applicants. Internal hiring may also build morale, because it signals to other employees that there are opportunities for advancement.

One possible negative result of internal recruitment is that technically skilled employees who are promoted to management positions may lack management skills. Such promotion exemplifies the **Peter Principle**, a common phenomenon in which successful employees continue to be promoted until they reach one position above their level of competence. The Peter Principle, named after educator Laurence Johnston Peter, who popularized the theory, can be avoided with careful employee selection and training procedures.

Internal recruitment may also cause disarray in the organization. A promotion may create a ripple effect—one individual moves into a different position, leaving a vacancy; this vacancy, in turn, is filled by someone else who causes another vacancy, and so forth.

An advantage of external recruitment is that candidates from outside the organization may bring new ideas. The organization can specifically target candidates with the skills needed rather than settle for an internal candidate who may know the organization but lack the required skills and knowledge. External applicants tend to be unencumbered by political alliances and internal conflict and therefore may be easier to bring into a difficult political environment than an internal applicant. This lack of complication is often one of the reasons for selecting a chief executive officer from outside the organization.

Some applicants are not easy to characterize as internal or external—for example, those who have worked for the organization in a temporary or part-time capacity. This practice is common in nursing, where traveling or agency nurses may apply or be recruited for full-time positions.

Current employees sometimes refer friends and acquaintances for positions in an organization. **Employee referral** is an excellent source of applicants because the referring employee knows the organization and can do an initial screen of the applicant. Employee referral can be a powerful recruitment strategy, yielding employees who typically stay longer with the organization and who exhibit higher levels of loyalty and job satisfaction than do employees recruited through other mechanisms. According to Todd Davis, a recruiting consultant with a large California physician group:

EXHIBIT 5.4

Advantages and Disadvantages of Internal and External Recruitment

Recruiting Internal Candidates

Advantages

- May improve employee morale and encourage valued employees to stay with the organization
- Permits greater assessment of applicant abilities; candidate is a known entity
- May be faster, and may involve lower cost for certain jobs
- Good motivator for employee performance
- Applicants have a good understanding of the organization
- May reinforce employees' sense of job security

Disadvantages

- Possible morale problems among those not selected
- May lead to "inbreeding"
- May require strong training and management development activities
- May manifest the Peter Principle
- May cause ripple effect in vacancies

Recruiting External Candidates

Advantages

- Brings new ideas into the organization
- May be less expensive than training internal candidates
- External candidates come without dysfunctional relationships with others and without being involved in organizational politics

Disadvantages

- May identify candidate who has technical skills but does not fit the culture of the organization
- May cause morale problems for internal candidates who were not selected
- May require longer adjustment and socialization
- Reliable information about applicant may be difficult to obtain

Peer referrals are the most powerful recruiting tool. When I get a referral in-house I know the candidate is going to have the skills and the interest, because a colleague has already made the contact (Zappe 2006).

Some employee referral programs give financial rewards to employees if the new hire remains with the organization for a defined period.

Former employees who left under positive conditions are often good applicants. Their capabilities and potential are already known to the organization. Sometimes referred to as "boomerang hires," they also send an implicit message to current employees that the work environment is desirable (Green 2009).

Employment agencies or executive search firms may be used to recruit applicants. These organizations help firms with recruitment and provide assistance for people seeking

jobs. Agencies may specialize in different types of searches and typically work either on a commission or on a flat-fee basis.

THE RECRUITING MESSAGE

The major objective of recruitment is to ensure that the right applicant will accept the job offer. The message prospective employees are given is important. Four types of information should be communicated:

? DID YOU KNOW? Job Searching on the Web

In 2008, job search websites were the fastest growing on-line category. In one year, the number of visitors to online search sites grew by 51 percent, to 18.8 million visitors. The top site was CareerBuilder.com, which had 9.1 million visitors, a 78 percent increase over the previous year. Monster.com had 6.7 million visitors, or a 62 percent increase. Other sites included Yahoo! Hot Jobs (146% increase), Indeed.com Job Search (88% increase), and Simply Hired, Inc. (161% increase) (comScore.com 2009).

1. *Applicant qualifications:* education, experience, credentials, and any other preferences, within legal constraints
2. *Job basics:* title, responsibilities, compensation, benefits, location, and other pertinent working conditions (e.g., night work, travel, promotion potential)
3. *Application process:* deadline, resume, cover letter, transcripts, references, and contact person and address for the application packet
4. *Organization and department basics:* name and type of organization, department, and other information about the work environment

THE REALISTIC JOB PREVIEW

Realistic job preview

A process in which applicants are given a true picture of a job, including its strengths and weaknesses, through verbal information, discussions with job incumbents, employee shadowing, and other methods.

A **realistic job preview** refers to the process of giving applicants a true picture of a job, including its strengths and weaknesses. This may include verbal information, discussions with job incumbents, employee shadowing, and other methods. Using realistic job previews is related to higher performance and lower attrition from the recruitment process, lower initial expectations, lower voluntary turnover, and lower turnover overall.

EVALUATING THE EFFECTIVENESS OF RECRUITMENT

Recruitment can be expensive, so it is important to evaluate the effectiveness of recruitment efforts. The evaluation process depends on reliable and comprehensive applicant data, a well-functioning HRIS, applicant quality and disposition, and recruitment costs. Common measures of a recruitment function's success include the following:

- ◆ *Quantity of applicants.* Effective recruitment yields a large number of candidates (depending on the market supply) who meet the minimum requirements.

- ◆ *Quality of applicants.* A well-designed recruitment effort attracts applicants who have the required qualifications.
- ◆ *Overall recruitment cost and cost per applicant.* This helps determine the cost effectiveness of recruitment methods.
- ◆ *Diversity of applicants.* Attracting applicants who represent the diversity of the service population is frequently a recruitment goal.
- ◆ *Recruitment time or time-to-fill.* The more time spent on proper recruitment, the greater the chance that the ideal candidate will emerge. However, a lengthy recruitment process also results in greater costs, disruption of service or work, and potential dissatisfaction among current employees who must fill in for the vacant position.

CURRENT ISSUE Distress Among Doctors and Nurses

Doctors and nurses are facing an increasingly difficult problem—moral distress, situations where health professionals know what is ethically appropriate but are unable to act on that knowledge. Their inability to act on their moral principles may be because they are caught between multiple demands. Healthcare providers must argue with insurance companies about approval for procedures, respond to the demands of anxious relatives, and deal with hospital cost containment pressures.

The cumulative effect of moral distress can be profound. The *New York Times* (Chen 2009) reports that a recent study found 15 percent of nurses left their jobs because of moral distress. Health professionals are continuously caught between contradictory pressures: to do the right thing, to maintain awareness of cost containment pressures, and to provide care that may not be medically necessary or warranted, particularly in the final months of life. Many health professionals feel that while they were trained and attempt to work in the patient's best interest, they instead find themselves working to avoid a lawsuit.

According to Ann B. Hamric, the author of a study on ICU physicians and nurses, "There are many different reasons why a clinician may feel that he or she is not able to do the ethically appropriate thing . . . Doctors feel that the risk managers or the lawyers are telling them what they can and cannot do for patients, and that affects physicians . . . Part of what we have to do is to start recognizing moral distress and deliberately talking about it in healthcare settings" (Chen 2009).

SELECTION

After recruiting comes selecting the right person from the applicants. Employee selection is largely a matter of predicting which applicant is most likely to achieve success. Success may mean not only proficiency in the job, but also longevity in the position and fit with the culture of the organization.

Selection must be distinguished from simple hiring. In selection, a careful analysis of an applicant's qualifications is performed. Sometimes job offers are made with little or no systematic evaluation of applicants—a common example is hiring an individual based on political connections, where political factors supersede objective measures of suitability. There are also circumstances when a position must be filled quickly or when there is a labor shortage in a particular area. In these cases an organization may simply hire whoever meets the minimum qualifications. This often occurs in organizations in remote or otherwise undesirable locations. Applicant availability may be the key criterion for selection in such situations.

THE QUESTION OF FIT

Selection processes seek primarily to ensure **person–job fit**. The goal of hiring is simply to determine whether the applicant has the competencies to do the job. An accurate job description provides the foundation for selecting a candidate who has the required qualifications.

In many circumstances **person–organization fit** can be critical to job success. Person–organization fit is almost always more difficult to assess than technical skills, and it is sometimes impractical to hire on this basis, particularly when recruitment for difficult-to-fill positions may generate only a few applicants. In this situation, it is difficult to be highly selective in hiring.

Decision makers should discuss the appropriate balance between person–job and person–organization fit depending on the position. Hiring a nurse on a psychiatric unit

Person–job fit

The traditional foundation for human resource selection, in which a successful applicant possesses the knowledge, skills, and abilities required for the job.

Person–organization fit

A newer approach to employee selection that emphasizes the extent to which an applicant's values and beliefs align with the culture, norms, and values of the organization; usually more difficult to measure than person–job fit.



CRITICAL CONCEPT

Screen for Technical Qualifications, Hire for Fit

Hiring involves more than assessing applicants on the basis of their technical qualifications. It is important to assess the applicant's fit with the organization's culture and style of work. Whether an employee fits into the organization may determine their success on the job and their longevity in the position.

requires a high level of person–organization fit because nurses must interact closely with staff and patients and fitting into the therapeutic setting is critical to success, whereas person–organization fit may be less important in hiring a medical data-entry clerk. There are situations in which employers might not want someone who closely fits the culture, such as when the culture is dysfunctional and the organization wants to bring in people with new ideas and approaches.

Through such processes as targeted selection and **behavioral interviews**, organizations have successfully hired applicants who fit the culture of the organization. Women & Infants Hospital of Rhode Island made an explicit effort to select employees on cultural fit, believing that people “must be qualified to do the job, but they also require the right personality.” After starting a hiring program using behavior-based interviews and in-depth analysis of candidates, the hospital saw patient satisfaction rise from the 71st percentile to the 89th percentile nationally, while turnover declined 8.5 percent. Labor disputes also decreased, while productivity increased (Greengard 2003).

SELECTION TOOLS

To help make hiring decisions, employers use **selection tools**, procedures to obtain job-related information about applicants.

A **critical incidents analysis** is useful for uncovering the hidden or less formal aspects of job performance. The process starts with identifying examples of excellent and poor performance by current or potential jobholders. Examples may be drawn from the experience of current jobholders and from the insights of individuals knowledgeable about the job. For a new job in an organization, we may need to ask people knowledgeable about job expectations to obtain examples of poor and excellent performance. Once these behaviors are collected, they are grouped into job dimensions. Measures may then be developed for each dimension. The critical incidents approach involves several steps:

1. Identifying people knowledgeable about the job
2. Generating critical incidents that represent positive and negative performance
3. Identifying key job dimensions based on these incidents
4. Developing selection tools to assess applicants on these dimensions



DEBATE POINT

The idea of fit in hiring is important because it facilitates teamwork and positive working relationships. However, is there a risk that too much fit can be negative? If we only want people in our organization who are like us, is there the possibility that the organization may become stagnant and miss opportunities for improvement? Are there times when we may not want fit to be an element in the hiring process—might we find it helpful to hire people who specifically do not fit the culture of the organization? If so, under what circumstances would this be desirable? Might too much fit also interfere with diversity goals for the organization—are diversity and fit incompatible?

Behavioral interview

A type of structured interview in which questions focus on how an applicant responds to actual situations.

Selection tools

Any information-gathering method used in employee selection, including application forms, criminal records checks, psychological tests, interviews, employment verification, drug screening, educational background, reference checks, verification of professional certifications, motor vehicle records checks, and credit history.

Critical Incidents analysis

Generating lists of good and poor examples of job performance and translating these into employee selection criteria; this process helps uncover less formal—but important—aspects of performance.

Exhibit 5.5 provides examples of three critical incidents and the job dimensions in which each incident is grouped. This exercise yields a thorough understanding of the job's technical requirements, formal qualifications, and informal but critical aspects of successful performance.

REFERENCE CHECKS

Most organizations use some form of background check on applicants, including information from references, criminal records, driving records, and credit checks. The usefulness of reference checks is questionable. Agreement between different people who provide a reference for the same applicant is typically low. This may be explained by the reluctance to

EXHIBIT 5.5
Critical Incidents' Approach to Understanding Job Requirements

<i>Job</i>	<i>Critical Incident</i>	<i>Job Dimensions</i>
Physician, orthopedics department	In an administrative staff meeting to review plans for the coming year, this physician exhibited strongly condescending and rude behaviors toward other team members.	• Ability to work in teams • Respect for other professionals
Nurse, emergency department	After a school bus accident, the emergency department was overwhelmed with children and frightened parents. This nurse effectively and appropriately managed communication with parents and obtained assistance from elsewhere in the hospital.	• Creativity and resourcefulness • Leadership • Ability to work effectively under crisis conditions • Strong interpersonal skills
Medical director, public health department	The local media reported an outbreak of salmonella that resulted in one child being hospitalized. The outbreak was traced to a fast-food restaurant that was inspected by health department personnel less than one week earlier. The health department was blamed for not preventing the outbreak. This medical director conducted a thorough internal investigation and found that this was an isolated incident caused by mishandling of food on a single occasion. She communicated effectively at a press conference, defending the health department and assuring the public of the safety of local eating establishments.	• Effective crisis manager • Strong communication and media skills • Strong sense of public accountability

provide negative feedback and the possibility that different raters may be evaluating different aspects of job performance. It is also not clear that information provided in references is predictive of future performance. Several explanations have been suggested for the poor predictive power of reference checks:

- ◆ Many measures used in reference checks have low reliability; where reliability is low, validity is also low.
- ◆ Individuals who provide references frequently only use a restricted range of scores—typically high—in evaluating applicants. If almost all reference checks are positive, they are likely to be poor predictors of job performance.
- ◆ In many instances, applicants pre-select the people who provide the references and are highly likely to select only those who will provide a positive reference.

How can the validity and usefulness of reference checks be improved? Research in this area offers the following conclusions (Gatewood, Feild, and Barrick 2008):

- ◆ The most recent employer tends to provide the most accurate evaluation of an individual's work.
- ◆ Reference givers are more likely to provide an honest assessment if they have had adequate time to observe the applicant.
- ◆ References tend to be more valid if the applicant is the same gender, ethnicity, and nationality as the reference giver.
- ◆ Reference checks are likely to be valid when the old and new jobs are similar in content.

**DID YOU KNOW?**

Employers, Candidates, and the Internet

According to a June 2009 CareerBuilder survey of 2,600 hiring managers, 45 percent of employers reported that they use social networking sites to screen potential employees.

Of those who conduct online searches or background checks of job candidates, 29 percent use Facebook, 26 percent use LinkedIn, 21 percent use MySpace, 11 percent search blogs, and 7 percent follow candidates on Twitter.

While 18 percent of employers said they found content on social networking sites that encouraged them to hire the candidate, 35 percent disqualified applicants after searching online. Top reasons include:

- Candidate posted provocative or inappropriate photographs or information (53 percent)
- Candidate posted content about drinking or using drugs (44 percent)
- Candidate badmouthed a previous employer, coworkers, or clients (35 percent)
- Candidate showed poor communication skills (29 percent)
- Candidate made discriminatory comments (26 percent)
- Candidate lied about qualifications (24 percent)
- Candidate shared confidential information from previous employer (20 percent)

EXHIBIT 5.6

Guidelines for the
Appropriate Use of
Reference Checks

1. Ask for and obtain only job-related information.
2. Do not ask for information that may be deemed illegal.
3. Applicants should provide written permission to contact references; this may be included on the application form.
4. Individuals who check references should be trained in how to interview them, probe for additional information, and accurately record reference information.
5. Reference information should be recorded in writing.
6. Use the reference-checking process to confirm information provided by the applicant and to identify gaps in the employment record.
7. Consider using preemployment information services, particularly for sensitive positions.

Reference checks are widely used, but their usefulness is decreasing. Some organizations advise their employees to provide only minimal information about former employees, such as job title and dates of employment, to reduce the liability of the referring organization to lawsuits from the hiring organization (through charges of negligent hiring) or the applicant (through claims of defamation of character). Exhibit 5.6 provides some basic guidelines for the appropriate use of references.

JOB INTERVIEWS

A job interview is used for virtually all positions, largely because information from the application, references, and other documentation is inadequate. Interviews are sometimes given the greatest weight in hiring decisions but may present problems with reliability and validity.

- ◆ Because applicants are not usually given interview questions in advance, they may not have the opportunity to prepare answers that would showcase their abilities.
- ◆ Often questions are not standardized, and interviewers might ask different questions of people applying for the same position.
- ◆ Where multiple interviewers are used, their questions, interview style, and interpretation and scoring of answers may vary.
- ◆ Untrained interviewers may ask legally dubious questions, such as inquiries about plans for marriage or starting a family.

Even with these shortcomings, the interview can be an effective and efficient method of acquiring information about applicants. Furthermore, it can be a valuable

CONCEPT

Job Interview Process

Interview is a common method of assessing applicants. To be used successfully, it should

assess applicants' ability to carry out the essential functions of

in advance,

ons that all interviewers have agreed are important, relevant, and job-

the questions that are potentially illegal, such as inquiries regarding marital status,

the same set of questions for all applications for the same position,

ed prior to beginning interviews with actual applicants,

for the interviewee to ask questions,

planned time after each interview to score and assess applicants, and

ted by individuals trained in interviewing techniques.

Unstructured interview

A technique in which questions are usually open-ended and guided by applicant answers and interviewer preferences.

Structured interview

A technique in which questions and related constructs (and sometimes, preferred answers) are developed in advance. The same interview structure is typically used for all applicants for a position.

Situational question

A type of behavioral interview question in which applicants are asked how they would handle specific situations that may arise on the job.

Experience-based question

A type of behavioral interview question in which applicants are asked to relate how they handled a specific type of job experience in their past.

because it allows the interviewer to highlight the positive features of the job.

Interviews can be unstructured or structured. **Unstructured interviews** are not highly formalized and have less formal structure. Unstructured interviews may be subjective and less reliable than structured interviews. However, their flexibility may help in obtaining unique information on applicants that may be missed in a structured interview.

In a **structured interview**, questions are clearly job related and based on the results of a job analysis. Situational, experience-based, job-knowledge, and worker-knowledge questions are most commonly posed during a structured interview.

Hypothetical questions ask applicants to describe how they would handle a hypothetical situation. **Experience-based questions** ask candidates how they have previously handled a situation that is similar to a situation they may encounter on the job. Situational and related situational and experience-based questions. The applicants being assessed by this question are the ability to handle a stressful situation and to deal appropriately with the public, and professionalism.

Scenario: Seven pediatricians work in a busy medical practice, and Monday morning is the busiest time of the week at the clinic. The waiting room is overcrowded, and two of the pediatricians are unexpectedly called away from the office—one for a personal situation and the other to attend to a patient in the hospital. Children and their parents now have to wait up to two hours to see the remaining doctors, and their anger and frustration increases as they wait. They are taking out their anger on you.

Situational questions: How would you handle this situation? What and how would you communicate with the remaining physicians about this situation?

Experience-based questions: Think about a situation on your last job in which you were faced with upset patients or customers. What was the situation? What did you do? What was the outcome?

Job-knowledge questions assess whether applicants have the knowledge needed to do the job. Worker-requirement questions seek to determine if the candidate is able and willing to work under the specific conditions of the job. For example, applicants for a consulting position may be asked if they are able and willing to travel for a designated portion of their work.

Whatever interview format is used, interviews must be conducted with the following guidelines in mind:

1. Prepare yourself. For an unstructured interview, learn the job requirements. For a structured interview, become familiar with the questions to be asked. Review materials or information about the applicant as well.
2. Be sure the physical environment in which the interview will take place is organized and clean.
3. Describe the job and invite questions about it.
4. Put the applicant at ease, and convey an interest in her. A purposely stressful interview is not desirable, as other reliable and ethical methods can be used to assess an applicant's ability to handle stress. A stressful interview reflects poorly on the organization.
5. Do not come to premature conclusions (positive or negative) about the applicant, particularly in unstructured interviews.
6. Listen carefully, and ask for clarity if the applicant's responses are vague.
7. Observe and take notes on relevant aspects of the applicant's dress, mannerisms, and affect.
8. Provide an opportunity for the applicant to ask questions.
9. Do not talk excessively. Remember that an interview is an opportunity to hear from the applicant.
10. Do not ask questions that are unethical or that put the organization in a legally vulnerable position (see Exhibit 5.7).
11. Explain the selection process that comes after the interview.
12. Evaluate the applicant as soon as possible after the interview.

EXHIBIT 5.7

Inappropriate and Appropriate Interview Questions

Personal and Marital Status

- Inappropriate:** How tall are you? (*acceptable if a safety requirement*)
 How much do you weigh? (*acceptable if a safety requirement*)
 What is your maiden name?
 Are you married?
 Is this your maiden or married name?
 With whom do you live?
 Do you smoke?
- Appropriate:** *After hiring, inquiring about marital status for tax and insurance forms purposes.*
 Are you able to lift 50 pounds and carry it 20 yards? (*acceptable if this is part of the job*)

Parental Status and Family Responsibilities

- Inappropriate:** How many kids do you have?
 Do you plan to have children?
 What are your childcare arrangements?
 Are you pregnant?
- Appropriate:** Would you be willing to relocate if necessary?
 Travel is an important part of this job. Would you be willing to travel as needed?
 This job requires overtime occasionally. Would you be able and willing to work overtime as necessary?
After hiring, inquiring about dependent information for tax and insurance forms purposes.

Age

- Inappropriate:** How old are you?
 What year were you born?
 When did you graduate from high school and college?
- Appropriate:** *Before hiring, asking if the applicant meets the legal minimum age for the hours or working conditions, as this is in compliance with state or federal labor laws. After hiring, verifying legal minimum age with a birth certificate or other ID and asking for age on insurance forms are permissible.*

National Origin

- Inappropriate:** Where were you born?
 Where are your parents from?
 What is your heritage?
 What is your native tongue?
 What languages do you read, speak, or write fluently? (*acceptable if this is relevant to the job*)
- Appropriate:** Are you authorized to work in the United States?
 May we verify that you are a legal US resident, or may we have a copy of your work visa status?

continued

EXHIBIT 5.7

Inappropriate and Appropriate Interview Questions (continued)

Race or Skin Color

Inappropriate: What is your racial background?

Are you a member of a minority group?

Appropriate: This organization is an equal opportunity employer. Race is required information only for affirmative action programs.

Religion or Creed

Inappropriate: What religion do you follow?

Which religious holidays will you be taking off from work?

Do you attend church regularly?

Appropriate: What days are you available to work?

Are you able to work the hours of our required schedule?

Criminal Record

Inappropriate: Have you ever been arrested?

Have you ever spent a night in jail?

Appropriate: Questions about convictions by civil or military courts are appropriate if accompanied by a disclaimer that the answers will not necessarily cause loss of job opportunity. Generally, employers can ask only about convictions and not arrests (except for jobs in law enforcement and security clearance) when the answers are relevant to job performance.

Disability

Inappropriate: Do you have any disabilities?

What is your medical history?

How does your condition affect your abilities?

Please fill out this medical history document.

Have you had recent illnesses or hospitalizations?

When was your last physical exam?

Are you HIV-positive?

Appropriate: Can you perform [specific physical tasks]? (e.g., lifting heavy objects, bending, kneeling)

Are you able to perform the essential functions of this job with or without reasonable accommodations?

After hiring, asking about the person's medical history on insurance forms is appropriate.

Affiliations

Inappropriate: To what clubs or associations do you belong?

Appropriate: Do you belong to any professional or trade groups or other organizations that you consider relevant to your ability to perform this job?

continued

Note: Questions listed here are not necessarily illegal. For example, it is not illegal to ask an applicant's date of birth, but it is illegal to deny employment to an applicant solely because he is 40 years of age or older. In this case, the question is not illegal, but a discriminatory motive for asking is illegal. Unknown or ambiguous motive is what makes any question with discriminatory implications inappropriate. If an individual is denied employment, having been asked such questions can lead the applicant to claim that the selection decision was made on the basis of age, gender, or other characteristic upon which it is illegal to discriminate.

APPLICATIONS AND RESUMES

Application forms and resumes contain useful information about applicants. The major drawback to these selection tools is that they may misrepresent an applicant's qualifications. Several methods can be used to improve the usefulness and quality of application forms. First, create an addendum to the application that asks applicants to provide information specific to the open position. Second, include a statement on the form that requires the applicant to indicate that all the information she reported is accurate; the applicant should then be required to sign or initial this statement. Third, ensure that illegal inquiries about personal information (e.g., marital status, height, weight) are excluded from the form.

ABILITY AND APTITUDE TESTS

Some organizations use **ability and aptitude tests** that assess such applicant traits as personality, honesty, integrity, cognitive reasoning, and fine motor coordination. Organizations need to be sure that the traits measured in these tests are relevant to the particular job. Debate continues about the validity of many of these tests.

ASSESSMENT CENTERS

An **assessment center** is a multidimensional method of evaluating applicants. Applicants are assessed using various methods, including interviews, work simulations, leaderless group discussions, and role playing. Assessment centers set up situations where individuals perform activities similar to those they may encounter in a job. Some companies establish assessment centers to determine how well current employees will handle new jobs or assignments.

EXHIBIT 5.7

Inappropriate and Appropriate Interview Questions (continued)

Ability and aptitude tests

wide range of employment tests that evaluate applicants along dimensions relevant to the job.

Assessment centers

physical locations where testing is done, or a series of assessment procedures that are administered, professionally scored, and reported to hiring personnel, to evaluate applicants or assess employees' developmental needs.

TURNOVER AND RETENTION

The demand for healthcare workers is increasing and will continue for the foreseeable future. The high demand for healthcare workers is because of population growth, the aging of the population, improved diagnostic techniques that enable earlier detection of disease and increase patient loads, and heightened consumer demand for a full range of diagnostic and therapeutic technologies. Chronic workforce shortages will continue to characterize the health system. The supply of nurses presents particular problems.

Growth in demand for nurses will outpace the supply, and demographic patterns in the nursing workforce will change. The nursing shortage appears to be chronic, not cyclical (Ponte 2004; Mee and Robinson 2003). The aging of the nurse workforce is a key factor. In 2005, the average age of the registered nurse (RN) workforce in the US was 43.5; the largest age group comprised RNs in their 40s. By 2012, the average RN age is expected to increase to 44.7 years, with RNs in their 50s representing the largest age group (Auerbach, Buerhaus, and Staiger 2007). Although estimates of the future nurse shortage vary, the most recent analysis estimates a shortfall of about 340,000 nurses by 2020 (Auerbach, Buerhaus, and Staiger 2007).

The shortage of staff is among the most important healthcare workforce challenges. Associated with this issue are concerns with **employee turnover** and **retention**. Although the nursing shortage is used here to explore the turnover and retention issue, shortages are common among other healthcare professions, including radiologic technicians and pharmacists.

A distinction must be made between the separate, although related, concepts of turnover and retention. The **turnover rate** is a simple ratio that provides a summary of the gross movement in and out of the organization during a specific time frame, usually one year. Rates may also be narrowed to certain types of turnover, such as voluntary turnover, or calculated for a particular department or discipline. The **retention rate** is the percentage

Employee turnover
Employee departures from the organization.

Retention
Maintaining employee employment with an organization.

Turnover rate
A ratio providing a summary of the gross movement in and out of the organization during a specific time frame.

Retention rate
The percentage of specific individuals or cohorts that enter and exit the organization.



CRITICAL CONCEPT Why People Leave Jobs

People leave jobs for many reasons. Some reasons may be addressed by managers, while others may be out of managers' control. Among the most common reason for people leaving jobs is dissatisfaction with their supervisor. It is often said that people leave supervisors, not jobs. Even with an effective retention program in place—including good pay—retention may be jeopardized by a rogue manager who alienates employees through his behavior and interactions. When designing a retention initiative, it is key to ensure that supervisors exercise their authority and interact with staff appropriately.

of specific individuals or cohorts that enter and exit the organization. The key distinction is that retention views an individual or a group as an entity and therefore allows for a more thorough examination of how the loss of one individual or cohort influences retention strategies and productivity.

For example, an organization that experiences a slight decline in turnover (from 20 to 18 percent) over a five-year period may think that it is doing well in addressing its retention problem. However, during that same five-year time span, the retention rate of individuals with 5 to 15 years of service declined (from 70 to 35 percent). These rates indicate that the organization has difficulty retaining experienced employees and needs to explore and implement new retention strategies. Organizations need to thoroughly examine turnover and retention rates to successfully deal with staff shortages.

STUDIES ON NURSING TURNOVER

The average annual turnover rate for hospital workers in the United States is about 20 percent, with substantially higher percentages for particular professional groups. Generally, nurse turnover in hospitals ranges between 10 and 25 percent, and vacancy rates are higher in certain sectors. According to the American Association of Colleges of Nursing (2009), more than 19,400 RN vacancies existed in long-term care settings in 2008. Coupled with 116,000 vacancies in hospitals, there were a total of more than 135,000 RN vacancies in the United States, a national RN vacancy rate of 8.1 percent. In a well-publicized 2002 study, researchers found that 90 percent of nursing homes lacked sufficient nursing staff to provide even basic care (CMS 2002). The typical turnover rate in nursing homes for RNs, licensed practical nurses, and nursing directors was a staggering 50 percent (AHCA 2003).

Dissatisfaction has been cited as a key reason for turnover and departure from the nursing profession. In a worldwide study, nurses surveyed in the United States had the highest rate of job dissatisfaction—41 percent, four times higher than the dissatisfaction score of the professional workforce in general (Albaugh 2003; Aiken et al. 2001). Often-cited reasons for dissatisfaction include lack of involvement in decision making, problems with supervisors, poor working conditions, heavy workload, and lack of job security. Inadequate compensation, poor recognition, lack of flexible scheduling, and stress are also noted. The Maryland Nurses Association (2000) articulates the top five reasons for poor nurse retention: (1) absence of advancement opportunities, (2) stress and burnout related to mandatory overtime, (3) unrealistic workloads, (4) increased paperwork, and (5) nurse perception of lack of respect and recognition in the workplace. The Joint Commission (2004) finds that required overtime is a major source of dissatisfaction.

Turnover has an adverse effect on organizational performance and quality of care. A survey conducted by the American Nurses Association (ANA 2001) found that 75 percent of nurses felt that the quality of nursing care has declined. Among respondents who claimed that quality has suffered, more than 92 percent cited inadequate staffing as the

reason and 80 percent indicated nurse dissatisfaction. The ANA survey also reports that more than 54 percent of respondents would not recommend the profession to their children or friends. Confirming evidence from earlier studies, Aiken and colleagues (2001) argue that low nurse to patient ratios are strongly related to higher levels of dissatisfaction and emotional exhaustion. These studies highlight the connection among nurse dissatisfaction, turnover, and quality of care.

In addition to their effect on quality, shortages and turnover also have significant financial implications. The costs associated with employee termination, recruitment, selection, hiring, and training are substantial. A study funded by the Robert Wood Johnson Foundation found that the cost of replacing a registered nurse ranges from about \$22,000 to more than \$64,000. These expenses are associated with filling temporary vacancies and hiring and training new staff (Lewin Group 2009).

RETENTION STRATEGIES

Many of the factors associated with effective recruitment are also applicable to retention, because a person's reasons for accepting an employment offer and staying with that employer are basically the same. Retention strategies are a necessary follow-up to recruitment. With the opportunities available to nurses in other organizations and professions, retention is as essential as compensation and training.

Organizations can somewhat control turnover, but their influence is limited. The market profoundly affects the movement of employees, and retention strategies have not achieved the consistent success once anticipated. Each organization needs to develop its own retention strategies and tailor them to the particular circumstances of the institution.

Several generic retention strategies have proved effective:

- ◆ Offer competitive compensation. Compensation comes in many forms, including signing bonuses, premium and differential pay, forgivable loans, bonuses, and extensive benefits.

? DID YOU KNOW? Top Reasons for Nurse Turnover

A survey of 96 healthcare executives, representing hospitals, long-term acute care, and other healthcare organizations, found the following top factors associated with nurse turnover (Nursefinders Inc. 2005):

1. Work-related stress (57%)
2. Patient care load/staffing (56%)
3. Effectiveness of direct manager (53%)
4. Scheduling options (51%)
5. Recognition (51%)
6. Compensation (41%)
7. Participation in decision making (33%)
8. Competence of clinical staff (31%)
9. Growth opportunities (24%)
10. Ancillary support personnel (22%)

- ◆ Structure jobs so that they are more appealing and satisfying by carefully assigning and grouping tasks, providing employees with sufficient autonomy, allowing flexible work hours and scheduling, enhancing the collegiality of the work environment, and instituting work policies that are respectful of individual needs.
- ◆ Put in place a superb management and supervisory team. The idea that people quit their supervisors, not their jobs, is true in nursing, as nurses sometimes leave because of poor working relationships with their managers or other healthcare professionals.
- ◆ Make opportunities for career growth available.
- ◆ Provide adequate staffing in order to control patient care workloads.

The American Nurses Credentialing Center established the **Magnet Recognition Program** to acknowledge and reward healthcare organizations that exhibit and provide excellent nursing care. Designated Magnet hospitals are characterized by fewer hierarchical structures, decentralized decision making, flexibility in scheduling, positive nurse-physician relationships, and nursing leadership that supports and invests in nurses' career development (Cameron et al. 2004). Magnet hospitals have been found to have better patient outcomes, higher levels of patient satisfaction, and higher staff retention (Huerta 2003; Upenieks 2002). Becoming a Magnet healthcare organization is an important nurse retention strategy. The success of a retention program depends on the organization's ability to correctly determine the causes of turnover and enact strategies that target these causes. The organization also must recognize the advantages and usefulness of alternative retention strategies.

Magnet Recognition Program

A program established by the American Nurse Credentialing Center to acknowledge and reward healthcare organizations that exhibit and provide excellent nursing care.

CURRENT ISSUE The Cost of Nurse Turnover

While difficult to measure, the Advisory Board Company (1999) and Jones (2005) have attempted to capture the direct costs of nurse turnover and the hidden costs of reduced productivity. The estimated cost of a single nurse leaving is \$42,000 (per the Advisory Board) and \$64,000 (per Jones), and these estimates support the claim that nursing turnover has significant financial implications for all healthcare organizations. Assuming a turnover rate of 20 percent and the cost of nurse turnover ranging between \$42,000 and \$64,000 per nurse, a hospital that employs 600 nurses would face yearly estimated nursing staff replacement costs of between \$5 million and \$7 million.

CRITICAL CONCEPT

Four Types of Retention Strategies

The Health Care Advisory Board (2002) conducted an extensive review of recruitment and retention strategies and distinguished between strategies that boost morale and those that enhance retention. The board categorized retention strategies into four types:

Strategy type	Examples
Neither increases morale nor improves retention	Individualized benefits Concierge services Employee lounge areas
Increases morale but does not improve retention	Forming morale committees Offering on-site childcare Creating recognition programs Providing educational benefits
Does not increase morale but improves retention	Improving screening of applicants Monitoring turnover in key areas Tracking turnover of key employees
Increases morale and improves retention	Establishing staffing ratios Providing career ladders Implementing buddy programs Allowing flexible scheduling

INTERNATIONAL RECRUITMENT AND MIGRATION

Recruiting health professionals from other countries can address the US health workforce shortage. In the United States, about 25 percent of physicians were foreign born and educated and about 4 percent of nurses were educated overseas (Cooper and Aiken 2006; Aiken et al. 2004).

Because of demand for their skills, US physicians and nurses have had opportunities to seek employment internationally for several decades, and foreign-trained professionals are important parts of healthcare systems in many countries.

The implications of international migration of physicians and nurses are a source of increasing debate. While physicians and nurses who migrate to other countries can

CRITICAL CONCEPT

Five Effective Retention Strategies

These retention strategies are effective:

1. Selecting the right employees
2. Improving orientation and on-boarding processes by creating a buddy program and otherwise helping new employees establish professional and personal relationships with colleagues
3. Monitoring turnover to identify specific root causes, including identifying managers whose departments have high turnover rates
4. Developing and implementing ways to retain valued employees
5. Attempting to reverse a nurses' decision to leave an organization

benefit from better working conditions or salaries in their destinations, their movement can exacerbate inequalities in the worldwide distribution of healthcare workers. Developing countries whose citizen doctors leave lose their investments in education and training, income tax revenue, and potential for national growth, and their population's health is adversely affected. In nations where healthcare workforce shortages are already severe, the need to replace professionals who emigrate depletes the system's resources, claiming funds that normally go toward fighting diseases and promoting public health. These factors only worsen existing healthcare disparities between developed and developing countries.

Recruitment of workers from abroad has important ethical implications, but thus far there has been little guidance for developing appropriate policies. An exception is the United Kingdom, which is one of the few major receiving countries to develop a specific policy to guide the recruitment of internationally trained physicians and nurses. Its National Health Service (NHS) has created the Code of Practice on International Recruitment, which includes the following provisions (Buchan 2007):

- ◆ Developing countries should not be targeted for active recruitment by the NHS unless the government of that country formally agrees.
- ◆ NHS employers should only use recruitment agencies that have agreed to comply with the Code.
- ◆ NHS employers should consider regional collaboration in international recruitment activities.

**CURRENT ISSUE****Push and Pull Factors in Workforce Migration**

Physician and nurse migration are often discussed in terms of push and pull factors. Push factors motivate physicians and nurses to leave their home countries, while pull factors cause them to choose particular receiving countries.

Push factors include low pay, poor working conditions, political instability and insecurity, inadequate housing and social services, and lack of educational opportunities and professional development (Saravia and Miranda 2004).

Pull factors include opportunities for professional training, better job opportunities, and higher wages (Forcier, Simoens, and Giuffrida 2004).

- ◆ Staff recruited from abroad should have the same legal protections as other employees.
- ◆ Staff recruited from abroad should have the same access to further training as other employees.

The movement of international medical and nursing graduates into the US health-care system raises several important issues for managers and leaders. Managers must be aware of issues of ethical recruitment, regulation and visas, credentialing, and adaptation. All these areas must be considered in order to maximize the success of recruitment and incorporation of international professionals and minimize migration's negative effects on sending countries.

SUMMARY

Recruiting, selecting, and retaining employees continue to be important HRM functions, especially in a competitive, pressurized environment like healthcare. Healthcare organizations and their HR departments face enormous challenges. They need to seek employees who (1) have specialized skills but are flexible enough to fill in for other positions, (2) bring in expertise and are able to work in groups whose members are not all experts, (3) are strongly motivated yet comfortable with relatively flat organizational structures in which traditional upward mobil-

ty may be difficult, and (4) represent diversity yet also fit into the organizational culture. HR professionals need to develop innovative strategies to improve retention.

FOR DISCUSSION

1. Given two equally qualified applicants—one from inside and one from outside the organization—how would you decide which one to hire?
2. Some healthcare organizations are unable to pay market rates for certain positions. What advice would you give such an organization about possible recruitment and retention strategies?
3. The use of work references is increasingly viewed as unreliable. How can employers legally and ethically obtain information about an applicant's past performance? What measures can be taken to verify information contained in a job application or resume?
4. What are the advantages and disadvantages of recruiting through the Internet? What advice would you give to a hospital that is considering using the Internet for recruitment?
5. It has often been stated that "people do not leave jobs; they leave supervisors." What does this mean, and why is it important?

EXPERIENTIAL EXERCISES**Exercise 1**

Note: This case was developed in collaboration with Caroline LeGarde, Operations Project Administrator, Johns Hopkins Medicine, Baltimore, Maryland.

Grayson County Regional Health Center is a private, not-for-profit, 225-bed acute care hospital located in a rural community in a southeastern state. The hospital provides a broad range of inpatient and outpatient services, including cardiology, obstetrics, gynecology, general surgery, internal medicine, urology, family medicine, dermatology, pediatrics, psychiatry, radiology, nephrology, ophthalmology, occupational medicine, and rehabilitation services. The center offers 24-hour emergency care. The center is built on a 96-acre site, and its service area includes Grayson County and parts of three neighboring rural counties.

In the last 20 years, the region has suffered severe economic setbacks. Most of the textile industry has moved out of the region because of outsourcing, and the town itself has fallen into disrepair. An increasing proportion of the population—33 percent of children and 22 percent of the elderly—lives below the poverty line. The county has a civilian labor force of 27,568 and currently has an unemployment rate of 13 percent. The county's infant mortality rate is 2 percent, and 24 percent of the population does not have health insurance.

The center has 85 physicians, representing 29 subspecialties, on staff. It has affiliation relationships with two academic health centers—one about 90 miles away, and the other 100 miles away. The center employs more than 800 employees, is fully certified by the Joint Commission, and is certified to participate in CMS programs. The center is governed by an 18-member board of trustees, which includes the chief of the medical staff, the immediate past chief of the medical staff, the chief executive officer, and 13 members selected by the board from the community at large.

The center has strong community ties. Its staff members participate in community health screenings, health education programs, and health fairs. It serves as the meeting place for many support groups. Although it has been under financial stress for the last five years, it continues to have strong support in the community.

The employee turnover rate at the center is 40 percent. Over the last few years, the turnover rate for nurses has ranged from 15 to 50 percent. Physician recruitment and retention are also major concerns. Currently, only one radiologist is practicing in Grayson County, and there is a shortage of physicians in all specialties.

The center relies heavily on Medicaid and Medicare revenue, leaving the hospital in a difficult financial condition. It is unable to pay market rates for nurses and other professionals, so nursing units are understaffed and nurses feel overworked and underpaid. The quality of patient care may also be decreasing. A local newspaper article reported that patients at the center were often left on stretchers in the hallway for long periods of time, staff were unresponsive to patient and family concerns, and crying in the hallways is not unusual.

Nurses and other professional groups report poor communication between senior management and employees. Bad relationships between middle managers and front-line staff are also a problem in some departments. This situation became particularly difficult two years ago when the center embarked on a large building project. Employees could not understand how the center could afford to build new facilities but was unable to pay market rates to its staff.

The nursing turnover problem at the center has reached crisis proportions. Recent exit interview surveys indicate that financial concerns are the major reason for leaving. The

center has tried numerous strategies, including improving the work environment by adding amenities (such as lower prices in the cafeteria) and training middle managers. For a short time 18 months ago, nurse salaries matched market rates, but the center fell behind again shortly thereafter. The RN vacancy rate currently is 18 percent.

As a consultant to the center, you are expected to make recommendations to address the nursing shortage. Specifically, you have been asked to develop short-term strategies to cope with the current crisis and long-term strategies to improve the overall recruitment and retention picture. Consider the following:

- How will you identify the most important reasons for the current shortage?
- How will you develop short-term and long-term strategies?

Exercise 2

What do you look for in a job? In considering a job offer you may feel that there is something lacking in person-organization fit. In a group, consider the following:

1. What do you look for in an organization, besides a job for which you are qualified and which provides an acceptable level of compensation and benefits?
2. What aspects of an organization might make you consider turning an otherwise good job offer down?
3. What is meant by *organizational culture* and why does this play a role in the employee selection process?
4. When considering a job offer, people often look at organizational culture to see if it is consistent with their own values. How do you find out about the culture of an organization?