

SOUTHERN NAZARENE UNIVERSITY
MANAGEMENT OF HUMAN RESOURCES

EFFECTIVENESS OF INCENTIVE PROGRAMS
AT
COMMUNITY HOSPITAL

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EFFECTIVENESS OF INCENTIVE PROGRAMS

AT

COMMUNITY HOSPITAL

A PROJECT REPORT APPROVED FOR THE
MANAGEMENT OF HUMAN RESOURCES PROGRAM

By

Project Director

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sample in future classes is not restricted.

By

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ABSTRACT

Community Hospital began facing major staffing issues for night shift positions soon after they were purchased by Healthcare Partners Investments in 2005. Shortly after the new owners begin controlling the daily operations of the hospital, Orthopedic and Pain Management doctors returned substantially increasing services throughout all departments within this hospital. With this instant growth, most departments were able to attract competent applicants without any difficulty, however, the Medical Surgical, Emergency Room, and the Rehabilitation departments were not as fortunate.

This study was conducted to determine if a need exists to increase applicant response for open night shift positions and if so, to determine if the advertised incentive programs were the deciding factor in the submission of applications to Community Hospital. A questionnaire response from all Registered Nurse applicants who were interviewed for the open positions was conducted, resulting in the tabulation of 36 questionnaire responses.

Following the gathering of data and research phase of this study, an analysis was done to determine the possibilities of implementing advertised incentive programs at Community Hospital, or if an alternative needed to be considered.

The findings revealed that failure to implement a change would continue to result in several open night shift positions while continuing to increase inadequately staffed departments and patient to nurse ratios. It was determined that the solution to minimize the nursing shortage by implementing incentive programs at Community Hospital will help ensure better quality patient care.

Chapter 1

Introduction and Statement of the Problem

Statement of Purpose

The purpose of this project was to determine the effectiveness of incentive programs advertised for night shift positions by applicants applying to Community Hospital. The project involved surveying applicants applying to Community Hospital regarding the effectiveness of the incentive programs offered. In addition, a comparison of applicant numbers before the advertised incentive programs and after was completed. The results of the survey and applicant numbers were then analyzed in order to measure the effectiveness of the advertised incentive programs.

The recent changes in the nursing industry have led many hospitals to design and develop more attractive benefit and pay packages. Community Hospital has adapted packages to attract qualified applicants for night shift positions by offering night shift bonuses as an incentive. This incentive will lower the usage of agency personnel while helping to obtain qualified and competent applicants for the night shift positions.

Organizational Context

Setting of the problem. In 1997, several local physicians and business people formed the Mediplex Group, LLC. Through GE Capital and Stillwater National Bank, funding was obtained to purchase the property at 3100 SW 89th Street, formerly a Psychiatric Hospital. The building was renovated and approximately 46,000 sq. feet was added to the south side of the building. The hospital opened for business on May 17, 1999 under the name Center for Special

Surgery, LLC dba OKC Mediplex. Shortly after opening, the name of the hospital was changed to Physicians Hospital of Oklahoma.

Mediplex Health Services managed the hospital from 1999 through 2000. In 2001, the management service was contracted through the Schuster Group. In 2002, after a presentation to the Board of Managers, Oklahoma Hospital Solutions obtained the management contract and began the process of purchasing the hospital. This purchase, however, was never accomplished. In April 2005, Healthcare Partners Investments, LLC (HPI), purchased Physicians Hospital of Oklahoma. In October 2005, the hospital's name changed to Community Hospital.

Community Hospital is licensed by the State of Oklahoma as a "Medical Surgical Hospital" and has obtained a three-year accreditation by the Joint Commission on Accreditation of Healthcare Organizations. Community Hospital is also an active member of the Greater Oklahoma City Hospital Council and the Oklahoma Hospital Association. Community Hospital houses several internal departments such as Accounting, Administration, Admitting, Central Sterilization, Dietary, Emergency Room, Environmental Services, Health Information Management, Imaging Services, Laboratory, Maintenance, Materials Management, Medical Surgical, Pain Management, Pharmacy, Physical Therapy, Rehabilitation Unit, Respiratory, Security, General Surgery, and Eye Surgery.

With new owners and a new name came a renewed commitment to the community. This commitment was reflected in Community Hospital's new Mission Statement, Vision Statement and in the Values adopted by this change.

Insert Figure 1 Here

Community Hospital is owned by HPI, but is governed by the hospital board with input from the medical staff and directed by the Chief Executive Officer (CEO). HPI has a management contract with Oklahoma Management Services, which provides billing and collection, human resources, accounting and payroll, credentialing and contracting, practice management services and quality improvement that encompasses a Joint Commission on Accreditation of Healthcare Organization (JCAHO) coordinator, infection control and risk management. Individual departments located within Community Hospital have been divided for leadership between the Chief Nursing Officer (CNO) and the CEO.

Insert Figure 2 Here

History and Background. Beginning May 17, 1999, the hospital opened its doors, with every department fully staffed and operational. At this time, the hospital had strong leadership and possessed financial stability. Employees were easily recruited from larger hospitals because of the competitive pay scales and benefit packages offered by a small community hospital.

Beginning in 2002, the hospital started suffering financial problems. Doctors began treating patients at other hospitals because reimbursements were better. Business dropped and

Community Hospital's "Mission" is to:

- Provide quality healthcare to our patients
- Present healthcare education to our community
- Serve as a healthcare resource center to our community

Community Hospital's "Vision" is to:

- Continue to develop high quality clinical services
- Consistently provide "patient focused" care in a "family friendly" environment
- Expand our campus to better serve our community

Community Hospital's "Values"

Community Hospital
CARES

- Compassion is required
- Attitude is valued
- Respect is demanded
- Excellence is expected
- Service is commended

FIGURE 1. Mission, Vision and Value Statement

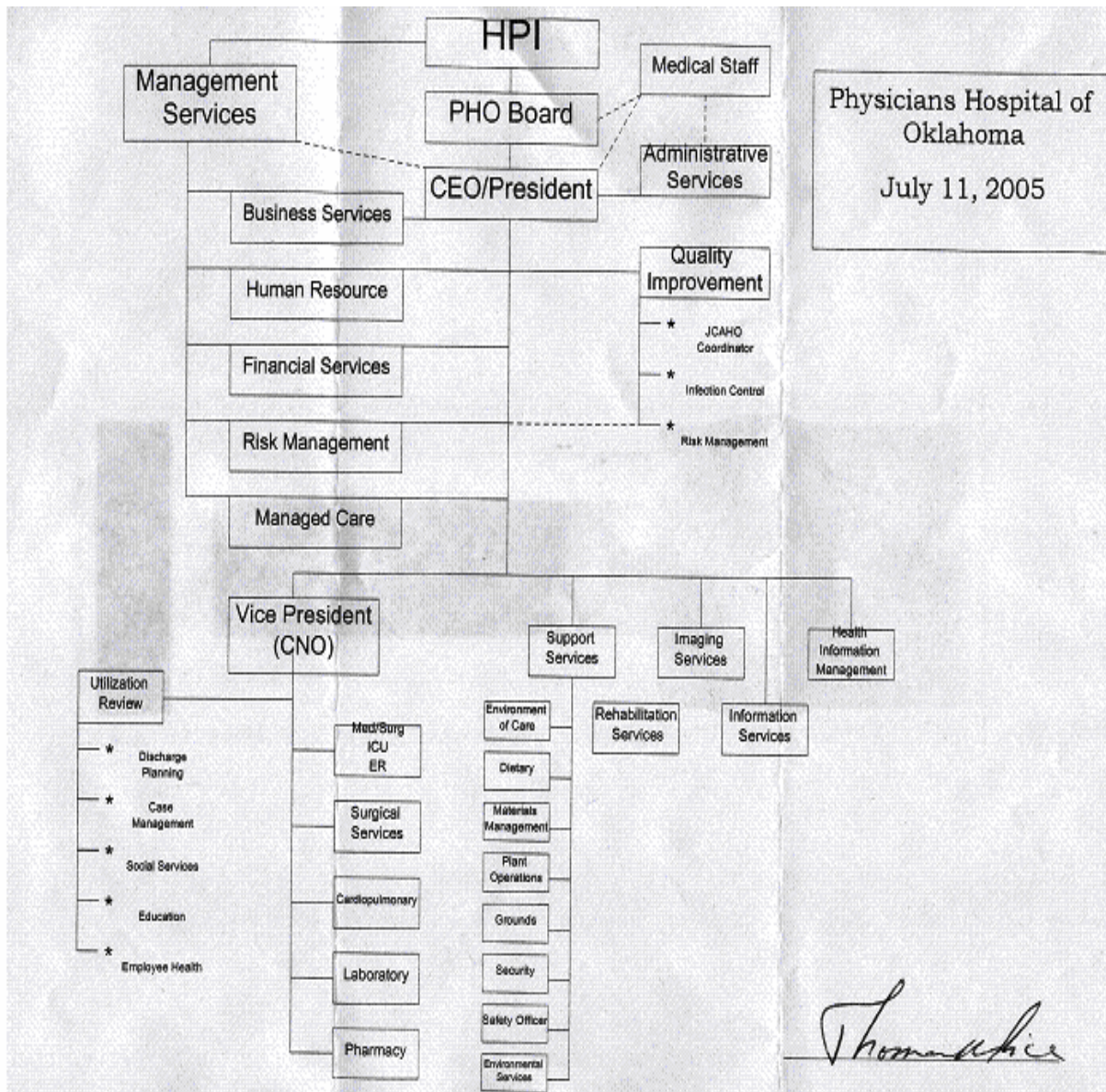


FIGURE 2. Community Hospital Organizational Chart

the hospital struggled to remain operational. The hospital's reputation spiraled downward when the community heard about the financial problems the hospital faced. Several of the hospital supply vendors went to cash on delivery (COD) or eventually closed for lack of payment.

Payroll became increasingly difficult to meet every two weeks. Employees annual pay increases were frozen for several years and medical premiums began increasing dramatically. Employees, uneasy with the situation, began looking elsewhere for better employment opportunities. In order to care for the few patients they had, the hospital worked with the minimum staffing allowed by the State of Oklahoma regulations.

Staffing issues along with financial problems continued to plague this small community hospital for the next several years until the purchase in 2005. Once the hospital was purchased, doctors began moving patients back, new doctors were recruited and issues concerning cash flow were renegotiated. Supply vendor accounts were reopened and the COD accounts became fewer. Employee salaries were evaluated and increased according to market surveys and a new benefit package was presented. Employees were excited about all the new changes, but apprehensive about recommending employment opportunities to colleagues.

When the orthopedic and pain management doctors returned, business increased. Every department in the hospital began to feel instant growth. In the surgery department, doctors wanted all six surgery suites functional. An increase in surgeries meant an increase of inpatients on the Medical Surgical floor, which increased business in the Rehabilitation Unit. Information regarding services the hospital offered spread throughout the community, which initiated utilization of several other departments including the Emergency Room.

With an increase in services came an increase in job openings. Many departments started scrambling to find competent applicants to fill the increase in openings. For several months, Community Hospital advertised job openings in the local newspaper, which brought in several competent applicants. Most of the departments within the hospital were able to fill their open positions except for three primary departments.

Scope of the project. The focus of the project centered on three main departments within Community Hospital. These departments were the Medical Surgical department, Emergency Room department, and the Rehabilitation department. These primary departments care for patients around the clock, 7 days a week, 24 hours a day, for 12-hour shifts.

All three of these departments had no problems recruiting for day shift positions. The problem was recruiting applicants for the night shift positions. There had been no applicants applying for any of the night shift positions available in any of the three primary departments for several months, which meant the utilization of agency personnel escalated. A meeting was held with the Administrator, Chief Nursing Officer, Director of Nursing and the Human Resources Director, to discuss the prospects of putting together a night shift incentive plan to help increase interest in the night shift positions.

Several incentive packages were determined and procedures were put into place. These incentive programs included working night shift regularly for six months earned \$1,000.00 bonus. Working every Friday, Saturday, and Sunday, fifty out of fifty-two weeks earned an additional \$10.00 more per hour. Administration advertised in the local newspaper, journals and magazines about the different incentive plans offered for the night shift positions. In order to see

if the enticement of incentive plans worked, administration developed a survey for applicants and monitored application numbers.

Significance of the Project. The results of the project were a valuable tool in the recruitment process for Community Hospital. Several applicants preferring day shift positions saw advertisements in local newspapers highlighting incentive programs that persuaded them to consider night shift positions. The information obtained from the project determined valid reasons why night shift positions were difficult to fill.

The focus of the project was to prove the effectiveness of incentive programs for advertised night shift positions by potentially opening the doors for competent career-minded individuals willing to work the least desirable shifts in order to qualify for incentives. This focus benefited the organization by reducing the cost associated with utilization of agency personnel and by decreasing the effects night shift shortages have had on patient care.

Definition of Terms.

Acuity Level – is the assessment of care a patient requires.

Admitting – Hospital department responsible for the flow of patients and the processing of admissions, discharges, transfers, and also most procedures to be carried out in the event of patient's death.

Central Sterilization – Hospital department responsible for sterilizing all surgical equipment.

Credentialing – Hospital department responsible for processing professional or technical competency through registration, certification, licensure.

Dietary – Hospital Department that prepares food in accordance with current applicable federal, state, and local guidelines and regulations to assure quality of food service is provided at all times.

Emergency Room – Hospital department that cares for walk in traumas.

Environmental Services – Hospital department responsible for cleaning all areas.

Health Information Management – Hospital department responsible for all confidential patient records.

Imaging Services – Hospital department responsible for taking all x-rays and other radiological procedures.

Infection Control – Programs of disease surveillance, generally within healthcare facilities, designed to investigate, prevent, and control the spread of infections and their causative microorganisms.

Joint Commission on Accreditation of Healthcare Organizations – A private voluntary, not-for-profit organization, which establishes standards for the operation of health facilities and services, conducts surveys, and awards accreditation.

Laboratory – Hospital department equipped to carry out investigative procedures.

Materials Management – The management of all procurement, distribution, and storage of equipment and supplies.

Medical Surgical – Hospital department responsible for the care of all surgical and in-house patients.

Pain Management – Hospital department that assist physicians in medication use for pain management.

Pharmacy – The art or practice of preparing and preserving drugs, and of compounding and dispensing medicines according to prescriptions of physicians.

Physical Therapy – Hospital department equipped with Physical Therapists who are trained using exercise and physical activities to condition muscles and improve level of activity.

Quality improvement – Hospital department that helps improve the functionality of the hospital operations.

Rehabilitation Unit – Hospital department that helps patients reach their highest level of mobility.

Respiratory – Hospital department that manages all in-house pulmonary care.

Risk Management – The process of minimizing risk to an organization by developing systems to identify and analyze potential hazards to prevent accidents, injuries and other adverse occurrences, and by attempting to handle events and incidents which do occur in such a manner that effect and cost are minimized.

Chapter 2

Review of the Literature

The Healthcare industry began scrambling for nurses when several reports and surveys were recently published regarding the severity of the nursing shortage. However, in reality, the effect of the nursing shortage in healthcare has been building nationally in hospitals for several years. In 1990 and 1991, the effect of the first nursing shortage was marked by an increase in the hospital RN vacancy rate to 11%, which ended in 1992 (Buerhaus, Donelan, Ulrich, Norman & Dittus, 2005). RN vacancies decreased and the healthcare industry continued as if the shortage had never happened. They believed it was a missed calculation in the labor market. No recorded study was conducted and no cause was determined for the increase in RN vacancies. The healthcare industry never envisioned this type of occurrence happening again. Five years later, in 1998, hospitals began to experience a second shortage and by 2001, the national average hospital RN vacancy rate was estimated at 13% with one-fifth of hospitals reporting vacancy rates averaging over 20% (Buerhaus et al., 2005).

Eight years later healthcare professionals are still trying to find solutions to manage or resolve the nursing shortage. In order to understand the magnitude of the nations nursing shortage, the reasons for and the effects of the shortage must be known in order to find effective ways in solving the shortage. Many hospitals are coming up with several ideas to help ease the burden of the nursing shortage. Within individual facilities, organizations have been analyzing historical data to put into place new strategies to support the recruitment and retention phase of

personnel management. This has included offering several attractive incentive programs and sign on bonuses. In order to determine which programs were successful in the pursuit of a solution, healthcare professionals must continually analyze what is working and why. To put into place successful solutions that contribute to the resolution of the nursing shortage, healthcare organizations needed to understand the reasons for the nursing shortage.

Reasons for Nursing Shortage

According to the statistics released by the Health Resources and Services Administration, by the year 2010 there will be a deficit of 275,215 nurses and by 2020 this deficit will increase to 808,416 (Woods, 2003). The healthcare industry has spent millions of dollars in research trying to find out what is causing the nations largest nursing shortage. Several reasons have surfaced with some more obvious than others. The first reason surrounds the “Baby Boomers”. A “Baby Boomer” is defined as:

Someone born in a period of increased birth rates, such as those during the economic prosperity following World War II. In the United States, demographers have put this generation’s birth years from 1946 to 1964 (Wikipedia Encyclopedia, 2001-2005).

Basically the general population is aging which has impacted the majority of nursing personnel. In 1983, the average age of working RNs was 37.7, in 1998, it increased to 41.9 (Vargo, 2000). In 2000, the average age was 43.3 (Nursing Shortage: Johnson & Johnson Campaign, 2002). In addition, nursing school enrollment and graduation rates have steadily dropped over the years.

Fewer nurses are electing to become teachers considering the average salary for a nurse practitioner in a private practice was \$94,313 and a masterprepared nurse faculty member only averaged \$33,000 (Rodts, 2004). This has resulted in some nursing schools having to turn students away (Nursing Shortage: Johnson & Johnson Campaign, 2002).

Other major reasons for the nursing shortage became apparent when a national survey of RNs was conducted in 2002 and 2004. The comparison showed several similarities as to the reasons why nursing personnel believe there was a shortage in the profession. The number one reason was salary and benefits, followed by more career options for women. Third, were undesirable hours, and fourth was the negative perception of the healthcare work environment (Buerhaus et al., 2005). Many hospitals have conducted surveys in order to find out what is causing the nursing shortage around their areas. The results continue to be similar to the above survey, showing salary and benefits being one of the top reasons.

Recently several nurses were asked what they had heard were some of the reasons individuals had never considered nursing as a career. Some of the reasons disclosed were they could make more money doing something else, did not like sick people, pay was low compared to similar positions, nurses were not appreciated, doctors treat nurses like slaves, and reports of nurses killing patients (Miracle, V. & Miracle, J., 2004). These same nurses were then asked why nurses left a career that they devoted most of their life to. The responses surrounded not enjoying being a nurse anymore, better pay and benefits in another profession, retiring at 55 years old, and unhappiness working nights and every second or third weekend (Miracle, V. & Miracle, J., 2004).

Obtaining and putting into perspective several major reasons for the nations nursing shortage, helps to understand several of the issues that need to be addressed. In order to prioritize ideas to help ease these issues, the healthcare industry needed to understand how this shortage has affected patient care in hospitals.

Effects of the Nursing Shortage

Many health care professionals are wondering why a shortage has transpired when managed care cost initiatives are dramatically decreasing the length a patient stays in the hospital, which should be resulting in a nursing oversupply (Upenieks, 2005). Even though managed care helped decrease the average stay of a patient in the hospital, it had no effect on the hours of operation a hospital is required to be open and functional nor did it affect the number of registered personnel mandated by each state to be available during such hours. The length a patient stays in the hospital has substantially decreased, but the acuity level of patients has increased causing a demand for nurses with specialty skills and the experience to care for a unique patient population (Upenieks, 2005).

While the nursing shortage continues to increase in healthcare, hospitals have been forced to do more with less by requiring mandatory over time with existing nursing staff. This has resulted in nurses being physically exhausted and mentally drained due to the daily increase of patient loads. Because nurses are so short handed, they do not believe they are adequately staffed to give the kind of care patients need. Registered Nurses also attribute problems such as early detection of patient complications and patient safety with the nursing shortage (Buerhaus et al., 2005). Some implications of the nursing shortage have shown associations between nurse staffing and patient outcomes to mortality rates and patient complications (Heinz, 2004). With

these kinds of implications, hospitals have continued to monitor quality care and patient safety through performance improvement and staffing effectiveness plans.

The effects of the nursing shortage on nursing staff leads to an increase in stress, lower quality of patient care, while continuing to push over worked nurses toward leaving nursing altogether (Buerhaus et al., 2005). Further, these issues are causing existing nursing staff to look for better opportunities outside the hospital environment such as day-surgery clinics, ambulatory care settings, physician offices and urgent-care centers (Upenieks, 2005). In these types of facilities patient-to-nurse ratio is less and overtime is very rare. This public health problem threatens the health of individuals, the stability of the nursing profession, and the survival of the health care industry (Donelan, Buerhaus, Ulrich, Norman & Dittus, 2005). Staffing will continue to plague hospitals and the quality of care given to patients across the nation until an active role is taken to determine what preventative steps need to be taken to minimize the staffing shortage. In order to ensure quality care to patients and help minimize the staffing shortage, healthcare organizations needed to implement or revamp existing recruitment and retention programs.

Recruitment and Retention

Up-to-date recruitment and retention programs are becoming an effective way to help manage the nursing shortage in health care. In the past, hospitals did whatever it took to recruit competent nursing staff even if it meant spending hundreds of thousands of dollars on advertising in local newspapers, journals, or on the internet. This “passive” form of recruitment was dependant upon candidates finding, reading, and taking action based on these advertisements. Unfortunately over the years, these strategies have proved to be an ineffective form of recruitment (Todak, 2000). Hospitals have taken a more “active” role in recruitment by

beginning recruitment at high schools (Todak, 2000). Recruiters are talking to students about pursuing careers in healthcare, visiting graduate nursing schools, and participating in job fairs.

Johnson & Johnson initiated one of the largest private sector recruitment campaigns in the nation, called *Johnson & Johnson Campaign for Nursing's Future*, which included several initiatives such as national advertising, developing and maintaining a web site, producing and distributing recruitment and retention materials, awarding scholarships and fund-raising to support nursing education (Donelan et al., 2005). This campaign was initiated in an effort to inform the public of the seriousness of the nursing shortage, while trying to ease the impact in the future.

This campaign, along with many other campaigns and surveys conducted have assisted many hospitals when trying to come up with new and more creative ideas concerning recruitment. Another viable alternative for some hospitals has been to recruit foreign nurses. While this has been a complex venture, the rewards of loyalty the foreign nurses have for hospitals bringing them to the United States in many cases have out weighed the cost (Todak, 2000).

Recruitment strategies have become a great tool in the fight against the nursing shortage. If hospitals do not have an effective retention program, then it continually becomes a reoccurring recruiting problem. In order to retain nursing personnel, hospitals are listening to current nursing staff and using nursing surveys to implement a more visual retention program. Some of these programs include tuition reimbursement, loan forgiveness programs, and mentoring courses for senior nursing students (Roberts, Weaver & Urden, 2003). Another new program devoted to retention is the career track program, which is a sponsored program some health care

organizations are implementing that encourages nursing techs or unlicensed assistive personnel to pursue nursing degrees (Roberts et al., 2003).

In Philadelphia, a Professional Development and Recognition Committee at Fox Chase Cancer Center (FCCC) developed a nursing survey in order to find out what nurses wanted and needed to stay at FCCC. This resulted in findings that included salary, communication and physical work environment needing improvement. FCCC implemented an action plan to address these issues and were able to retain nurses (Parran, 2002). Hospitals, have begun to understand the needs of current nursing personnel. Deliberate efforts have focused on enhancing the working environment, improving retention programs to retain competent nursing staff, and providing incentives plans and bonuses.

Incentives and Bonuses

Hospitals have also tried to increase the number of nurse applicants through incentives and bonuses. Incentives are benefits that usually come after a nurse has accepted a position and has been working for some time. These incentives are used to help maintain loyalty and dedication within the company. Bonuses are used to entice nurses to apply for positions and are sometimes used to increase productivity during their employment.

Most hospitals have little time to spare waiting on these programs to take hold and show results. Their patient ratios are too high and current nursing staff is burned out by working extra shifts. Hospitals looking for a quick fix for the nursing shortage were flooding the local newspapers with the latest and greatest incentive plans and huge sign on bonuses. A 486-bed hospital in Michigan offered \$5,000.00 hiring bonus for any experienced operating room registered nurse (Todak, 2000). A 256-bed hospital in California offered \$6,000.00 hiring bonus

and another \$3,000.00 in moving expenses for any registered nurse with two years experience (Todak, 2000). Orlando Regional Healthcare in the Tampa area was offering \$14,400.00 signing bonus and another \$14,400.00 if they recruited a friend. A rival Florida hospital in the Orlando area offered \$15,500.00 signing bonus for registered nurses (Price, 2001). In Oklahoma, the daily paper has had several local hospitals advertising signing bonuses ranging from \$5,000.00 to \$10,000.00 for registered nurses with or without experience.

Hospitals are also getting very creative when it comes to incentive programs by including dry-cleaning pick-up and delivery service, house cleaner service, shopping service and vehicle maintenance such as oil change and car washing. Other incentives include working night shifts regularly for six months without absences earning up to \$1,000.00 bonus. Working every Friday, Saturday, and Sunday, fifty out of fifty-two weeks earned an extra \$10.00 an hour beginning immediately. Both incentives required a signed agreement, which could be cancelled at anytime due to excessive absences. Rural hospitals began offering incentives such as working two sixteen-hour shifts for a total of thirty-two hours a week to receive full time benefits. This included medical and paid time off or working three twelve-hour shifts for a total of thirty-six hours a week and being paid for forty hours a week.

There are many different varieties of bonus and incentive plans across the healthcare industry. One study suggests that these plans may be increasing the supply of nurses or are they just redistributing the nursing staff (Gullatte & Jirasakhiran, 2005). Bonuses serve the purpose of alluring the nurse to the organization, but once the bonus is received, the employee if motivated by money, is out looking for the next big payday (Gullatte & Jirasakhiran, 2005). Several hospitals believe that offering sign on bonuses devalues the current working staff and

may have a negative effect on staff retention (Gullatte & Jirasakhiran, 2005). Other hospitals interested in the staff opinion concerning sign on bonuses, quickly surveyed and found the direct opposite to be true. Staff were more than willing to promote sign on bonuses if it meant bringing in nursing staff to reduce overtime hours. Since nursing staff started showing signs of being overwhelmed in current positions, there have been many recorded incentive and bonus programs initiated across the nation. This has made it extremely difficult to decide which plans actually benefited individual hospitals.

What is Working and Why

The healthcare industry seems to be more confused than ever about which plans are working and why. Each hospital comes up with ideas to promote recruitment and retention by offering many different incentive and bonus plans. Most of these plans work for a short period of time then more creative ideas must emerge to keep the competitive edge.

There have been several recommendations to alleviate the nursing shortage, but one of the first steps in meeting the needs of the nursing profession is to create a working model of a hospital culture that values the profession of nursing and supports autonomous decision-making (Upenieks, 2005). A semi-new concept that was introduced in the early 1980's has now swept across the healthcare industry called "magnet hospital". This concept promotes a philosophy that allow nurses to effectively use expertise, knowledge, and skills to provide quality patient care, while achieving respect from the physicians and the administrative members (Upenieks, 2005). Even though this is not a new concept, "magnet hospitals" have been associated with lower turnover and higher levels of job satisfaction by adopting key organizational characteristics such as decentralized organizational structures, emphasis on participatory management, value of

professional nursing practice, and systematic communication between clinical nurses and leadership (Upenieks, 2005).

This concept of key organizational characteristics has been around for years, but has now surfaced in the Oklahoma City area. Mercy Healthcare systems started advertising in December 2005, about being a “magnet hospital”. Since that time, many local hospitals are beginning to advertise about becoming a “magnet hospital”. These same characteristics found in “magnet hospitals” are the same characteristics most nursing professionals have been requesting for years. Nursing professionals want to be valued for knowledge and ability concerning quality patient care and a voice when it comes to implementing new ideas or changing procedures. They no longer want to be just an employee; they want to make a difference.

Positive work environments, empowered employees, nurse-directed care, meaningful continuing education programs, staff integration, staff’s inherent value, recognition, and celebrations, make up the positive environment of what works and why (Bethune, Sherrod, & Youngblood, 2005). In order to complete this package, it takes several internal incentives such as flexible scheduling, tuition reimbursement programs and compensation incentives to recruit and retain nursing staff.

Conclusion

In 1998, when hospitals began experiencing their second nursing shortage, the healthcare industry along with private companies such as Johnson & Johnson began taking an active role in pursuing solutions to ease the increasing shortage. In order to help understand and find solutions for the nursing shortage, healthcare professionals began analyzing the reasons for the nursing shortage and the effects this shortage was having on patient care. Once this was accomplished,

healthcare professionals created new ideas to promote recruitment and retention programs in individual hospitals, which initiated creative incentive and bonus programs to retain and attract nursing personnel. Since a universal program has not been introduced, individual hospitals are using combinations of several programs to find out what is working and why.

The purpose of this project was to determine the effectiveness of incentive programs advertised for night shift positions by applicants applying to Community Hospital. The results of this project helped to analyze the effectiveness of creative incentive plans when recruiting and retaining nurses for Community Hospitals open night shift positions.

Chapter 3

Methods and Procedures

Hypothesis

The research hypothesis investigated in this project was to determine whether a need existed to increase applicant response for open night shift positions at Community Hospital. Further investigation was conducted to determine if the advertised incentive programs were the deciding factor in the submission of applications. The dependent variable measured responses to questionnaires which provided nominal level scores indicating how the applicant became aware of the open positions and whether the advertised incentive programs were the motivating factor.

Data Source

The data for this research was obtained from questionnaire responses from all RN applicants who were interviewed for the open positions in the emergency room department, medical surgical department, and the rehabilitation department from November 2005 through January 2006. A total of 36 interviews were conducted, resulting in the tabulation of 36 questionnaire responses.

Instrumentation

The operational definition for the dependent variable consisted of two questions being asked by the interviewing director of each department who had open RN positions. The answers to the questions made up the dependent variable. The questionnaire attempted to determine how the applicants became aware of the open positions at Community Hospital and then whether the advertised incentive programs were the motivating factor in the submission of applications.

The dependent variable of responses to the “Applicant Questionnaire” (See Appendix I) provided nominal level scores. This unpublished questionnaire was written by the researcher and has not been tested for reliability or validity.

The questionnaire consisted of 2 questions. The first question solicited a chi square nominal scale of measurement using specific categories in which the applicant indicated how they had become aware of the open position. The second question solicited a yes/no response measuring whether the advertised incentive programs were a factor in submitting applications. The final product reflects the percentage effectiveness of advertised incentive programs.

Procedure

A needs analysis was conducted utilizing all interviewed applicants responses. A meeting was scheduled with the interviewing managers from the emergency room department, medical surgical department and the rehabilitation department. Each manager was given a list with two questions they were to ask each applicant interviewed for the open positions during the months of November 2005, December 2005 and January 2006. After each interview, the managers were instructed to record the answers to both questions and send responses to human resources for data to be compiled and results tabulated. Individual responses from applicants were tabulated according to the chosen category on how they became aware of the open positions and then the high number of “yes” responses indicated whether the advertised incentive programs were the motivating factor for the submission of applications. Responses of all applicants were tabulated to gain a nominal scale of measurement.

Data Analysis

Nominal level scores obtained from the “Applicant Questionnaire” were summarized using a nominal scale of measurement which were sorted into categories and then counted to get the frequency of occurrence within each category. These categories were completely independent of one another. A line graph was used to plot the number of independent categories submitted by each interviewed applicant over a 3-month period. In order to test the alternative hypothesis that a need existed for advertised incentive programs to entice applicants, a statistical null hypothesis was formulated that stated there was no need for advertised incentive programs to entice applicants. A chi square analysis technique was used with a .01 level of significance.

Limitations

One of the limitations of this study was that the sample group did not include all RN applicants who had applied at Community Hospital. The sample group only consisted of qualified applicants who had been interviewed for the night shift open positions. Another variable not taken into consideration was the structure of the incentive programs offered and how they compared with area markets. Additionally individuals who did not apply were not considered.

Chapter 4

Summary of Results

The following is a summation of the data collected of all applicants who were interviewed for the open positions in the emergency room department, medical surgical department, and the rehabilitation department from November 2005 through January 2006. A restatement of the hypothesis is included. The results from the applicant questionnaire is statistically evaluated and found to support the need for an advertised incentive program. Additionally, alternate approaches to the resolution of the existing open night shift positions are presented for consideration.

Restatement of the Hypothesis

The intent of this study was to determine whether a need existed to increase the applicant response for open night shift positions and if so to determine if the advertised incentive programs were the motivating factor in the submission of applications at Community Hospital. An evaluation of the nominal level scores from the applicant questionnaire revealed a statistically significant need for advertised incentive programs.

Descriptive Statistical Information

The hypothesized statement that a need existed for advertised incentive programs was investigated. All 36 applicants who had interviewed for open night shift positions were selected to participate. This represented 100% of all applicants who were interviewed. The applicant's awareness of open positions and the motivation of advertised incentive programs scores show an overwhelming response from the newspaper advertisement and that the motivation for

submitting applications is the advertised incentive program. The data collected on the applicants responses indicate that a need exists for advertised incentive programs.

Insert Figure 3 Here

Results of Significance Test

A chi square analysis technique was applied to test the hypothesis. The null hypothesis stated there was no need for advertised incentive programs to motivate applicants, and the alternative hypothesis stated that there was a need. In order to calculate the chi square value a table of four columns and five rows are constructed. In the first row, obtained data was placed into each category of applicant's awareness of open positions, which are colleagues, newspapers, mailers and others. In the second row, frequency expected data, which is the total number of applicant questionnaires divided by the number of categories equaling 9, is then placed into each category. In the third row, the difference between the observed and expected frequency data is placed under each category. Squaring each difference found in the third row is then placed into the fourth row under each category. In the fifth row, each squared difference is then divided by the frequency observed value for each category. Totaling the values across the fifth row gives the summation result for the chi square calculated value for submitting applications as 23.33. At 3 degrees of freedom, which is the number of categories subtracted by 1, the table value is 11.34 at the .01 alpha level. The calculated value of 23.33 is clearly greater than the tabled value of

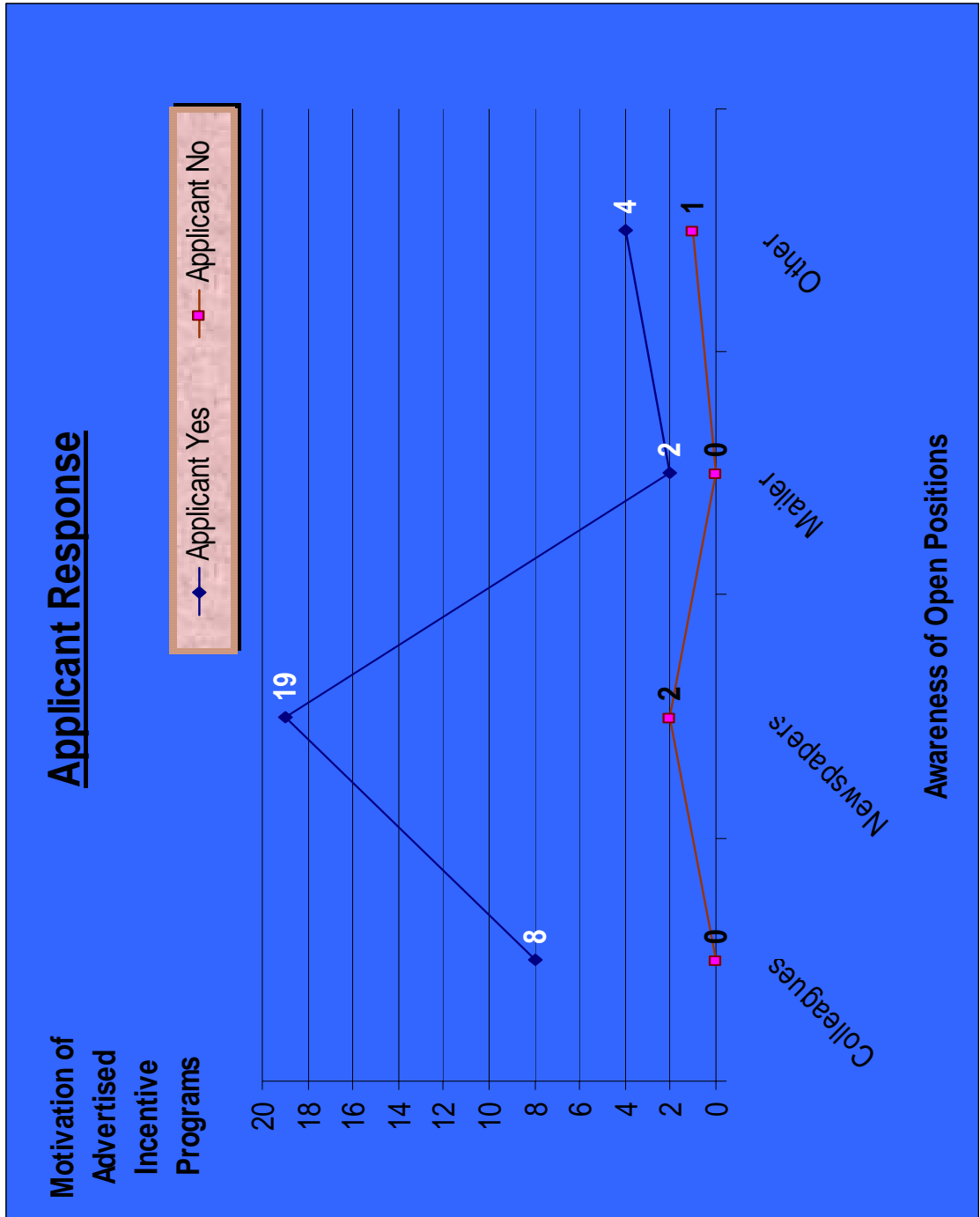


FIGURE 3. Awareness and Motivation of Applicants

11.34 thereby rejecting the null hypothesis and concluding that advertised incentive programs are a motivating factor in submitting applications.

Results of Needs Analysis

The need for advertised incentive programs was determined at Community Hospital. 100% of 36 applicants that were interviewed for the open night shift positions were selected to participate in this analysis. Due to the results of the needs analysis and the many open night shift positions within this facility, we were able to ascertain the possibilities of implementing advertised incentive programs at Community Hospital. The following achievable courses of action were an outcome of the needs analysis result.

Status Quo. Community Hospital is currently over utilizing current staff and agency personnel, which increases staff stress and lowers the quality of patient care ensuring lower patient satisfaction scores, which could result in questionable accreditation from the Joint Commission on Accreditation of Healthcare Organization (JCAHO). Failure to implement a change will continue to result in several open night shift positions while continuing to increase inadequately staffed departments and patient to nurse ratios, which ultimately leads to higher mortality rates and patient complications. Preventative action in minimizing the nursing shortage by implementing incentive programs at Community Hospital will help ensure better patient care while showing a positive impact on the bottom line.

Implementation of Incentive Programs. Incentive programs could be implemented at Community Hospital that would help motivate applicant responses for open night shift positions while decreasing the cost associated with the increased utilization of current staff and agency personnel. Two incentive packages could be put into place for night shift positions. The first

package would be a “Prime Night Shift Incentive Agreement”. This package earns an additional \$1,000.00 dollar bonus for any Registered Nurse agreeing to work night shifts regularly for six months without excessive absences. The second package would be a “Prime Weekend Incentive Agreement”. This package earns \$10.00 dollars more an hour beginning immediately for any Registered Nurse agreeing to work every Friday, Saturday and Sunday nights, fifty out of fifty-two weeks. Both packages will require signed agreements. Implementing both of these programs will bring in several qualified RN applicants requesting night shift positions, which will lower the cost associated with the utilization of current staff and agency personnel while ensuring adequate staffing, quality patient care and coworker cohesiveness.

Alternative Suggestion. Another alternative solution for Community Hospital may be to look at implementing parts or all of the philosophy associated with being a “Magnet” hospital. Many hospitals in the Oklahoma City area are now advertising “magnet” status, including Mercy Healthcare systems, Norman Regional Hospital and Integris Healthcare Systems. “Magnet” status is a recognition program administered by the American Nurses Credentialing Center, in which hospitals have to submit an application ensuring standards of quality required. “Magnet” hospitals have shown improved financial performance, large operating margins, higher then ever patient satisfaction scores, decreased vacancy rates and reduced to very low turnover rates. Hospitals attribute this status to creating a culture that helps people feel appreciated, included and valued, while validating that nursing is practiced at its highest level. Elevating the organizational standards by changing the philosophy at Community Hospital might help ensure quality patient care by nursing staff that are satisfied with their jobs while exhibiting a sense of ownership. By creating this kind of environment the hospital will attract the best qualified

nurses to become the employer of choice. The financial impact of obtaining “magnet” status will primarily be in the application fee. Revision of nursing policies to reflect the philosophy of “magnet” status should be minimal. Changing the culture within the organization will be the biggest task in accomplishing this status.

Chapter 5

Discussion and Conclusions

This study was conducted to determine the effectiveness of incentive programs advertised for night shift positions by applicants applying to Community Hospital. The lack of applicants applying for the open night shift positions became a growing problem within three main departments of Community Hospital. Incentives and procedures were established and a large ad was placed in the local newspaper, journals and magazines advertising the different plans for the night shift positions. A survey for applicants was developed, administered and tabulated by human resources, which indicated a need for the advertised incentive programs. The shortage of applicants for the open night shift positions at Community Hospital demanded an immediate action plan to impact the effects night shift shortages have on patient care.

The following is an interpretation and discussion of the data obtained during the study. The information that resulted from the statistical analysis of the data is presented for consideration. In addition, recommendations for the implementation of incentive plans are discussed.

General Discussion And Conclusions

The results of the study indicated statistically that the original hypothesis was correct. The need for advertised incentive programs was overwhelmingly proved to be the motivation behind the increase in applications. Statistical analysis of the frequency of occurrence within each category and the number of “yes” responses indicating the motivation supported the need for an advertised incentive program.

The need for the advertised incentive programs were confirmed without question. Ninety-two percent of the 36 applicants that were interviewed indicated without a doubt that incentive programs were the driving factor behind the increase of applicants. Without the offer of incentives, applicants would have no reason to inquire about the open night shift positions, leaving Community Hospital struggling with a nursing shortage in three main patient care departments. Implementation of the two incentive programs brought Community Hospital out of desperation mode seeking warm bodies and allowed the programs the freedom to evolve by enticing competent applicants that would otherwise not have applied. The implementation of these incentive programs have helped improve the nursing shortage situation in the medical surgical department, rehabilitation department and the emergency room department.

The short-term effects of the advertised incentive programs give directors a quick solution by supplying several applicants to fill most of the open night shift positions while relieving most of the agency utilization and overuse of current staff. The long-term effect of the advertised incentive programs give the applicants time to obtain an overall picture of the culture housed within Community Hospital while helping to foster commitment, loyalty and longevity within these employees and putting an end to the theory “incentives only redistribute the nursing staff” (Gullatte & Jirasakhiran, 2005).

Administration saw the positive effects the advertised incentive programs brought to Community Hospital. By the implementation of these programs the cost for agency utilization and overtime of current staff decreased drastically offsetting the cost associated with the different incentive plans. Community Hospital accomplished what they set out to do which was

to fill most of the open night shift positions located within the medical surgical department, rehabilitation department and the emergency room department.

Strengths And Weaknesses of the Study

The strength in this study was the simple design of the questionnaire and the ease at which it was administered. During the interview process, applicants were more than willing to answer questions regarding how information was obtained about the open night shift positions and whether the incentive programs became the motivating factor in the submission of applications. Having the research study show 33 out of 36 applicants would not have responded without the advertised incentive programs helped to obtain a quantifiable solution. Confirming the hypothesis and implementing the advertised incentive programs helped Community Hospital fill most of the open night shift positions.

The perceived weakness in the study was that it concentrated only on night shift positions and not all open positions narrowing the response. Only the applicants applying for the open night shift positions responded to the applicant questionnaire. Another perceived weakness in the study was that the questionnaire did not include an attitudinal question. Community Hospital had an opportunity to ask the applicant about the perceived reputation or standing within the healthcare community and did not attempt to measure these findings.

Recommendations

The following suggestion has resulted from a combination of research, observation, and the researcher's own experience within the healthcare setting. Continuing with the advertised incentive programs for open night shift positions will continue to increase applicant response; however expanding the incentive programs to include all shifts would attract applicants that

might consider a more flexible schedule. Administered correctly, incentive programs can make a big difference in attracting qualified applicants; however retaining these applicants after the incentive program has paid off becomes the true test of how well Community Hospital has embraced the nursing profession. Adopting some of the “magnet” status by creating a culture that values and supports nurses decision making abilities and fosters a philosophy that allows nurses to “do what they do best”, which is use their skills to provide quality patient care which will contribute to a positive work environment.

Suggestions for Future Research

Future research is needed to obtain a broader sense of the perception Community Hospital has in the surrounding area and how that perception is reflected according to the applicants by broadening the survey to include a few attitudinal questions. Many applicants that applied for the open night shift positions had never heard of Community Hospital or where it was located, which could explain the low volume of applications being received. Retention is another key factor that needs more attention. Being able to retain qualified employees after the initial period of orientation and training tends to have a positive effect on the overall cost of applying the incentive programs. Strong leadership is the force that brings all implemented programs together.

The ability to merge upper and lower management together through a shared vision, culture and philosophy approach will help strengthen the cohesiveness within the overall organization.

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Applicant Questionnaire

1. How did you hear about the open position?

- Colleagues
- Newspaper
- Mailer
- Other

2. Were the advertised incentive programs a deciding factor in submitting your application?