# THE IMPACT OF NON-FINANCIAL INCENTIVES ON INTENTION TO STAY: A STUDY AMONG MALAYSIAN NURSES IN PRIVATE HOSPITALS

BY

LALITHA KRISHNAMOORTHY

Research report submitted in partial fulfilment of requirements for the degree of Master in Business Administration

2014

## ACKNOWLEDGEMENT

Knowledge is a powerful resource that one should constantly strive to attain it and make it even more meaningful by sharing it, for that my deepest gratitude goes to Dr. Rajendran Muthuveloo for sharing his knowledge from the time I sent my first email requesting to work under his supervision till the final stage of this paper. His patience, guidance and assurance especially when I had tons of clarifications and doubts helped me in so many ways in producing this project. Likewise, lecturers who have thought me throughout this MBA program, has shared their vast knowledge, these certainly has enhanced my knowledge in many areas if not on this project paper. Dr. Teoh Ai Ping in particular, meant more than a lecturer and a programme coordinator to me, she is one dedicated person that has so much patience and encourages students in many ways she could.

No man is an island, I have met wonderful people during the course of this MBA programme, they have been supportive and encouraging and most importantly helpful in moments I needed most. I am fortunate, especially for meeting Chue Kar Wen during the course of this MBA program, he is a wonderful person and a great friend, I am sincerely grateful for all the assistance, encouragement, his sense of humour and most importantly for being part of my postgraduate journey. Shayan Kiumarsi and Kavitha, thank you for your assistance and comments.

Above all, I am blessed with an understanding family who had compromised in many ways just to make time for my hectic schedule throughout the process of this project paper. Damian, Shalaine and Darnell you have made me worked harder to make the compromise worth, thank you.

## TABLE OF CONTENT


| | | |
|---|---|---|
| **ACKNOWLEDGEMENT** | | ii |
| **TABLE OF CONTENT** | | iii |
| **LIST OF TABLES** | | vii |
| **LIST OF FIGURES** | | viii |
| **LIST OF ABBREVIATION** | | ix |
| **ABSTRAK** | | x |
| **ABSTRACT** | | xi |
| **CHAPTER 1: INTRODUCTION** | | |
| 1.1 | Introduction | 1 |
| 1.2 | Background of the Study | 3 |
| | *Nursing profession in Malaysia* | 4 |
| | *Surplus of nurses in Malaysia* | 5 |
| | *Turnover* | 7 |
| 1.3 | Problem Statement | 9 |
| 1.4 | Research Objectives | 11 |
| 1.5 | Research Questions | 12 |
| 1.6 | Research Significance | 12 |
| | 1.6.1 Practical Significance | 13 |
| | 1.6.2 Academic Significance | 13 |
| 1.7 | Definition of Key Terms | 14 |
| | 1.7.1 Intention to Stay (ITS) | 14 |
| | 1.7.2 Non-Financial Incentives (NFIs) | 14 |
| | 1.7.3 Education, Training and Professional Development | 15 |
| | 1.7.4 Recognition | 15 |
| | 1.7.5 Promotional Opportunities | 16 |
| | 1.7.6 Flexible Working Arrangements (FWAs) | 16 |
| | 1.7.7 Autonomy and Control Over Nursing Practice | 16 |
| | 1.7.8 Manageable Workload | 16 |
| | 1.7.9 Management and Supervisory Support | 17 |
| | 1.7.10 Work Environment | 17 |
| 1.8 | Chapter Conclusion | 18 |
| 1.9 | Chapter Organization | 18 |
| **CHAPTER 2: LITERATURE REVIEW** | | |
| 2.1 | Introduction | 20 |
| 2.2 | Intention to Stay (ITS) | 20 |
| 2.3 | Non-Financial Incentives (NFIs) | 26 |
| | 2.3.1 Continuing Education, Training and Professional Development | 30 |
| | 2.3.2 Recognition | 33 |

2.3.3 Promotional opportunities 35
2.3.4 Flexible Working Arrangements (FWAs) 37
2.3.5 Work Autonomy and Control over Nursing Practice 39
2.3.6 Manageable Workload 41
2.3.7 Management and Supervisory Support 43
2.3.8 Work Environment 47
2.4 Summary of Literature on ITS and NFIs 49
2.5 Research Theoretical Framework 50
2.6 Underlying Theories 50
2.6.1 The Theory of Expectancy 51
2.6.2 Herzberg's Motivation-Hygiene Theory 52
2.6.3 Theoretical Model of ITS 53
2.7 Knowledge Gap 56
2.8 Hypotheses Development 56
2.8.1 Hypotheses 1: Non-Financial Incentives have Significant Influence on Intention to Stay 57
2.8.2 Hypotheses 2: Education, Training and Professional Development have Significant Influence on Intention to Stay 57
2.8.3 Hypotheses 3: Recognition has Significant Influence on Intention to Stay 58
2.8.4 Hypotheses 4: Promotional Opportunities has Significant Influence on Intention to Stay 58
2.8.5 Hypotheses 5: Flexible Working Arrangements (FWAs) has Significant Influence on Intention to Stay 59
2.8.6 Hypotheses 6: Autonomy and Control Over Nursing Practice has Significant Influence on Intention to Stay 59
2.8.7 Hypotheses 7: Manageable Workload has Significant Influence on Intention to Stay 60
2.8.8 Hypotheses 8: Management and Supervisory Support has Significant Influence on Intention to Stay 60
2.8.9 Hypotheses 9: Work Environment has Significant Influence on Intention to Stay 61
2.9 Chapter Conclusion 61

**CHAPTER 3: RESEARCH METHODOLOGY**

3.1 Introduction 62
3.2 Research Design 62
3.2.1 Population 63
3.2.2 Unit of Analysis 63
3.2.3 Sample 63
3.2.4 Sampling Method 64
3.2.5 Sample Size 64
3.2.6 Pre-testing of Questionnaire 65

3.2.7 Pilot Testing 65
3.2.8 Data Collection 67
3.3 Measurement Instrument – Questionnaire 68
3.3.1 Measurement Scale 70
3.4 Measurements of Variables 70
3.4.1 Measurement of Independent Variable 71
3.4.1.1 Education, Training and Professional Development 72
3.4.1.2 Recognition 73
3.4.1.3 Promotional Opportunity 74
3.4.1.4 Flexible Working Arrangements (FWAs) 75
3.4.1.5 Autonomy and Control Over Nursing Practice 76
3.4.1.6 Manageable Workload 77
3.4.1.7 Management and Supervisory Support 78
3.4.1.8 Work Environment 79
3.4.2 Measurement of Dependent Variable 80
3.5 Statistical Data Analysis 80
3.5.1 Descriptive Analysis 81
3.5.2 Factor Analysis 81
3.5.3 Reliability Test 82
3.5.4 Multiple Regression Analysis 83
3.5.5 Chapter Conclusion 84

**CHAPTER 4: RESULTS AND ANALYSIS**
4.1 Introduction 85
4.2 Response Rate 85
4.3 Respondents Demographic Profile 85
4.4 Factor Analysis 90
4.4.1 Factor Analysis for Independent Variable 90
4.4.2 Factor Analysis for Dependent Variable 91
4.5 Reliability Test 92
4.6 Descriptive Analysis of Variables 93
4.7 Intercorrelation Analysis 94
4.8 Regression Analysis 96
4.9 Hypotheses 98
4.10 Chapter Conclusion 100

**CHAPTER 5: DISCUSSION AND CONCLUSION**
5.1 Introduction 101
5.2 Recapitulation of the Findings 101
5.3 Discussion 104
5.4 Research Contribution 109
5.5 Research Limitations 110
5.4 Recommendation for Future Research 110

5.5 Conclusion 111

REFERENCES 113

APPENDICES
Appendix A – Summary of Literature 127
Appendix B – Survey Cover Letter 140
Appendix C – Questionnaire 141
Appendix D – Pilot Test 150
Appendix E – Demographic Descriptive Analysis 153
Appendix F – Factor Analysis 155
Appendix G – Reliability Test 172
Appendix H – Regression Analysis 181

## LIST OF TABLES


Table 2.1 *Predictors of ITS* 23
Table 2.2 *Theoretical model of clinical nurses intentions to stay in their current positions* 54
Table 3.1 *Reliability Test (Pilot test)* 67
Table 3.2 *Structure of Questionnaire* 69
Table 3.3 *Measurements of Education, Training and Professional Development* 72
Table 3.4 *Measurements of Recognition* 73
Table 3.5 *Measurements of Promotional Opportunities* 74
Table 3.6 *Measurements of Flexible Working Arrangements (FWAs)* 75
Table 3.7 *Measurements of Autonomy and Control over Nursing Practice* 76
Table 3.8 *Measurements of Manageable Workload* 77
Table 3.9 *Measurements of Management and Supervisory Support* 78
Table 3.10 *Measurement of Work Environment* 79
Table 3.11 *Measurement of Intention to Stay (ITS)* 80
Table 4.1 *Survey Respondents' Demographic Profile* 86
Table 4.2 *Factor Analysis for Independent Variables* 91
Table 4.3 *Factor Analysis for Dependent Variables* 92
Table 4.4 *Results of Reliability Test* 92
Table 4.5 *Results of Descriptive Analysis* 93
Table 4.6 *Pearson Correlation Matrix of All Variables* 95
Table 4.7 *Results of Regression Analysis on IV and DV – Model Summary and ANOVA* 96
Table 4.8 *Results of Regression Analysis on IV and DV – Coefficient* 97
Table 4.9 *Hypothesis Restated* 99

## LIST OF FIGURES

*Figure 2.1*: Recognition Framework on Organization's Impact 34
*Figure 2.2*: Research Theoretical Framework 50
*Figure 5.1:* Final Research Framework 103

## LIST OF ABBREVIATION

ITS - Intention to Stay

NFIs - Non-Financial Incentives

MOH - Ministry of Health

NKEA - National Key Economic Areas

ETP - Economic Transformation Programme

FWAs - Flexible Working Arrangements

CONP - Control over Nursing Practice

RN - Registered Nurse

MNB - Malaysian Nursing Board

APC - Annual Practising Certificate

# KESAN INSENTIF BUKAN KEWANGAN KE ATAS KEINGINAN UNTUK KEKAL: KAJIAN DI KALANGAN JURURAWAT MALAYSIA DI HOSPITAL SWASTA

## ABSTRAK

Panjang umur dan peningkatan penyakit seperti tekanan darah tinggi, penyakit kardiovaskular dan kencing manis telah mendorong industri perubatan Malaysia membangun dengan pesat. Mengekalkan tenaga kerja kejururawatan yang mahir dan berpengalaman mencukupi dan stabil adalah penting untuk memenuhi permintaan industri. Kajian ini bertujuan untuk menentukan kesan insentif bukan - kewangan dan untuk mengenal pasti dimensi insentif bukan kewangan yang mempunyai pengaruh besar ke atas keinginan untuk kekal di kalangan jururawat Malaysia di hospital swasta. Sebanyak 630 soal selidik telah diberikan kepada jururawat-jururawat hospital swasta di Lembah Klang, dengan kadar tindak balas sebanyak 26%, (n=161). Lapan dimensi insentif bukan kewangan sebagai pemboleh ubah telah di gabungkan (pendidikan, latihan dan pembangunan profesional, pengiktirafan, peluang promosi, waktu bekerja yang fleksibel , autonomi dan kawalan ke atas amalan kejururawatan, beban kerja terurus, sokongan pengurusan dan penyelia and persekitaran kerja) dan niat untuk kekal sebagai pembolehubah bersandar. Penemuan menjelaskan 54% daripada varians dalam niat jururawat untuk kekal. Hanya tiga dimensi mempunyai pengaruh keatas niat untuk kekal iaitu peluang promosi, beban kerja terkawal dan persekitaran kerja. Kajian ini juga menyokong Teori Expectancy dan Teori Herzberg Motivation-Hygiene berdasarkan rangka kerja kajian ini. Pengamal pengurusa sumber manusia perlu lebih fokus mewujudkan persekitaran kerja yang positif dan mewujudkan rangka kerja rasmi untuk peluang promosi sebagai sebahagian daripada amalan pekerjaan dan pada masa yang sama mengekalkan bilangan kakitangan yang mencukupi untuk mengelakkan beban kerja berat.

## Abstract

Extended longevity and increase in hypertension, cardiovascular ailments and diabetes has made Malaysia's healthcare industry a powerful area of economic growth towards nation's income. Maintaining adequate and stable nursing workforce is vital to meet the industry's escalating demand amidst global and local shortage of nurses especially for skilled and experienced nurses. The present study aims to determine the impact of non-financial incentives (NFIs) and to identify which of the eight dimensions of non-financial incentives has significant influence on intention to stay among Malaysian nurses in private hospitals. A cross sectional questionnaire survey was administered on 630 nurses in 52 Klang Valley private hospitals, response rate was 26%, (n=161). The collected data includes items measuring eight dimensions of non-financial incentives as independent variable (education, training and professional development, recognition, promotional opportunities, flexible working arrangements, autonomy and control over nursing practice, manageable workload, management and supervisory support and work environment) and intention to stay as the dependent variable. The findings explained 54% of variance in nurses' intention to stay. Although the proposed framework hypothesized 8 dimensions of NFIs only three were statistically significant on intention to stay; promotional opportunities, manageable workload and work environment. This study further supports the Theory of Expectancy and Herzberg's Motivation-Hygiene Theory based on starting theoretical framework. Human Resource practitioners may focus creating positive working environment and establish formal framework for promotional opportunities as part of employment practice, and at the same time maintain adequacy of staffing to avoid heavy workloads.

# CHAPTER 1

# INTRODUCTION

## 1.1 Introduction

Shortage of nurses is a critical worldwide issue which has been and being studied by many to address the growing demand due to ageing and global population growth. Past studies has documented the importance and severity of shortage of nursing workforce, its implications to service delivery, nurses morale, human resources challenges and organization's economic and service performance (Henderson & Tulloch, 2008; Dambisya, 2007; Mathauer & Imhoff, 2006). While, Choong (2012) was in view that nurses' shortage will cost high unpredictable replacement costs, nurse turnover, absenteeism and loss of patients.

In Malaysia however, extended longevity and increase in hypertension, cardiovascular ailments and diabetes has made the healthcare industry a powerful area of economic growth towards nation's income (PEMANDU, 2012). Evidently three decades ago there were merely 20 private hospitals in Malaysia (The Star, 2009), presently the number has increased to 117 private hospitals around the country (APHM, 2014). It would be a challenge for human resource and nursing managers to retain and secure adequate nursing workforce within the organization due to nation's escalating demand and limited pool of nurses especially skilled and experienced one.

Malaysia being a developing country aiming to be a high income nation by the year 2020 has developed Economic Transformation Program (ETP) as part of its roadmap towards the vision. Healthcare industry is one of the National Key Economic

Areas (NKEA) aimed to generate RM50 billion gross national income (GNI) by year 2020, an incremental of RM35 billion GNI target in six years from now (PEMANDU, 2012). Therefore, the industry needs stable, skilled and experienced workforce towards achieving the nation's ETP. Securing the right person to do the right job is the key to success. Hospitals may have invested billions of ringgits on latest medical equipment and hospital facilities, but without a committed and stable human capital all that would be redundant.

High turnover coupled with nurse migration has led to shortage of nurses in Malaysia. It was reported by Alam and Mohammad (2010) that job dissatisfaction, excessive nurse migration, poor retention and high turnover are reasons for nurses' shortage in Malaysia. Currently, Malaysia has to cope with 14% shortage of nurses (Krishnasamy, 2013), due to nurses leaving the country seeking job opportunities in countries like Saudi Arabia, United Kingdom, and Australia where the pay and benefits are much more lucrative. In Saudi Arabia alone, there were between 7,000 to 8,000 Malaysian nurses working back in 2013 (The Star, 2013).

Sufficient pool of nursing workforce is essential to provide effective and quality care, if not it would be a biggest hurdle for the industry and the nation to maintain quality healthcare and economic growth. Retention strategies remain as one of the most potential solution to address nurses shortage and turnover, nevertheless decision makers needs to enhance knowledge on factors influences nurses' intention to stay (ITS) or to remain. As opined by Cowden and Cummings (2012) nurse managers needs to recognise opportunities to influence intentions of nurses and develop strategies for greater retention through the understanding of causal sequences of the development of

behavioural intentions of nurses.

## 1.2 Background of the Study

Nurses are perceived as the "front line" staff in most healthcare systems because of their direct contact with patients, hence Buchan and Calman (2005) suggest nurses' contribution is recognised as an essential in meeting organizational goals, delivering safe and effective medical care. Worldwide substantial studies have identified shortage of nurses almost in all parts of the world be it developed, developing or underdeveloped countries. Growing elderly or ageing population, ageing nursing workforce and nurses leaving the profession earlier than retirement are major concerns in most parts of developed countries as United States of America (USA) (Juraschek, Zhang, Ranganathan & Lin, 2012), United Kingdom (UK) (Newman & Maylor, 2002), Canada (Torgerson et. al., 2012), Ireland (McCarthy, Tyrrell & Lehane, 2007) and Australia. In addition, these countries are unable to increase the capacity of nursing workforce to address the escalating demand mainly due to nursing profession is perceived as less attractive profession, which reflects on lesser new entrant to the profession.

Meanwhile, developing countries have similar supply shortfall as developed countries but coupled with nurses migrating to developed countries seeking lucrative and better income. Indian, Filipinos, Singaporeans and Malaysians nurses are highly sought after in the UK, Australia and Middle East thus creating local shortage of nurses. For instance, in Saudi Arabia, Saudi women do not choose nursing as a profession due to the cultural values, family disagreement, gender desegregation, the low image of nursing and the night shift work (AlYami & Watson, 2014). This phenomena has led Saudi Arabia as one of the country that relies greatly on expatriate nurses to fill the

nursing demand workforce in the country. Many skilled and experienced nurse around the world seeks job opportunity in Saudi Arabia as the country pays attractive scheme.

While volatile economic environment is a focus of unstable labour market in most part of African continent, increasing HIV/AIDS cases in the region has impacted adversely in Sub-Saharan Africa as the need for healthcare escalate, the supply of health workers shrinks significantly. It is estimated that 19-53% of all mortalities among African government employees are mainly due to HIV/AIDS (Buchan & Calman, 2005). As the mortality rate among health worker increases, this results in absenteeism, remainder staff feeling demoralised to perform and fewer new entrant to the profession. Hence, most health workers in Sub-Saharan Africa opt out by migrating to other part of the world while creating heavier workload to remaining nurses. This cyclical phenomena is a critical workforce challenge in sub-Saharan African countries than of any region in the world (Buchan & Calman, 2005).

***Nursing profession in Malaysia***

By 2015, Malaysia is expected to achieve nurse to population ratio of 1:200, however as of December 2012, in a report published by Ministry of Health (MOH) revealed nurse to population ratio of 1:345. The ratio represents current number of registered nurses (RNs) in the country against the country's population. In total there are 84,968 nurses registered with Malaysian Nursing Board (MNB) amongst them 56,089 are serving in public hospitals, while the remainder of 28,879 nurses are in private hospitals. The population of the country as of December 2013 was 29,336,800 billion.

As the country moves towards its vision 2020 as a developed, high income nation through ETP, greater purchasing power among consumers achieved through overall country's economic prosperity. In addition, growth in patient inflow from ASEAN region and also from the west is expected to expand. This has prompted demand for excellent medical care which has opened new opportunities within the healthcare industry in Malaysia to address the rising need. Evidently the number of private hospitals has been rising since 1980, while there were merely 20 private hospitals (The Star, 2009) during the 80's, presently the number has increased to 117 private hospitals (APHM, 2014).

The increase of hospitals has created more demand for health workers especially for nurses. Amidst global nursing workforce shortage coupled with Malaysian nurses' migration and high turnover, it is a challenge task for hospitals to secure skilled and committed nursing workforce working towards organization's objective. Therefore, competition is intense among private hospitals to secure limited pool of skilled nursing force. Although, some of the hospitals offers competitive salary scheme to attract nurses, this does not address the issue in the long run. In fact, according to Aiken et. al. (2001) twenty-first century health care has created vast opportunities for nurses, but the hospitals are ill prepared to compete for and retain the most qualified nurses.

***Surplus of nurses in Malaysia***

In order to become a nurse in Malaysia, one has to undergo a three year diploma level programme, and subsequently they may pursue nursing studies to degree, masters and most recently to doctorate level. 'Staff nurse', 'registered nurse' or 'nurse' are used interchangeably throughout this research as they are referred to qualified nurses

registered with Malaysian Nursing Board (MNB). Traditionally, Malaysian high school leavers were used to be bonded by either Ministry of Health (MOH) or private hospitals. The nurses are then committed to bond agreement as part of mutual contract formed for the contribution to the cost of their education made by employers (Barnett, Namasivayam & Narudin, 2010). Upon completion of Diploma in Nursing course the graduate must be registered with the Malaysian Nursing Board (MNB), an annual practising certificate (APC) will be issued annually. Apart from RNs, there are other category of nurses in Malaysia, namely; public health nurses community nurses, mental health nurses and assistant nurses. Among all these category of nurses, RNs consist of majority of workforce in nursing division be it in public or private hospitals in Malaysia.

In recent years, private nursing school has been mushrooming in Malaysia attracting self-paying students which has left the country with surplus of 8,000 jobless nursing graduates in 2010. On average there are 70 private nursing colleges nationwide producing graduates lacking in good clinical training and in many cases fail to meet private sector's demand for specialised nurses (The Star, 2012). Amidst global and local nursing shortages, these young nurses unable to secure jobs mainly because of lack of hands on experience and competency in the nursing field (The Star, 2012). Private hospitals only interested to recruit experienced and skilled RNs as it reflects on its ability to provide superior patient care services, meanwhile public hospitals has already have pool of nurses from government run nursing colleges. Therefore, this mismatched demand supply nursing work force crisis has creating surplus of supply of nurses in the market.

Young graduate needs plenty of hand-on clinical experience, but it is time consuming for senior or experienced nurses to coach them as their routine task will be compromised. This is one of the reasons, private hospitals not employing young graduates lacking in clinical exposure. Ministry of Health has formulated various effort to address this issue, however the present study focuses on shortage of skilled and experienced nurses.

***Turnover***

High turnover among nurses has been a significant determinant for nursing shortage worldwide, among some of the factors influence turnover are job satisfaction, supervisor's behaviour and organizational support (Tai et al., 1998). In addition, Yin and Yang (2002) reported relatively similar turnover predictors which are stress from inflexible administrative policies, supervisory relations, staffing shortages, leadership style and advancement opportunities. Job satisfaction has been pointed out as first related determinant to turnover intention and intent to stay (Cohen & Golan, 2007). Findings suggest that a satisfied employee less likely to leave the organization, hence increased job satisfaction reduces turnover. Moreover, a satisfied employee will work together towards achieving organization's goal to attain competitive advantage and greater productivity.

One way to achieve manpower shortages and high turnover is to develop and implement effective incentive schemes (WHO, 2008). Many past studies on health worker retention emphasised that without an effective strategy, the shortages of health worker at large would be persistent. Reward and incentives are core to any retention strategy, incentives serve as motivation that enhances intention to stay, greater job

satisfaction and employee's performance (Zurn, Dolea & Stilwell, 2004). Similarly, Dambisya (2007) noted greater job satisfaction leads to reduced turnover and better retention. Incentives can be a tool that influences or achieves certain behavioural outcome on a preference a person makes over available alternatives. Besides Torgerson (2012) feels that incentives could influence a person's decision about not only entering the health workforce, but also where to work and practice (Torgerson et. al., 2012).

Incentives act as a medium that connects between organization's goal and individual's decision to stay. Incentives can be categorised as tangible or intangible, financial or non-financial and positive or negative. Financial incentives involve "direct monetary payment from employer to employee", (Kingma, 2003) it may comprises payment such as bonuses, wages and loan. Non-financial incentives on the other hand, consist of autonomy, flexible working arrangements and performance recognition (Zurn et al., 2005; Hongoro & Normand, 2006; Kingma, 2003; Caldwell & Kingma, 2007). Mathauer and Imhoff (2006) has defined incentive as an intentional tool to influence health workers to put effort and work towards achieving organizational goals. It is general perception that financial incentives are most likely has best impact on retention, however based on ICN (2008) report research, non-financial incentives has equal impact as much as financial incentives do on employees behavioural outcome.

Formulating successful incentive scheme is so much important that WHO has published a guidelines on incentives for healthcare professional in 2008. For instance, in addition to the take home salary, some employee would appreciate the flexible working arrangement, that enables them to balance work life. Younger nurses for example, may look forward for further education opportunity supported by the hospital,

to enhance their nursing skills. A recent study by Ramoo, Abdullah, and Piaw (2013) on job satisfaction and intention to leave among registered nurses in public hospital in Malaysia revealed significant relationship between job satisfaction and nurses' intention to leave their current employment. The authors further suggested organization should promote retention through greater management decision-making capabilities, opportunities for further education, and flexible working environment.

## 1.3 Problem statement

According to Barnett, Namasivayam and Narudin (2010) shortage of nurses can be addressed by improving on retention and creating a safe and encouraging work environment for long term vision. Retention of existing nurses is an important strategy to address shortfalls from high turnover. A productive and profitable organizations needs to avoid high replacement cost, demotivated employees due to shortage of workforce that results in heavy workload, compromised patient care, medical error which could lead to medico-legal cases that could jeopardise the organization's reputation. Retaining an existing employee is far more efficient human resource strategy than recruiting a new one. Thus, it is not surprising that organizations nowadays are starting to pay more attention to retention in order to influence employees intention to stay within the organization.

Organizations need to recognise factors that enhances nurses' intention to stay (ITS) prior to formulating any retention strategy, this would lead to the core of the strategy thus making it effective and result oriented. Intention or intent to stay (ITS) is the probability an employee may decides to stay in an organization. In fact, Chiboiwa, Samuel and Chipunza (2010) was in view, most organisations having difficulties in

formulating an effective employee retention strategy which would help in retaining employees and achieving organisational goals at the same time.

Many past studies have consistently suggested that nurse demographic characteristics, occupational commitment and job satisfaction are the strongest predictors of intent to stay (Larrabee et al, 2003; Noguera, 2006; Tourangeau & Cranley, 2006). However, nurses indicated reasons for leaving nursing are based on various reasons that varies from low pay to poor work environment such as high workload, low social support and high level of stress (AbuAlRub & Al-Zaru, 2008). Many past research have studied for job satisfaction on intention to stay included workloads, praise/recognition, family/work balance, work itself, pay, occupational commitment, professional opportunities and affective commitment (Wang, Tao, Ellenbecker & H.,Liu, 2012). Nevertheless, evidence from past studies have revealed incentives have significant impact on retention. In fact, WHO has a guidelines published in 2008 on incentives for health professionals. It was an initiative by the Global Health Workforce Alliance as part of its work to identify and implement solutions to the health workforce crisis (WHO, 2008).

Having a retention strategy alone would not address the turnover by itself, knowledge on factors influences nurses' intention to stay would strengthen the anticipated outcome of retention strategy thus making the strategy a success. Therefore, this study would determine the impact of non-financial incentives (NFIs) on nurses' intention to stay among Malaysian nurses in private hospital. The knowledge from this study would enable hospital management to address turnover by formulating effective retentions strategy.

## 1.4 Research Objective

With reference to the above problem statement, the following research objectives are finalised:

1. To determine the impact of non-financial incentives on intention to stay among Malaysian nurses in private hospitals.
2. To determine whether education, training and professional development have significant influence on intention to stay among Malaysian nurses in private hospitals.
3. To determine whether recognition has significant influence on intention to stay among Malaysian nurses in private hospitals.
4. To determine whether promotional opportunities have significant influence on intention to stay among Malaysian nurses in private hospitals.
5. To determine whether flexible working arrangements (FWAs) have significant influence on intention to stay among Malaysian nurses in private hospitals.
6. To determine whether autonomy and control over nursing practice have significant influence on intention to stay among Malaysian nurses in private hospitals.
7. To determine whether manageable workload has significant influence on intention to stay among Malaysian nurses in private hospitals.
8. To determine whether management and supervisory support have significant influence on intention to stay among Malaysian nurses in private hospitals.
9. To determine whether work environment has significant influence on intention to stay among Malaysian nurses in private hospitals.

## 1.5 Research Questions

In order to achieve the research objectives of this study, the following questions were developed:

1. Whether non-financial incentives (NFIs) have significant influence on intention to stay (ITS).
2. Whether education, training and professional development have significant influence on intention to stay.
3. Whether recognition has significant influence on intention to stay.
4. Whether promotional opportunities have significant influence on intention to stay.
5. Whether flexible working arrangements have significant influence on intention to stay.
6. Whether autonomy and control over nursing practice have significant influence on intention to stay.
7. Whether manageable workload has significant influence on intention to stay.
8. Whether management and supervisory support have significant influence on intention to stay.
9. Whether work environment has significant influence on intention to stay.

## 1.6 Research significance

This study is anticipated to contribute knowledge and understanding on non-financial incentives and its influence on nurses' intention to stay. The outcome of the study would provide knowledge on application of non-financial incentives as part of retention strategy to enhance nurses' intention to stay.

### 1.6.1 Practical significance

Securing skilled and experienced nurses amidst global and local nursing shortages is a constant challenge for hospital human resource and nurse managers. Many previous study has linked intention to stay as a strong predictor of retention. Job dissatisfaction positively link to nurses' intend to leave which leads to high turnover and eventually affects supply of nursing workforce in the labour market. In addition, shortage of nurses negatively affect the motivation of the remaining staff as it causes extra stress, increased workload and possible of more staff leaving or absenteeism from work (Dieleman & Harnmeijer, 2006). Similarly, costs of turnover may include costs required for re-selection, re-training and opportunity costs, it also affects the level of morale of remaining employees (Chan, 1999). Thus, it is vital for hospital human resource and nurse managers, to have the knowledge and understanding of factors that enhances intention to stay. With this effective retention strategies can be implemented for successful outcome.

### 1.6.2 Academic significance

The influence of non-financial incentives on intention to stay has been researched by many in previous studies as an effective and efficient option to secure health workforce (Mulenga, 2011; Kanchanachitra et. al., 2011; Willis-Shattuck et. al. 2008; Dambisya, 2007; Mathauer & Imhoff, 2006). These previous studies are mainly conducted to address maldistribution of health worker between rural and urban areas, underdeveloped countries in Africa continent, Bangladesh and other developing and also developed countries as Australia, Canada, UK and USA. The findings from these studies may result from the local norm, values, culture, educational background, and other demographic factors. Therefore, this study is expected to reveal findings based on

Malaysian working culture. Given the importance of the subject, this study is expected to contribute knowledge on non-financial incentives and its influence on intent to stay among Malaysian nurses so that greater nurse's retention can be attained. This is also will give opportunity for future research in this area of interest as an avenue to obtain source for literature.

## 1.7 Definition of key terms

This section would define in brief the key terms of the research variables, that are dependent variable (intention to stay) and independent variables (non-financial incentives) along with the eight dimensions of non-financial incentives:

### 1.7.1 Intention to stay (ITS)

Intention or intent to stay (ITS) is the probability of an employee would make decision to stay in employment based on available alternatives. ITS is actually an indicative of future plan rather than the actual turnover, therefore having knowledge on how intention works, may enable to institute changes to affect this decision prior to actual turnover . Knowledge on why nurses choose to stay in an organization would enhance and enable decision makers understanding to develop an effective retention strategy. Lack of knowledge on what determines nurses' ITS, would lead to failure of retention strategy. Intent to stay, intention to stay, intent to work and intention to remain are used interchangeably throughout this study as they are synonym in definition.

### 1.7.2 Non-financial Incentives (NFIs)

Mathauer and Imhoff (2006) defined an incentive as an intentional tool to influence health workers to put effort and work towards achieving organizational goals.

Incentives comprised by two major category, there are financial incentives and Non-financial incentives (NFIs). Unlike monetary incentives, NFIs do not benefit employees in a monetary sense. NFIs include provision of recognition of work, work autonomy, training and development and flexibility in working time (Kingma, 2003; Zurn et al. 2005; Hongoro & Normand 2006; Caldwell & Kingma, 2007; Chiang & Birtch, 2012).

### 1.7.3 Education, training and professional development

Wayne (1997) was in view, that providing job training is actually indicative measure that suggests it is an investment in the employee. Meanwhile, Willis-Shattuck (2008) identified continuing education as the opportunity made available by employer to deserving staff to take classes and attend seminars which would enable them to take on more challenging responsibilities and at the same time to achieve personal goals of professional advancement. In fact, continuing professional development ensures health workers are constantly keep updated to gain new knowledge, competencies and skills to address the needs of health service, patients and eventually own professional development (Peck, McCall, McLaren & Rotem, 2000).

### 1.7.4 Recognition

Danish and Usman (2010) describes recognition as an appreciation received from the organization in return for the employees work. While, Blegen et al. (1992) defined recognition as a series of head nurse behaviours that acknowledged staff nurses performance and achievements, he further suggested recognition is a vital aspect of retention and job satisfaction.

### 1.7.5 Promotional opportunities

Degree to which career structures in an organization are available to its employees to specialise or be promoted (Brewer et. al., 2011). Foong-ming (2008), refers internal promotion as an evidence of formal recognition from the organization, which results in better pay rise, challenging work, autonomy, status and responsibility. On the other hand, Iverson and Deery (1997) defined promotional opportunity as a level of movement between different status levels in an organization.

### 1.7.6 Flexible working arrangements (FWAs)

Lewis (2003) defined FWAs as an organizational policies and practices that enables employees to vary, at least to some extent, when and/or where they work or to otherwise diverge from traditional working hours. Torgerson et. al., (2012) reports flexibility in schedules is a form of work-life balance incentives that results reduction in turnover rates and retention or considering returning to work after having children.

### 1.7.7 Autonomy and control over nursing practice (CONP)

Autonomy and CONP refers to the nurses capabilities to act with relevance to their professional knowledge and judgement, executing nursing care within the full scope of practice as defined by existing professional, regulatory, and organizational rules (Weston, 2008). Meanwhile Weston (2008) refers control over nursing practice (CONP) as the nurses' capability to structure departmental and organizational practices and policies related to nursing care.

### 1.7.8 Manageable workload

Pearson et. al., (2006) has defined workload as the patient load for an individual

nurse on a shift, it is often measured by nurse–patient ratio or by calculating the mean patient load across staff. Thus, manageable workload is having adequate nursing staff to support the ward, so that nurses are not overloaded with heavy nursing responsibility which could compromise their well-being and patient care.

### 1.7.9 Management and supervisory support

Supervisor support is defined as the extent of support and caring demonstrated by nurse managers/supervisors towards their employees (Cowden & Cummings, 2012). Nurse Manager's role as a role model and a leader provides basis for how nurses perceive the work and the organizational culture within the hospital. Supervisors are perceived as an agents of the organization, who are responsible for directing and evaluating subordinates' performance, thus employees view their supervisor's favourable or unfavourable orientation toward them as indicative of the organization's support (Eisenberger, 1986; Levinson, 1965). Therefore, management and supervisory support are mentioned interchangeably in this study.

### 1.7.10 Work environment

Work environment often related to having of both positive work group cohesion and adequacy material resources for providing patient care (Tourangeau, 2009). University of Cradiff defined positive working environment as an organization set-up where people feel valued and enjoy positive working relationships; work in a safe, supportive, responsive and accessible environment; and the health and well-being of employees is promoted and supported. It is an organization's responsibility to provide with necessary tools, resources and equipment for nurses to perform their duty without any disruption, thus good patient care delivery can be achieved. Similarly, Snow et. al.,

(2011) stated in his study that adequate hospital infrastructure is important to facilitate medical workforce to make their work possible. Meanwhile work group cohesion refers to the extent to which employees are supportive of one another and work together to achieve goals (Cowden & Cummings, 2012).

## 1.8 Chapter conclusion

In this chapter, brief introduction on current nursing issues were highlighted, then the challenges faced by healthcare provider due to shortages of nurses and the need for skilled and experienced nursing workforce were highlighted. The impact of global and local nursing shortages in the labour market were discussed along with factors impacted shortages. Intention to stay emerged as a strong predictor on retention of nurses. The study would investigate research questions in light with impact of non-financial incentives on intention to stay. Finally definition of key terms briefly described.

## 1.9 Chapter organization

There are five chapters in this study, below are the brief description of the each chapters.

**Chapter 1**

The first chapter reveals the background of the research, research objective and also essential overview of the study.

**Chapter 2**

This chapter comprises of discussion on comprehensive literature review of variables of this study, which has led to framework and hypothesis development.

**Chapter 3**

Chapter three focuses on research methodology, procedures, and analytical framework that illustrate the development of survey instrument and data collection.

**Chapter 4**

Research findings were included in chapter four, statistical data derived from the questionnaires and its analysis are all part of this chapter.

**Chapter 5**

Consequently, the last chapter of this study, chapter five discusses findings, limitations of the study and finally recommendation arise for future research and conclusion of the study.

# CHAPTER 2

# LITERATURE REVIEW

## 2.1 Introduction

This chapter consists of the literature review of previous research that related to the main variables of this study, that is intention to stay as the dependent variable and non-financial incentives as the independent variable, the review were further researched for the influential factors on healthcare worker, hospitals and nurses. There are also eight dimensions of independent variable of non-financial incentives reviewed, these dimensions emerged from the past studies on intention to stay predictors and models, next these predictor reviewed for common attributes with non-financial incentives in particular based on WHO guidelines on health workers incentive and systematic reviews (Torgerson 2012; WHO 2008; Willis-Shattuck et. al. 2008; Damsiyia 2007). The purpose of this chapter is to provide better understanding of the research main variables, intention to stay and non-financial incentives. Finally, the literature review leads to the development of the theoretical framework and hypotheses of the study.

## 2.2 Intention to stay (ITS)

Intention to stay or intention to remain employed is a nurse's perceived likelihood of staying within the organization and is directly and positively related to retention (Tourangeau & Cranley, 2006). As nurses shortage and nurse retention becomes an on-going challenges to many, substantial international studies have examined the factors that influences nurses' intention to stay or leave (Kim & Hwang, 2011). It is vital for decision makers to have knowledge of what influences nurses' ITS, hence an effective strategy can be developed. Retention becomes a tool to address

current on-going shortages of health workers worldwide in particular nurses. Escalating demand and shrinking supply of nursing workforce prompted many to adopt strategies to retain them as long as possible within the organization. Nurse turnover not only increases replacement and rehiring cost but it impacts on the remainder nurses performance and morale. In a study by Samuel and Chipunza (2009), they have addressed the importance of retention that is to enhance employees ITS so as to prevent the loss of competent employees from leaving the organisation which can negatively impact productivity and profitability. Similarly, Jones and Gates (2007) also pointed out that retention as a prevention measure avoiding nurses' turnover and keeping them in an organization's employment.

It is clear that retention strategy or knowledge of nurses' ITS results in a long term commitment between an employee and employer, hence skilled and experience nursing staff remains and continuously provide quality and excellent patient care. Workable and realistic retention strategy should be in place as part of an organization's goal and for the initiative to give positive result, however not all retention effort works well. A case study on a private sector medical laboratory company in Zimbabwe by Chiboiwa, Samuel and Chipunza (2010) reveals that although the organization has retention strategy in place it did not address the high turnover among its non-managerial employees, the study however discovered that the current retention practice was ineffective and lacks in reward system administration.

Many past literature and theoretical models explains the predictors and determinants that influences ITS. Job satisfaction, organizational commitment, pay and management style, professional opportunity, perceived supervisor and organizational

support, praise and recognition and autonomy has been frequently appeared as factors that predicts nurses' ITS in the current position. Table 2.1. list the predictors of ITS reported in previous work by many to address its influence on nurses' ITS. Besides, Boyle et.al. (1999), Tourangeau and Cranley (2006) and Cowden and Cummings (2012) had developed a detailed theoretical model on nurses' ITS in the current positions explaining the causal effect of the predicting variables.

Understanding nurses' ITS is essential basis to retaining nurses in the workforce (Kim & Hwang, 2011). Information of factors or determinants as to why nurses choose to remain in an organization will lead to a successful and effective retention strategy. Tourangeau and Cranley (2006) theoretical model suggests organizational commitment, job satisfaction, burnout, work group cohesion, manager ability and support, collaboration and personal characteristics of nurses were predictors of nurses' intent to remain employed. However the outcome of the study revealed burnout and manager ability and support did not have direct relationship with ITS, while the remainder predictors of the study explained 34% of the variance in ITS.

From the Table 2.1 job satisfaction, group cohesion, praise and recognition and workplace social support are all studied more often than the rest. Job satisfaction consistently appeared as a frequent predictor of nurses' ITS, Similarly, job satisfaction plays considerably as the most consistent and possibly largest factor influencing nurses' intention to remain employed (Boyle et. al. 1999; Sourdif, 2004; Tourangeau & Cranley, 2006).

**Table 2.1**
*Predictors of ITS*

| Predictors that influences nurses ITS | Author, Year |
|---|---|
| Organizational commitment | Tourangeau and Cranley (2006); Lum et al. (1998) |
| Job satisfaction | AbuAlRub and AL-ZARUN (2008); Gregory et. al. (2007); Tourangeau & Cranley (2006); Borda & Norman (1997) |
| Professional opportunity, pay and management style | Stone (2009) |
| Group cohesion | Yildiz et. al. (2009); Hayhurst et. al. (2005); Boyle et. al. (1999) |
| Trust | Gregory et. al. (2007) |
| Praise and recognition | AbuAlRub and AL-ZARU (2008); Storey et. al. (2009); Tourangeau and Cranley (2006) |
| Perceived supervisor support | Cho et. al. (2009); Hayhurst et. al. (2005) |
| Perceived' organizational support | Cho et. al. (2009) |
| workplace social support | Kaewboonchoo, Yingyuad, Rawiworrakul and Jinayon (2014) |
| Resources, access to supports, and information needed to succeed in role | Wilson (2006) |
| Autonomy | Storey et. al. (2009); Hayhurst et. al. (2005) |
| Perceived manager position influence and power | Boyle et. al. (1999) |

Adapted from Cowden and Cummings (2012).

Nurses who are satisfied in their jobs are likely to retain these jobs. Mrayyan (2005) and Collins et. al. (2000) claimed intention to leave the profession is significantly related low job satisfaction. Likewise, a recent study by Ramoo, Abdullah, and Piaw (2013) among Malaysian RNs in teaching hospitals reported significant correlation between job satisfaction and intention to leave current employment. The authors further suggested the need to develop nurses' job satisfaction are vital to secure

nurses within organisation. Hence retention strategy should focus on opportunities for further education, flexible working environment and greater management decision-making capabilities and

Wang's (2012) descriptive correlation survey on 560 nurses working in Shanghai hospitals revealed occupational commitment and job satisfaction were significantly related to ITS but they needed improvement. The study suggested strategies comprises of modifying task structure, decreased workloads, increasing salaries, creating more professional opportunity for nurses' personal growth development, cultivating work passion and promotion would improvise nurses' ITS.

In contrast, however a descriptive study on determinants of hospital nurse intention to remain employed using focus group methodology by Tourangeau (2010) revealed mixed findings some supports and some are different from past study but the overriding concept of job satisfaction was not found. Instead, the nurses (respondents) classify their satisfaction on work and organization in the following eight thematic categories which influence their ITS, they are condition of the work environment; relationships with co-workers; relationship with and support from one's manager; organizational support and practices; physical and psychological responses to work; work rewards; patient relationships; other job content and external factors (Tourangeau et. al., 2010).

Nurse Manager's or ward sister's role as a leader leading nurses towards achieving organization goal should not be underestimated. Nurses tends to feel satisfied with their job if the Nurse managers demonstrate they care for nurses' well-being,