

# Increasing Retention of Nurses in Hospitals Through Compensation Strategies

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## Abstract

**Background:** Low nurse retention has a negative impact on hospital performance and effectiveness. **Objective:** The study examines the effect of the compensation system and works motivation on nurse retention mediated by organizational commitment. **Method:** A quantitative study with a cross-sectional approach was applied in this study. The sample in this study was nurses with a working period of more than one year. Path analysis is used to analyze the data. **Result:** The results showed that simultaneously there was an influence of the compensation system, work motivation, and organizational commitment on the retention of nurses with organizational commitment as an intervening. Partially the compensation system and work motivation have a positive and significant effect on the retention of nurses. **Conclusion:** The direct impact of the compensation system and work motivation on nurse retention is more critical than that mediated by organizational commitment. **Recommendations:** The compensation system, work motivation, and organization need to be considered to increase the retention of nurses working at hospitals. Further studies must examine more variables to ensure the factors associated with nurses' retention.

**Keywords:** compensation system, work motivation, organizational commitment, and retention of nurses

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## Background

The growing era of globalization demands quality improvement in all sectors, including healthcare (1). Employees are an essential point for hospital operations. Therefore management needs to develop programs and strategies to retain employees.

To reduce employee turnover, it must start with efforts to reduce the desire to turnover intention and to stay working at the company (2).

Employee retention is a concern in every industry because turnover is expensive and disruptive to organizations, teams, and clients. NSI Nursing Solution reported that the turnover rate ranged from \$38,900 to \$59,700 in 2018, with average hospital fees of 5.13 million to 7.86 million/year (3).

The high rate of employee turnover in a company requires a particular strategy. The primary goals of employee retention practices are twofold in organizations. One is to reduce employee turnover and significantly reduce costs associated with recruiting, onboarding, and training new employees (4).

Banyak faktor yang mempengaruhi retensi bagi perawat diantaranya adalah pemberian kompensasi, motivasi kerja, dan komitmen organisasi (5).

Work motivation is the most important part related to the commitment to be loyal to the company (6). High motivation is the primary key to success in a competitive environment (7)

Organizational commitment is vital in an organization that produces high value for individual and corporate performance (8). This is closely related to employee motivation. High commitment would reduce employee turnover rates and increase employee retention rates (9).

The pre-survey results also show that 80% of nurse retention is because nurses have families working at the hospital. In comparison, 50% survive because they have not found a job in another hospital, even though 95% of nurses stated that there was no compensation for excess working hours or overtime and the wage they received was not as expected.

Although these factors are essential, only a few studies have been conducted simultaneously to test these factors on nurse retention. Thus the researcher wants to examine the relationship between compensation factors, work motivation, and organizational commitment to nurse retention. This is important because the results of this study will help hospital management develop strategies to maintain nurse retention in hospitals.

## OBJECTIVE

The study examined the association between compensation systems, working motivation, and organizational commitment to retention among nurses.

## METHOD

### Design

A quantitative study with a cross-sectional approach was applied in this study. The research was conducted from March to April 2021.

### Sample, sample size, & sampling technique

The sample in this study was all 67 selected using the purposive sampling technique. This method was based on inclusion and exclusion criteria. Inclusion criteria in sample selection: 1) nurses with less than two years of service; 2) Permanent employees; and 3) Willing to be a respondent. Respondents who were not present during the research were excluded. In addition, respondents who still need to complete the questionnaire would also be excluded from this study.

### The instrument for data collection

Compensation system questionnaire. This questionnaire is used to measure the compensation system implemented in this hospital. This instrument consists of 5 dimensions 1) salary, 2) incentives, 3) bonuses, and 4) rewards. This questionnaire has 10 question items. Likert scale was used, including 1=strongly disagree; 2=disagree; 3= average; 4=agree; and 5

strongly agree. Test the validity using the Pearson Product Moment Correlation, valid if the value of  $r$  count > table. Reliability test using the Chronbach Alpha test. If the value is > 0.6, then the instrument is reliable.

**Motivation Questionnaire.** This questionnaire is used to measure nurses' work motivation in hospitals. This instrument consists of 5 dimensions, including 1) Achievement, 2) Responsibility, 3) Authority, 4) Cooperation, and 5) Respect. This questionnaire has 16 question items. Likert scale was used, including 1=strongly disagree; 2=disagree; 3= average; 4=agree; and 5 strongly agree. Validity test using Pearson Product Moment Correlation, valid if the value of  $r$  count >  $r$  table. Reliability test using the Chronbach Alpha test. If the value is > 0.6, then the instrument is reliable.

**Organizational Commitment Questionnaire.** This questionnaire is used to measure organizational commitment. This instrument consists of 3 dimensions 1) Affective Commitment, 2) Normative Commitment, and 3) Continuity Commitment. This questionnaire has 10 question items. Likert scale was used, including 1=strongly disagree; 2=disagree; 3= average; 4=agree; and 5 strongly agree. Validity test using Pearson Product Moment Correlation, valid if the value of  $r$  count >  $r$ -table. Reliability test using the Chronbach Alpha test. If the value is > 0.6, then the instrument is reliable.

The nurse retention questionnaire measured the nurse's desire to retain. This instrument consists of 3 dimensions, including 1) Organizational Component, 2) Career Opportunities, 3) Rewards, 4) Task and Job Design, and 5) Employee Relations. This questionnaire has 17 question items. Likert scale was used, including 1=strongly disagree; 2=disagree; 3= average; 4=agree; and 5 strongly agree. Validity test using Pearson Product Moment Correlation, valid if the value of  $r$  count >  $r$ -table. Reliability test using the Chronbach Alpha test. If the value is > 0.6, then the instrument is reliable.

## Data Collection Process

This study has been conducted within one month. The researcher and research assistant did the data collection process. All respondents willing to participate in this study must sign the informed consent. Also, respondents were provided with an explanation regarding the objective of the research and the process of the investigation by the researcher.

## Data analysis

Descriptive statistic was used to describe the characteristic of respondents. Inferential statistics, such as path analysis, were applied to examine the association between the dependent and independent variables. The assumption of normality and multicollinearity was made before analyzing the data. The simultaneous and partial analysis among variables was done. Coefficient determination ( $R^2$ ) to measure how the model explains endogenous variation.

## Ethical consideration

The data was passed from the ethical board of Universitas Esa Unggul Jakarta. All respondents are required to sign the informed consent.

## RESULT

### Characteristic of respondents

Table 1 describes the characteristics of respondents. The results showed that the average age was 30.33 years. This indicates that the age of the respondents is in the productive age range. Most respondents were women (71.6%) and men (28.4%). More than half of the respondents graduated from D3 (52.2%) and S1 (47.8%) programs. Some respondents work as midwives for as many as 20 people (29.9%) and work as nurses for as many as 47 people (70.1%).

**Table 1. Characteristic of respondents**

Variable	Mean	Frequency	Percentage
Age	30.33		
Working duration	3.60		
Gender			
Men		19	28.4
Women		48	71.6
Education			
Diploma		35	52.2

Bachelor	32	47.8
Occupation		
Midwifery	20	29.9
Nurses	47	70.1

### Association between the compensation system and work motivation on the retention of nurses mediated by organizational commitment

Table 2 describes the association between the compensation system and work motivation on the retention of nurses mediated by organizational commitment. The result found that 1) organizational commitment mediated the compensation system (p-value <.05); 2) organizational commitment mediated the work motivation (p-value <.05); 3) Organizational commitment was not correlated with nurse retention (p-value>.05); 4) Compensation system was correlated with nurse retention (p-value<.05); and 5) work motivation was correlated with nurse retention (p-value<.05).

**Table 2. Association between variable**

Variables	Estimate	S, E,	CR	P
Z → X1	0.395	0.043	9.238	0.000
Z → X2	0.862	0.053	16.203	0.000
Y → Z	0.092	0.088	1.048	0.294
Y → X1	0.174	0.046	3.771	0.000
Y → X2	0.999	0.085	11.762	0.000

\*Regression weight: (Group Number 1-Default Model)

Note:

Z = organizational commitment

X1 = compensation system

X2 = Motivation

Y = nurse retention

### Coefficient Determination

The coefficient of determination shows the value of how much simultaneous influence the independent variables and mediating variables have on the dependent variable. The value of the significant effect simultaneously between the compensation system and work motivation on the retention of Nurses.

The compensation system's effect on nurses' retention is 0.349 or 34.9%, and the score of work motivation's influence on nurses' retention is 0.225 or 22.5%. This means that the compensation system has more impact on the retention of Nurses compared to work motivation.

**Table 3. Coefficient determination**

Variable	Estimate
Compensation system (X1)	0.349
Working motivation (X2)	0.225

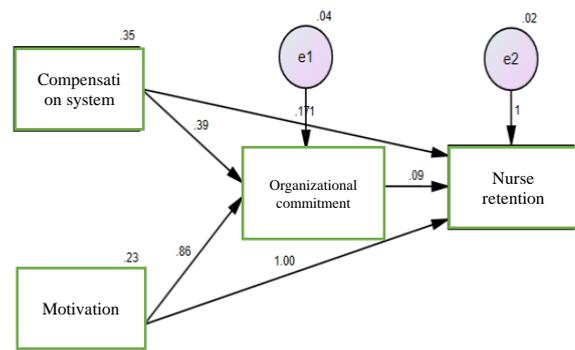
\*Variances: (Group number 1 - Default model)

### Model Fit Test

The model suitability test is used to test simultaneous equations or the influence between variables together. Based on the AMOS output above, the Chi-Square value of the test results is 125.430, and the p-value is < 0.05. It was indicated that there is a significant difference between the sample covariance matrix and the population covariance matrix. The model is not feasible to use

**Table 4. Model fit test**

Chi-Square	Degrees of freedom	Probability level
125.430	1	0.000



### DISCUSSION

Based on the research results, the compensation system has a positive and significant effect on the retention of nurses. The estimated value of the compensation system's impact on nursing staff retention is 39.4%; other variables influence the remaining 60.6%. The compensation system can increase the retention of nurses without having to be mediated by organizational commitment.

The compensation system is a way for companies to improve the quality of their employees for company growth. It was consistent with a previous study that mentioned that the

compensation system positively affects nurses' retention (10). Another study also described the role of a reward system on retention among employees (11)

The organizational commitment factor is an essential factor in increasing nurse retention. However, this study shows that organizational commitment does not affect nurse retention. However, a study showed that organizational commitment influences nurse retention at the hospital (12)

The motivational factor is a crucial factor in increasing nurse retention. Employees who lose motivation adversely affect work relationships with other colleagues. As a result, the employee concerned or others may resign. This aligns with previous research stating that motivation influences millennial employee retention (13). Another study also shows a significant relationship between employee motivation and retention with job satisfaction and employee retention (14). A study mentioned that motivation and job satisfaction as predictors of staff retention in an industry (15)

Several weaknesses in this study were noted, such as the research object only focused on health workers. In contrast, the number of non-medical workers exceeded that of existing health workers, so it was still insufficient to describe the actual situation.

In the data collection process, the information provided by respondents through questionnaires sometimes does not show the actual opinions of respondents; this occurs because of different thoughts, assumptions, and different understandings for each respondent, as well as other factors such as honesty in filling out the respondents' opinions in the questionnaire.

## CONCLUSION

Compensation systems and work motivation can increase the organizational commitment and retention of nurses in the hospital. Compensation systems and work motivation can increase nurse retention directly without being influenced by organizational commitment. Another finding is that the compensation system has the most significant

influence on increasing the retention of health workers compared to work motivation and organizational commitment.

## IMPLICATION

A strategy is needed to increase the retention of nurses in hospitals by improving the compensation system and work motivation so that nurses' organizational commitment to hospitals will be vital. In addition, hospital management can also develop strategies to increase nurse retention as follows:

The compensation system (salary indicators, incentives, benefits, and rewards) is a factor that needs to meet the expectations of the nurses. It is necessary to improve the structure and administration of payroll with adjustments to the regional minimum wage of the local area. Future research is expected to be able to add other variables with higher statistical tests, such as Path and Structure equation models.

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