



An economic analysis of the job search decisions for Canadian nurses[☆]

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ARTICLE INFO

Article history:

Received 6 October 2007
Received in revised form 3 June 2008
Accepted 8 July 2008

JEL classification:

I11
J28

Keywords:

Registered nurses
Job satisfaction
Quit and search decisions

ABSTRACT

The goal of this study is to provide a detailed analysis of the job search decisions of nurses in Canada. The results of this study show that the most important variables influencing the probability of searching for a new job are annual earnings and satisfaction with pay. Socio-economic variables and individual attitudes have an effect for some groups, but these variables are less important. There are differences between women who are and are not currently employed as nurses and this could potentially be a beneficial group to study in terms of policies to recruit and retain nurses in the profession.

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1. Introduction and motivation

Due to the fact that there is a shortage of nurses in Canada and in many other countries, recruitment and retention of nursing staff is an area that is important to examine in order to staff nursing positions. The focus of this research will be on the retention of nurses and on examining the various aspects that impact an individual's intention to search for a new job. If more nurses are recruited into the nursing profession this will help to alleviate the shortage that is being seen, but if these nurses leave the profession the benefits of this increased recruitment is mitigated. Understanding the determinants of job search decisions is an important area to study in order to increase, or at least maintain, the stock of nurses in the profession. This study will involve a detailed analysis of the job search decisions of those who trained as nurses and it will add to the existing literature in this area as there are very few studies that attempt to estimate the probability of job search for nurses, particularly in Canada.

In terms of the general population, Hamermesh (1977) and Freeman (1978) find that job satisfaction is a significant predictor of quit. He concludes that job satisfaction is definitely a useful and unique variable that contains important economic information. Similar findings were reported in Akerlof et al. (1988) and

McEvoy (1985) using US samples, and by Clark et al. (1998) using German panel data. The goal of this study is to provide a detailed economic analysis and a modeling of job search decisions of nurses in Canada in order to understand the incidence of nursing turnover and to identify its predictors. Numerous factors, including salaries, satisfaction and employee attitudes, are believed to be important in understanding the job search decisions and turnover rates of nurses. In addition to various socio-economic factors that influence someone's decision to remain within a particular job or to search for a new job, this research will also examine the impact of satisfaction on nurse's job search intentions. Shields and Ward (2001) and Shields and Price (2002) find strong evidence that job satisfaction is the single most important determinant of intentions to quit among British nurses.

This study will also test whether increasing wages paid to Canadian nurses has a significant impact on improving the retention of nurses. Frijters et al. (2003) suggest that wages have some effect on retaining British nurses but promotion and job satisfaction have a major impact. Studies in the United States by Schumacher (1997), Ahlburg and Mahoney (1996) and Parker and Rickman (1995) also show that wages have a beneficial effect on retention of nurses, but this effect is not large. Spetz and Given (2003) however suggest that increases in wages of between 3.2% and 3.8% per year between 2002 and 2016 will alleviate the nursing shortage seen in the United States. Using a binary probit model will enable me to predict which variables have and do not have an impact on the retention of nurses in Canada. If wages are not a significant factor in retention, this study will identify other variables, such as satisfaction and

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working conditions, which do have a significant effect on retention.

This paper will be structured as follows: Section 2 will describe the data that will be used, and it will introduce the model and the empirical specification that will be used; Section 3 will examine some preliminary results, the summary statistics and present the regression results; and Section 4 will conclude with a discussion and implications.

2. New contribution

The labour market for registered nurses represents a very interesting area for research. Recent media reports identify shortages in the supply of registered nurses in Canada, as well as in many other countries in the world, and the aging population will only increase the demand for nursing services in the future.¹ There are numerous important policy implications surrounding the labour market for registered nurses in Canada and elsewhere. Nurses are a very important part of the health care system and we need to address the shortage of nurses in order to meet the demand for nursing services now and into the future. To date little economic research has looked into job satisfaction among this specific labour market and an important contribution of this study is that it will fill in some of this gap.

There are various aspects of nursing that make it a very interesting area to study. Nursing is one of the largest occupations in Canada. The fact that it is a large labour market and occupation, allows for very detailed analysis to be carried out using large samples. In 2001 there were around 250,000 registered nurses in Canada. It is also an interesting group to examine because of the breakdown in the numbers for each gender who are in this specific occupation. Roughly 95% of nurses are female and only 5% male.

Nursing is an occupation which has experienced substantial amounts of 'brain gain' and 'brain drain' in the past. Many nurses who are educated in Canada move to the United States or other countries to work once they have graduated. Also, many nurses come to Canada from other areas in the world to work as nurses. England, the Philippines and the Caribbean are examples of the more common source countries and regions of foreign nurses. Various aspects of job satisfaction may induce individuals to move and this study can help to identify what may motivate someone in this profession to search for new employment.

By focusing specifically on registered nurses, this allows for a more homogeneous sample. This also allows me to examine important labour market questions in a specific, well-defined labour market. Although nurses work in a variety of settings and have differing roles within these settings, nurses have a similar educational background and can be more readily grouped together as compared to those in other occupations. Numerous studies look at various labour market questions and examine general answers to each of these questions. The objective of this study is to see how these questions apply to this specific labour market. Considering the shortage of nurses in Canada and elsewhere in the world, it is interesting from a public policy perspective to see if the nursing market responds in the same way to different concerns. Examining a single labour market can also help to provide various policy tools and suggestions to deal with the shortages seen in this area.

¹ Nursing services encompasses a variety of individuals, including registered nurses, licensed or registered practical nurses, nurses aides and nursing assistants to name a few. For the purposes of this study I will be examining only registered nurses and I will use the term nurses and nursing to refer exclusively to registered nurses.

3. The data, sample characteristics and preliminary analysis

3.1. The data

This study will use data from the confidential files of the National Graduates Survey (NGS) and the Follow-up Survey of Graduates (FOG). These surveys have been conducted by Statistics Canada approximately every 5 years since 1976 and are designed to measure the short to medium-term labour market outcomes of graduates from Canadian public university, community college and trade-vocational programs. In each survey year of interest, the surveys are sent to all graduates 2 years after graduation (the National Graduates Survey or the NGS) and again 5 years after graduation (the Follow-up Survey of Graduates or the FOG). This study will use data from the NGS class of 1995.²

This data set includes information on field of study, occupation, job satisfaction and satisfaction with pay. There are also several questions in the survey that give some insight into the attitudes of the graduates. Questions are asked of attitudes relating to someone's perception of whether they are over or under qualified for their job, whether their training prepared them completely for their job or not, and if they would study the same field again if they were to do it over again. There are also numerous questions regarding various socio-economic factors such as age, gender, marital status, province of residence, self reported visible minority status, annual earnings and presence of dependent children. As is frequently seen in the labour market literature, each of these variables is expected to have an effect on the employment decisions made by nurses. The key aspect of this survey that can be used to analyze the job search decisions of nurses is the question which asks if they have been searching for a new job in the past 4 weeks. Based on the answer to this question inferences can be made regarding someone's job search intentions although this data does not identify if individuals are searching for a new nursing job or if they are leaving the nursing profession. It is known however that search is occurring and this is an indication of potential turnover and is important to examine.

There are several additional limitations to this data set. Unfortunately data access and confidentiality restrictions do not allow for linking these two data sets in order to determine if individuals did indeed quit their existing job. Another disadvantage of this data set is that it only considers nurses who graduated in 1995 and does not allow for analysis of nurses who have been in the profession for many years. On the other hand, a benefit of this allows for an analysis of new entrants into the labour market for registered nurses and this could be used to analyze factors that affect recruitment of new entrants.

3.2. The theoretical framework

The question that will be examined in this paper will be the issue of whether or not someone who trained to be a registered nurse intends to search for a new job or not.³ Job search theory is frequently used to model an individual's decision whether to change or leave an existing job. This study will incorporate a simplified model of the job search process. The analysis begins by considering the following model of on the job search where the decision to search for a new job reflects the underlying marginal benefit and

² This analysis was done using both surveys although only the results for the NGS are presented here. The results for the FOG are very similar and are available upon request.

³ This study will examine only women since the sample size of male nurses who graduated in 1995 is too small to allow for any meaningful analysis. There are a total of 72 men who trained as nurses in the NGS. Of these men, 43 were working as nurses and 13 of those men had looked for a new job in the past four weeks.

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