

## Turnover Among Nursing Facility Administrators: A Literature Review Of Financial And Operational Burden

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### Abstract

*This study investigates the high turnover rate among nursing facility administrators and its detrimental impact on healthcare organizations. High turnover disrupts operations, strains finances, and potentially jeopardizes patient care continuity. By employing Herzberg's motivation-hygiene theory, the research explores factors influencing administrator departures and identifies leadership strategies to mitigate turnover. Addressing motivators, such as job satisfaction and career advancement, alongside hygiene factors like work-life balance and compensation, can promote administrator retention and ensure organizational stability.*

### Introduction

High turnover among nursing facility administrators poses a significant financial burden on healthcare organizations. Studies have shown replacement costs to range from \$4.4 million to \$6.9 million per administrator (1). This aligns with broader trends in healthcare, where employee turnover strains profitability, patient care, and the overall care continuum due to recruitment expenses and disruption (2).

Nursing facility administrator turnover disrupts operations and imposes significant financial burdens on employers. These costs encompass both direct expenses (e.g., recruitment) and indirect consequences (e.g., continuity of care disruptions). Research suggests voluntary departures, often driven by job dissatisfaction or work-life imbalance, are the primary cause of turnover (3, 4). To ensure workforce stability and minimize operational disruptions, leadership strategies employed by successful healthcare organizations to mitigate administrator turnover warrant investigation. Such insights would be valuable for leaders across the healthcare sector seeking to address this critical challenge.

High employee turnover disrupts organizational productivity, profitability, and sustainability within the healthcare sector. A recent study by Nursing Solutions Inc. (2019)

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documented a record-breaking industry turnover rate of 19.1%, highlighting the severity of this issue (1). The cost of replacing employees can vary significantly based on factors like hospital size and staff position, but estimates range from \$10,098 to a staggering \$88,000 per employee lost (3). These figures underscore the significant financial burden that employee turnover places on healthcare organizations.

High turnover rates among nursing facility administrators, exceeding 50% annually and reaching 160% within three years (Madubata, 2015), pose significant challenges for healthcare organizations (5). This instability disrupts operational workflows due to the time required for recruitment, selection, and training of new administrators. Furthermore, it incurs substantial costs, potentially jeopardizing the organization's profitability. By mitigating administrator turnover, healthcare professionals can ensure continuity of care for patients, potentially leading to positive social change within communities. This study aims to identify turnover rates as a major problem for healthcare organizations, causing financial strain, operational disruptions, and potentially impacting patient care.

### **Idea Structure**

Research framework employed Herzberg's motivation-hygiene theory, also known as the two-factor theory or satisfier-dissatisfier theory (6). This theory posits that separate factors influence job satisfaction (motivators) and dissatisfaction (hygiene factors). Motivators, such as achievement, recognition, responsibility, the work itself, and advancement, drive employee satisfaction and potentially reduce turnover intentions. Conversely, hygiene factors, including company policy, supervision, interpersonal relationships, working conditions, and salary, can prevent dissatisfaction but do not directly motivate employees.

Further supporting this framework, Androniceanu et al. suggest that Herzberg's theory predicts lower turnover intentions when job satisfaction factors increase (6). These factors, also known as motivators, encompass aspects like responsibility, advancement, recognition, and accomplishment (7). Conversely, the theory suggests a rise in turnover intentions when dissatisfaction factors, or hygiene factors, increase (8). Hygiene factors, such as salary, supervision, and working conditions, while important, primarily prevent dissatisfaction and don't directly motivate employee (9). Overall, Herzberg's theory emphasizes factors that foster motivation and satisfaction, ultimately aiming to reduce employee turnover intentions.

This study utilizes Herzberg's motivation-hygiene theory as a framework to explore the factors contributing to nursing facility administrator turnover and the mitigating strategies employed by leaders. This approach can illuminate the motivators and hygiene factors influencing administrators' decisions to leave and identify leadership practices that promote retention within this critical role.

### **Understanding Employee Motivation and Retention: Herzberg's Theory and Key Concepts**

**Herzberg's Motivation-Hygiene Theory:** This theory posits two distinct sets of factors influencing employee attitudes: motivators (related to job satisfaction) and hygiene factors (related to job dissatisfaction). It is employed to understand employee turnover and retention (6).

**Involuntary Turnover:** This refers to employee departures initiated by the employer, encompassing terminations or dismissals (10).

**Job Dissatisfaction:** This term captures an individual's negative feelings, perceptions, and attitudes towards their job, impacting their overall fit within the organization (11).

**Job Satisfaction:** Defined as an employee's overall contentment with their work and its various aspects (11).

**Nursing Facility Administrators (NFAs):** These healthcare managers, also known as Nursing Home Administrators (NHAs), are responsible for overseeing all operational aspects of nursing facilities, nursing homes, and long-term care settings. Their duties encompass designing, guiding, organizing, and managing the delivery of healthcare services within these facilities (12).

**Employee Turnover:** This term refers to the separation of an employee from an organization, which can be voluntary (resignation) or involuntary (layoff, termination) (13).

**Turnover Intention:** Distinct from actual turnover, turnover intention captures an employee's thoughts or feelings about leaving their current employer, regardless of whether they act upon them (11).

**Voluntary Turnover:** This specific type of turnover occurs when an employee intentionally chooses to depart from their current organization (11).

### **The Revolving Door: Employee Turnover in Healthcare and Its Impact**

Employee turnover, a well-researched topic in business (14), refers to the departure of employees from an organization (15). This can be voluntary (resignation, retirement, personal leave) due to factors like lack of autonomy, growth opportunities, or compensation (16), or involuntary (layoff, termination). Regardless of cause, turnover disrupts operations, reduces productivity, and increases costs (17). Measuring turnover across all categories provides valuable insights for healthcare organizations to improve employee morale and working conditions.

Employee turnover encompasses all employee departures from an organization, including voluntary separations (quits), involuntary separations (layoffs, discharges), retirements, deaths, disabilities, and transfer (17). Research suggests a link between turnover and leadership behaviors – turbulence, disillusionment stemming from perceived or actual unfair treatment (18)– negatively impacting organizational effectiveness and even an organization's image (16). By understanding the various types of turnover, healthcare leaders can identify relevant issues and develop strategies to mitigate nursing facility administrator turnover.

Employee turnover, while often viewed negatively, can offer some benefits. Proponents argue that it creates opportunities for fresh perspectives and talent influx (19). Studies suggest a low-to-moderate turnover rate can even enhance organizational performance by replacing low performers and fostering creativity and adaptability (14). Additionally, minimal turnover might lead to inflated retention costs as organizations attempt to retain all employees (20). However, the impact of turnover on productivity remains a significant concern, requiring careful consideration (insert source discussing negative impacts of turnover).

Employee turnover poses a significant challenge for businesses in the United States. Data from the U.S. Department of Labor (2019) reveals a concerning trend, with total separations reaching 5.5 million in November 2018, reflecting a 0.3 million increase compared to the previous year. Notably, voluntary separations constituted a larger share (67% or 3.7 million) compared to involuntary layoffs and discharges (1.8 million). Within the healthcare sector, voluntary turnover is particularly prevalent. This phenomenon, particularly regarding

nursing facility administrator turnover, warrants investigation due to its potential impact on the quality of patient care.

High employee turnover, particularly among nursing facility administrators, presents a significant barrier to sustainability for healthcare organizations. This loss of experienced personnel disrupts knowledge transfer, burdens remaining staff, and damages morale (10).

Research suggests turnover inflicts financial strain on both employers and the broader economy (21). Consequently, minimizing turnover is essential for organizational viability. Effective leadership strategies promoting administrator job satisfaction and motivation are crucial for achieving a stable workforce, fostering growth, and ensuring long-term sustainability (21). Therefore, identifying key motivators and implementing targeted interventions to enhance job satisfaction among nursing facility administrators is critical for healthcare leadership.

Employee turnover generates significant financial burdens for organizations. Direct costs encompass expenses associated with recruitment, hiring, and training replacements. Indirect costs encompass the loss of institutional knowledge and valuable skillsets possessed by departing employees (21). These intangible losses further exacerbate the financial strain of replacing experienced personnel. In the healthcare sector, nursing facility administrator turnover disrupts operational workflows due to the time required for recruitment, selection, and training of replacements. These disruptions, coupled with the inherent financial costs, can significantly compromise the profitability of healthcare organizations.

Nursing facility administrator turnover poses a significant challenge for healthcare leaders, extending beyond the financial burden of replacement. Yun and Yu (2019) highlight potential customer loss due to service disruptions (14). Furthermore, inconsistent staffing disrupts team dynamics and productivity, potentially leading to further departures amongst skilled employees seeking stability (22). A study by Theriou et al. emphasize the internal shock caused by unexpected vacancies (23). Ultimately, employee turnover disrupts operations and hinders overall organizational productivity (24). Given these cascading negative effects, healthcare leaders must prioritize strategies to retain nursing facility administrators.

Limited research on nursing facility administrator retention poses a significant challenge for healthcare leaders, hindering their ability to manage turnover effectively. Employee turnover disrupts organizational goals, hinders achievement of objectives, and weakens competitive advantages (25). Conversely, reducing turnover fosters sustainability and productivity (26). While understanding general turnover factors like unsolicited tasks, conflicts, and limited career prospects is valuable, effective leadership requires a focus on retaining top performers (14). Strategies to enhance administrator work engagement, a key indicator of organizational health, and provide incentives that boost commitment and decrease resistance to change are crucial for mitigating nursing facility administrator turnover. Ultimately, effective leadership aimed at retention empowers healthcare organizations to achieve greater productivity and sustainability.

Several factors contribute to nursing facility administrator turnover. Lack of managerial support negatively impacts retention (27). Conversely, supportive environments with feedback from supervisors and peers foster collaboration and potentially reduce turnover intentions (28). Inadequate organizational commitment also weakens retention (27). Administrators who receive career guidance and support from leaders are more likely to remain with the organization. Financial compensation and work-life balance are additional key considerations. Disruptions in work-life balance due to job stressors can lead to turnover intentions (27). Flexible work arrangements that empower administrators to manage work

hours and family needs can mitigate this stress and enhance retention (29, 30). Ultimately, fostering intrinsic motivation through employee-driven work-life balance strategies can generate positive outcomes for healthcare organizations by retaining key personnel (30).

## Conclusion

Employee turnover, particularly among nursing facility administrators, poses a significant financial and operational challenge for healthcare organizations. Understanding the factors driving administrator departures, such as lack of support, inadequate compensation, and work-life imbalance, is crucial for developing effective leadership strategies. By fostering motivation, providing career development opportunities, and promoting work-life balance, healthcare leaders can create a more satisfying work environment and mitigate administrator turnover. This not only benefits healthcare organizations by ensuring stability and continuity of care but also fosters a positive impact on patient well-being.

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