



# Return on investment (ROI)

Evidence for investing in nursing

## COSTS AND IMPLICATIONS OF NURSE TURNOVER IN CANADIAN HOSPITALS

**On average, one in five nurses working in Canadian hospitals leaves his or her job each year at an average cost to the institution of \$25,000.**

### *Background*

In a survey study involving respondents from all 10 provinces, O'Brien-Pallas et al. (2008)<sup>1</sup> examined the magnitude and cost of nurse turnover in Canadian hospitals and described the impacts on patients, nurses and the system as a whole. Approximately 89 per cent of the study participants were registered nurses, 59 per cent were full-time employees, and 34 per cent held part-time positions. The average annual turnover rate was 19.9 per cent, with the highest turnover occurring in intensive care units where the rate was 26.7 per cent. The average cost associated with nurse turnover was \$25,000, largely attributed to the cost of hiring temporary replacements and the lower productivity of new hires. Higher nurse turnover was associated with lower job satisfaction, higher probability of medical errors and increased overtime hours. Role conflict on the unit was associated with higher nurse turnover rates and prolonged length of stay, especially for those receiving rehabilitation, long-term care and care in geriatric units. A higher proportion of full-time worked hours was associated with lower nurse turnover, and more experience on the units was associated with fewer patient falls with injuries. Better leadership on patient care units was associated with improved mental health among nursing staff, increased job satisfaction and higher staff productivity.

### *Bottom Line*

- Nurse turnover represents a significant cost burden to the Canadian health system and places patients at risk for poorer health outcomes.
- Lower nurse turnover will promote a more stable nursing workforce, higher levels of job satisfaction, reduced overtime hours and a lower probability of medical errors.
- Investing in effective leadership, supportive work environments and models of care with clearly defined roles will promote retention of nurses, improve patient outcomes and reduce costs.

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<sup>1</sup> O'Brien-Pallas, L., Tomblin Murphy, G., & Shamian, J. (2008). *Final report: Understanding the costs and outcomes of nurses' turnover in Canadian hospitals*. Final Report. University of Toronto: Nursing Health Services Research Unit. Retrieved March 16, 2009, from [www.hhrchair.ca/research.cfm](http://www.hhrchair.ca/research.cfm)