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**Organisational commitment  
as a predictor of job satisfaction, employee well being,  
absenteeism and intention to stay  
in the New Zealand Aged Care Sector.**

**A thesis presented in partial fulfilment of the requirements for the degree of  
Master of Arts in Psychology at Massey University.**

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## **Abstract**

This study, one of the first in the New Zealand aged care sector, examined the predictability of organisational commitment on job satisfaction, employee well being, absenteeism and intention to stay. A composite questionnaire incorporating Allen and Meyer's three component organisational commitment questionnaire (1990) was completed by 124 predominately female aged care employees. The results of the questionnaire were compared with overseas literature and showed that organisational commitment is predictive of employee well being, job satisfaction and intention to stay, although job satisfaction proved to be a more significant predictor of intention to stay.

Implications of organisational commitment for aged care employees, aged care organisations and patients are discussed. Directions for future research include a call for more New Zealand studies of organisational commitment in the healthcare professions, and the development of human resource strategies, which are sensitive to differences in organisational commitment in a multi-cultural population.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background to changes in the New Zealand Aged Care Sector

The New Zealand Health sector has undergone a radical transformation throughout the 1980's and 1990's, with major changes in work practices and remuneration systems for health workers (Health and Disability Commissioner, 1998).

This has had significant impact on the Aged Care sector resulting in a higher and more stressful workload for health care workers. The median age of elderly people living in residential homes is 84 years of age. This late age of entry into retirement villages is a result of elderly people having access to homecare workers and being able to stay independent in their own homes to a much later age. Only 1.3 percent of elderly people aged 65 to 74 and 5.7 percent of elderly people aged 75 to 84 were in residential homes. One in 4 elderly people aged 85 years and older was in a residential home (Statistics New Zealand, 1998). The clients in residential homes are largely frail and dependent, increasing the workload for healthcare workers.

The funding in turn has not recognised the higher dependency of clients which requires more staffing. This increase in staff is having to be financed in part through changes in contracting and remuneration systems. Penal rates and other allowances have been removed from most Aged Care organisations both locally and internationally and downsizing of staffing levels has become a common feature of Aged Care facilities. (International Council of Nurses, 1997). As a consequence many skilled and experienced workers have vacated the industry.

The forming of Health Funding Authorities in 1992 and the arrival of the Employment Contracts Act in 1991, has enabled healthcare management to have more control over the employment conditions of their staff at a local level. This has enabled organisations to manage their facilities as a business. The result of managing in a business like manner has been that nurses work longer hours with no overtime allowances, staff numbers have been reduced although caseloads have often increased. There is stiff competition for funding and contracts among private and community providers, with a consequent reduction in job security and pay and conditions for healthcare workers employed by these services (New Zealand Ministerial Taskforce on Nursing, 1998).

Since the Employment Contracts Act was implemented for nurses in 1993, the income of many nurses has fallen in real terms (New Zealand Ministerial Taskforce on Nursing, 1998). It is logical to conclude that these working conditions have impacted on the work attitudes, organisational commitment and behaviours of healthcare workers.

In the mid 1990's, New Zealand also, experienced a shortage of registered nurses throughout the Health sector and particularly in Aged Care Services (Miles, 1997). This prompted a renewed interest in nursing retention. The issue was not simply a generalised shortage of nurses but rather an acute maldistribution of nursing personnel in certain geographic and industry related care sectors. Many graduates chose to by-pass the New Zealand health sector for overseas appointments, while non-professionals such as caregivers, went to other locally based service industries outside the health sector. This is illustrated by the fact that while just over 40,000 nurses are registered in New Zealand, only 29,000 are actively practising as nurses (New Zealand Health Information Service, 1998).

Given the major changes in the Aged Care and Health Care sector in general, it is now more important than ever to recruit and retain employees who will be committed to the organisation. This is particularly so given that

the proportion of elderly people, and especially frail individuals, will continue to increase in New Zealand for the next 20 years (Statistics New Zealand, 1998). Projections indicate that by 2051 elderly people will account for 25.5 percent of the population, up from 11.7 percent in 1996.

Aged Care organisations face major problems in keeping existing staff on the job and committed to their work (Helner, Olson, & Heim, 1993). There is already a considerable body of research focusing on excessive rates of absenteeism and turnover rates among health personnel. Annual turnover rates have been reported to range from 40% (Surpin, 1998) to 80% (Crowley, 1993). Wagnild (1988) has warned that staff turnover rates in excess of 50% may create a barrier to effective operation of nursing homes.

The cost of turnover and absenteeism are well documented (Wanous, 1980). These costs are one reason why much effort has gone into understanding the causes or antecedents of turnover. Work related attitudes, especially satisfaction has been a common focus in turnover research (Spector, 1997). Given the major changing world of work through re-engineering, technology, global competition and the paradigm shift from jobs to roles, it is suggested that employees are less committed to their organisation. Instead they are more focused on their own development to ensure their continued employability in the workforce (Stroh & Reilly, 1997).

## **1.2 Organisational Commitment**

Commitment to the organisation is an important behavioral dimension and attitudinal construct that can be utilised by employers, to evaluate employees' strength of attachment to their organisation. Employers who are able to identify those variables that are related to organisational

commitment, can design organisational strategies to heighten commitment levels based on these findings.

Research into the behaviour of people in organisations has focused on motivation, job satisfaction, and quality of working life and leadership. A large amount of this research has attempted to link employee behaviour with work outcomes such as turnover intention, turnover, attendance and psychological and physical health (Spector, 1997). In recent years, considerable research has focused on the concept of organisational commitment in an effort to explain the above work outcomes (Hellman, 1997; Knopp, 1995). The research into organisational commitment attempts to define the relationship between the individual and the organisation in terms of the individual's commitment to the organisation. Organisational commitment has been defined as the relative strength of an individual's identification with and involvement in a particular organisation (Mowday, Porter, & Steers, 1982, p.27).

### **1.3 Rationale for the Study**

Organisational commitment has been shown to contribute uniquely to the prediction of important outcome variables (Allen & Meyer, 1996; Blau & Boal, 1987; Tett & Meyer, 1993). Employee well being, job satisfaction, absenteeism and intention to stay have been shown to be directly related to an employee's level of organisational commitment to the organisation (Meyer & Allen, 1997). Although there is a growing body of research in regards to organisational commitment, with the exception of Kalliath, O'Driscoll, & Gillespie (1997), there is little locally based published research at present in New Zealand regarding organisational commitment in the Healthcare sector. Given the ageing population, there is a definite need for research, which can document the impact of organisational

commitment and its likely effect on organisational performance outcomes in the Aged Care sector.

The focus on organisational commitment is particularly important given that the emerging view in this area suggests that to create a profitable and happy workplace, an organisation must concentrate its energies on both economic and social performance and invest on employee commitment rather than compliance (Zeffane, 1994).

This study explores what, if any relationship exists between organisational commitment and the variables job satisfaction, intention to stay, employee well-being and a number of demographics of employees, within the New Zealand Aged Care sector. This is achieved through examining employees' commitment to their organisation and its relationship to variables of intention to stay, job satisfaction, general well being and absenteeism and demographics. Specifically it is hoped that the results will provide some valuable insights for Aged Care Managers for strategies to facilitate lowering the high turnover rate in the Aged Care Sector. Considering the costs associated with turnover (Caudill & Patrick, 1991), potentially much can be gained by finding ways to increase employees' commitment.

This study will contribute to the growing body of research on organisational commitment within a New Zealand context. It is hoped that subsequent New Zealand based researchers will be able to expand on the initial findings of this study and further increase the awareness of organisational commitment in the Aged Care sector and contribute further to the organisational commitment literature in New Zealand.

This study is divided into five chapters. The first chapter has established the purpose of the study. Chapter 2 reviews the literature on organisational commitment, including antecedents and consequences associated with organisational commitment and organisational commitment within the health sector. Chapter 3 describes the methodology associated with the study. Chapter 4 presents the results derived from this study.

Finally Chapter 5 discusses the findings of the study and implications of those findings for the aged care facilities, healthcare employees and patients.