

Business Case for Ethical Recruitment

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In the last few years, the supply of nurses in the United States has outstripped demand. The recession resulted in delayed retirements, lower

turnover, less hiring, and more layoffs. For nurses coming from abroad, retrogression—a restraint of visas—led to a virtual freeze of recruitment.

The paradigm of recruitment has changed dramatically since 2009, and even since 2013. Although the days of widespread nurse shortages during the last boom in recruitment—in 2006 and 2007—have not returned, evidence of shortages is beginning to appear. In California, for example, a survey of nurse employers showed that 68% of hospitals believed there was a nurse shortage in the

state, and 18.4% reporting high demand compared with 8.6% in 2013.¹ The US Department of Health and Human Services produced a report in December 2014 from Health Resources and Service Administration that projected a slight surplus of nurses across the nation with 16 states expected to have a shortage by 2025—with 10 of them in the West.²

These figures assess the overall nurse workforce. Depending on geography, experience, or specialization, certain nurses are in higher demand. All of this means that that human resources professionals, recruiters, and nurse leaders must think more robustly about how to recruit—and retain—effectively in a more competitive market for nursing talent. Of course, pay, benefits, and working conditions are a primary driver of employment decisions. But nurse leaders and human resources executives should also be looking to examine their recruitment policies. The concept of “ethical recruitment” is emerging—some prefer to pay lip service to the concept to preempt or assuage criticism. Yet ethical recruitment is so much more—it can be a way to ensure that well-educated, qualified, and satisfied workers are enabled to deliver value for their organizations. Ethical recruitment practices can improve the bottom line by reducing turnover and recruitment costs, reducing legal exposure, and improving patient and employee satisfaction.

THE IMPORTANCE OF ETHICAL RECRUITMENT IS IMPACTED BY GLOBAL MARKET DYNAMICS

Ethical recruitment involves attracting employees to a company or position in a manner that is fair and transparent to all parties involved. It involves taking some responsibility for the results of the relationship between the parties.

In foundational economics and free market orthodoxy, the principle of freedom of contract would suggest that any agreement consensually agreed to by two competent parties would be reasonable. However, two significant issues prevent such recruitment from working efficiently: power imbalance and information asymmetry.

Power imbalance describes the inherent disparity in power between employer and employee—because employees often “need” the job, they have limited leverage to bargain as equals with their employers, who can likely find many applicants for a position even in tight labor markets. Information asymmetry describes the difference in knowledge about the job, location, benefits, work conditions, or other factors between the recruiter and the recruited individual.

These structural issues are exacerbated by the agency problem—recruiters are generally evaluated or incentivized for filling a role, not for ensuring potential employees’ expectations are aligned with the working conditions they will encounter. From a practical perspective, moreover, with increased reliance on temporary staffing, the exact conditions employees encounter may vary as well.

All these issues apply to all types of recruited employees, but are exacerbated in the context of foreign-educated health professionals (FEHPs) migrating to the United States. Recruitment fees in the thousands of dollars are sometimes borne by workers. Even in the more standard cases, recruiters often impose “breach fees” for failing to fulfill the contract if FEHPs choose to leave their commitments (often 2 or 3 years) early. Although breach fees are legitimate in regard to preventing gaming of the system and limiting recruiters’ exposure to upfront costs during the process, the ultimate result is that some FEHPs are unable to leave hostile or unde-

sirable work environments because they fear the consequences. Issues beyond the recruitment process make foreign-educated professionals particularly vulnerable. Employment-contingent visas restrict workers’ mobility. Given the pay disparities between the United States and many source countries for nurses, the need to keep jobs is even more acute. In 2014, a survey conducted by Pittman et al.³ assessed the perceptions of foreign-educated nurse satisfaction upon migration. Results revealed 40% of foreign-educated nurses “perceived their wages, benefits, or shift or unit assignments to be inferior to those of their American colleagues.” Ultimately, regulatory remedies are often not forthcoming; employers resist liability for the actions of subcontractors they don’t control, and recruiters can shirk accountability due to jurisdictional issues between source and recipient countries of foreign-educated nurses.

THE EMERGENCE OF CORPORATE SOCIAL RESPONSIBILITY CONVERGES WITH VOLUNTARY INITIATIVES

Ethical recruitment is a key component to magnify focus and emphasis on “corporate social responsibility.” Corporate social responsibility involves companies assessing and taking responsibility for their impact on the environment and social welfare. Although adherence to the law and applicable regulations is still the central driver of compliance functions, corporate social responsibility sets a higher bar for how the company behaves in society. Although the concept has been around since the 1960s, it has become increasingly present in the last few years. A KPMG study, a global network of accounting firms headquartered in London, demonstrated that one-third of its top-performing businesses publicly report on their efforts to conduct their activities in a socially responsible manner.”⁴

Moreover, in the nursing sector, the boom in international recruitment in the first decade of the 2000s prompted analysis of questionable recruitment practices that ultimately evolved into guidelines regarding ethical recruitment. In 2006, AcademyHealth produced a study evaluating the experiences of foreign-educated nurses migrating to the United States. A combined analysis of CGFNS International Inc.’s VisaScreen credential applicants and foreign-educated nurses’ NCLEX scores illuminate increasing numbers of foreign-educated nurses filling vacancies in US healthcare facilities. Projections at the time assumed that the trend would continue unabated, as demonstrated by a 2006 CGFNS market survey of recruiters in which 74% expected to increase their international recruitment in 2007.⁵ In addition, to capitalize on this labor flow, the presence of international recruitment firms was increasing; as recently as the late 1990s, between 30 and 40 US-based companies were active in nurse recruiting. Less than a decade later, the number of companies in the market ballooned—the study identified at least 267 US-based international nurse recruiting firms.⁶

With most stakeholders and observers anticipating increasing reliance on foreign-educated nurses, the AcademyHealth report’s multifaceted exploration of foreign-educated nurses’ experience highlighted the problems faced by these vulnerable

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