

RESEARCH PAPER

# The Impact of Implementing Managed Competition on Home Care Workers' Turnover Decisions

L'incidence de la mise en oeuvre d'une concurrence  
dirigée sur les décisions d'emploi des travailleurs  
des soins à domicile



by MARGARET DENTON, PHD  
*Gerontological Studies, Department of Sociology*  
*McMaster University, Hamilton, ON*

ISIK URLA ZEYTINOGLU, PHD  
*Human Resources & Management*  
*DeGroot School of Business, McMaster University*  
*Hamilton, ON*

SHARON DAVIES, MA  
*Gerontological Studies*  
*McMaster University, Hamilton, ON*

DANIELLE HUNTER, FA  
*Department of Epidemiology and Biostatistics*  
*McMaster University*  
*Hamilton, ON*

## Abstract

This paper addresses the question: Did the implementation of managed competition in Ontario increase turnover in home care agencies? This question is addressed through a case study analysis of the impacts of tendering on the exiting home care labour force from three non-profit home care agencies during the period 1997 to 2001 in a mid-sized city in Ontario. These agencies provided 85% of the market share in 1996. Findings showed that 52% of the nurses and personal support workers (PSWs) left their agency over the five-year period. Analysis of the turnover data showed a temporal association between the implementation of managed competition and turnover. Additional support for the argument that the implementation of managed competition increased turnover is provided through analysis of a questionnaire sent to nurses and personal support workers who had left their agency during this period. Respondents indicated dissatisfaction with their pay, hours of work, benefits, heavy workload and lack of support from their supervisors/managers (all factors affected by the marketization of the home care sector) as reasons for leaving. Of those employed, only one-quarter remained in home care; most of those remaining were working in other healthcare fields such as hospitals and long-term care institutions. However, about one-third of employed PSWs were no longer working in the healthcare field.

## Résumé

Ce document aborde la question à savoir si la mise en oeuvre d'une concurrence dirigée en Ontario a contribué à un roulement accru de la main-d'œuvre dans les agences de soins à domicile. La question est examinée grâce à une analyse d'études de cas sur l'incidence des processus d'appels d'offres sur la main-d'œuvre sortante de trois agences de soins à domicile sans but lucratif pour la période de 1997 à 2001 dans une ville de taille moyenne de l'Ontario. Ces agences fournissaient 85 % de la part de marché en 1996. Les résultats indiquent que 52 % des infirmières et des préposés aux services de soutien à la personne (PSSP) ont quitté leur agence au cours de la période de cinq ans. Une analyse des données sur le roulement de la main-d'œuvre a démontré un lien temporel entre la mise en oeuvre d'une concurrence dirigée et le roulement. L'argument voulant que l'instauration d'une concurrence dirigée ait augmenté le roulement des travailleurs est en outre corroboré par l'analyse d'un questionnaire envoyé aux infirmières et aux préposés aux services de soutien à la personne qui avaient quitté leur agence pendant cette période. Les répondants ont cité, comme motifs de leur départ, leur salaire, leurs heures de travail, leurs avantages sociaux, leur charge de travail excessive et le manque de soutien de la part de leurs superviseurs/gestionnaires (tous des facteurs touchés par la « marchandisation » du secteur des soins à domicile). De ceux qui travaillaient, seulement un quart étaient restés dans les soins de santé; la plupart des autres avaient opté pour des cadres d'exercice différents tels que les hôpitaux et les

établissements de soins de longue durée. Cependant, environ un tiers des PSSP actifs ne travaillaient plus dans le domaine des soins de santé.

---

**T**HE RETENTION OF HOME CARE WORKERS HAS BEEN IDENTIFIED AS A major challenge for home care provider agencies (Caplan 2005; Stone 2001; Cushman et al. 2001a,b). While there are no national or even provincial statistics on turnover rates in home care, the Ontario Community Support Association (2000) estimates that the average turnover rate for home care workers is double to triple the rate of other healthcare workers across Canada (25%–40% compared to 12%, respectively). The national Canadian Home Care Human Resources Study shows that workers are leaving home care and taking better-paying jobs in the institutional and acute care sectors (Human Resources Development Canada 2003b). Additionally, many trained personal support workers (PSWs) may be leaving the home care sector altogether (Caplan 2005).

Because home care in Canada falls under provincial jurisdiction, organization and delivery vary from province to province (Dumont-Lemassen et al. 1999). In 1997, the Ontario government shifted from a system largely organized and run by the non-profit sector to a market-based system whereby service provider organizations compete for contracts to provide home care services (Baranek et al. 2004; Cuttler and Waine 2000). This system is known locally as managed competition. Although research on the impact of restructuring of the home care system has been identified as a high priority (Armstrong and Armstrong 2003; Lowry 2002; Koehoorn et al. 2002), little research on this topic has been done in Canada (but see Abelson et al. 2004). Our study attempts to begin to fill that void.

This paper examines the impact of the implementation of managed competition on nurses' and home support workers' decision to leave their agency. We conducted the analysis through a case study of the impacts of tendering on an exiting home care labour force. We also examined the reasons home care workers provided for leaving their agencies and the type and location of their subsequent job. To gather in-depth information on this topic, we twice surveyed home care nurses and personal support workers in a medium-sized city in Ontario: once in 1996, prior to managed competition, and again in 2001, when managed competition had been established. In 1996, the agencies surveyed provided home care services to 85% of home care recipients in that city.

## The Marketization of Home Care in Ontario

Many different models are used in the procurement of home care services. In Canada,

four models are currently used: public provider (all providers are public employees); public professional and private home support (public employees provide professional care, and home support care is contracted to private agencies); mixed public and private (public employees provide case management, and services are provided by either private or public employees); and contractual (publicly funded services are delivered by a mix of for-profit and not-for-profit agencies that are chosen to deliver service through a quasi-market model such as Ontario's managed competition process) (Caplan 2005; Dumont-Lemassen et al. 1999).

In Ontario, successive provincial governments have been attempting to create a "one-stop shopping" approach to long-term care, resulting in the implementation of a plan in 1997 that involved the replacement of 74 home care and placement

---

**... the Ontario government has shifted care that was once delivered in the hospital to the community. Patients are discharged from hospital into home care services "quicker and sicker," and home care budgets have not kept pace with the increase of clients coming into care.**

coordination programs in the province with 43 Community Care Access Centres (CCACs) (Baranek et al. 2004). Under this new system, the home healthcare system has changed from a "cooperative model" to a "managed competition model." In the earlier cooperative model, not-for-profit organizations worked together to provide home healthcare in a shared

market-funding agreement. In the managed competition model, these organizations and the new entrants (who are primarily for-profit healthcare organizations) bid competitively for multi-year contracts. In principle, under managed competition the agencies that can provide quality care at the lowest cost win the contracts (Sutherland and Marshall 2001). The rationale is that the introduction of market principles will provide greater cost efficiencies in the system (Armstrong and Armstrong 2003).

The restructuring of both the hospital and home care sectors may be affecting the retention of workers in home care agencies (Abelson et al. 2004). It is difficult to clarify the effects, as both sectors may be contributing to turnover in direct and indirect ways. It is not the intent of this paper to discuss the restructuring of the hospital sector, but it is worth noting that the Ontario government has shifted care that was once delivered in the hospital to the community. Patients are discharged from hospital into home care services "quicker and sicker," and home care budgets have not kept pace with the increase of clients coming into care. Caplan's (2005: 3) review of the competitive bidding process used by Ontario's CCACs shows that in 2004/2005 acute care cli-

ents accounted for the largest proportion of clients receiving home care, and there was concern that the trend towards serving more acute care clients was occurring at the expense of maintenance clients. At the same time, funding constraints were imposed on the home care system, resulting in a decrease in nursing visits and homemaking hours over the previous four years (Caplan 2005).

Under managed competition, both for-profit and not-for-profit home care agencies respond to a request for proposals (RFP) and compete on a fee-for-service basis every three to four years, although the initial contracts were shorter as managed competition was rolled out. RFPs for nursing services were introduced in 1997 and in 1999. For PSWs, the first RFP was introduced in 1998 and the second in 2000. Results of competitive bidding could mean the loss of jobs for home care workers, or the hiring of additional home care workers if a new contract area was won. The move to a competitive environment led to increased casualization of work (i.e., many more part-time and temporary jobs and a shift to elect-to-work care), increased job insecurity and decreased pay and benefits for home care workers (Caplan 2005; Abelson et al. 2004; Human Resources Development Canada 2003a). This casualization of the home care sector allows employers a flexible labour supply whereby employers can adjust the supply to correspond with changing needs. Casualization permits employers to keep costs down by eliminating the employer's obligations to provide benefits such as vacation, sick leave, extended medical coverage and pensions (Human Resources Development Canada 2003a). The Canadian Home Care Human Resources Study showed that the wages of home care workers varied by union status and type of employer for registered nurses, licensed practical nurses and home support workers. Across all three groups, persons working for government or regional health authorities received the highest rates of pay, while home care workers in non-unionized, private, for-profit agencies received the lowest (Human Resources Development Canada 2003a: 25).

Work in the home care sector has intensified, meaning that workloads are heavier. Owing to a reduction in the time for visits, home care workers are expected to finish tasks in a shorter period of time and to visit more clients per day (Francis and Netten 2004; Aronson and Sammon 2000). This intensification is due to many factors, including the shift to more acute care, the advance of medical technology, the shortage of funding and the marketization of care (Zeytinoglu et al. 2003; Human Resources Development Canada 2003a).

## Methods

### Design

This inquiry employs a case study design, which is useful for understanding the development of public policies and to gather in-depth information about a subject

(Johnson and Joslyn 1995). It is characterized as a guided empirical inquiry in which a contemporary phenomenon is investigated within its real-life context. The design is particularly useful when separating the boundaries between phenomena and context is difficult, and when there are multiple sources of evidence (Yin 1989). The case study design is used in research when the researcher is unable to assign subjects, manipulate variables or control the context of the study. Typically, in case studies a number of data sources are used. In terms of a physical location, our study is a case study of the home care sector in a mid-sized city in Ontario.

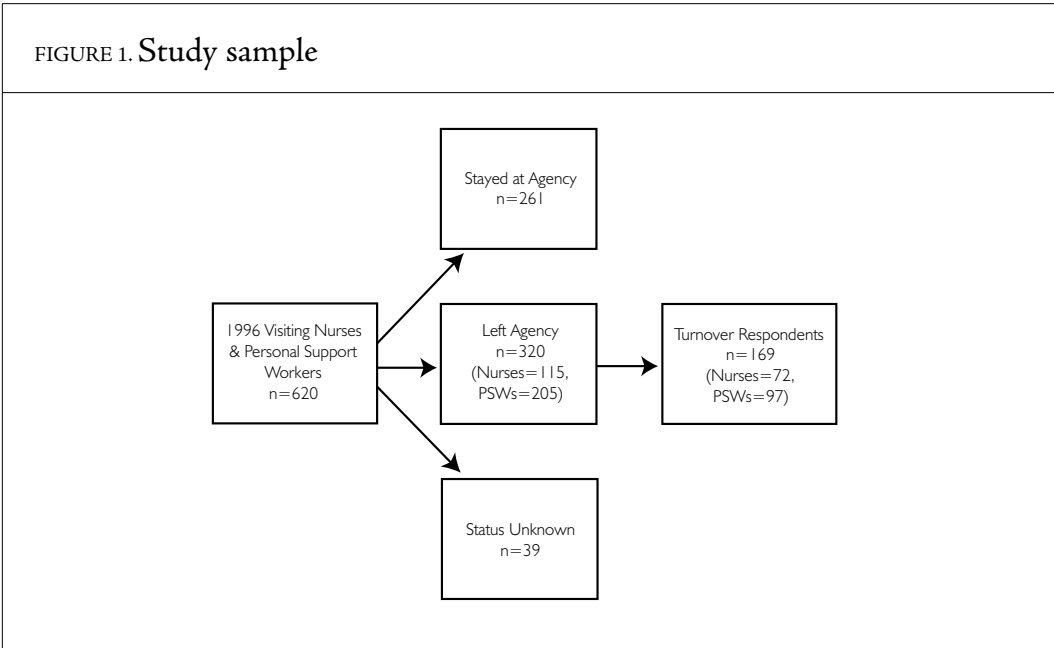
## Data collection

In an earlier research project, we worked in partnership with three not-for-profit community and social service agencies in a mid-sized city in Ontario to study the relationship between the work and health of home care workers (Denton et al. 2002a,b; Zeytinoglu et al. 2000, 2002). Under a service agreement, these agencies worked with the local home care program to provide care to clients in their homes. The first agency provided nursing services and administered the home care program; the second provided nursing services and some visiting home support services; and the third agency provided the majority of the visiting home support workers. While other agencies had overflow contracts with home care, these three non-profit agencies provided about 80% to 85% of home healthcare in this city in 1996.

That same year, after receiving ethics approval from agency ethics committees and the university ethics committee, the three participating agencies provided the researchers with a list of their current employees, and we mailed a questionnaire to 1,346 employees of the three home care organizations, excluding the chief executive officers. In total, 891 respondents returned their questionnaire, for a response rate of 66%. Of these, 620 respondents identified themselves as either visiting nurses (n=214) or personal support workers (PSWs) (n=406). The remaining respondents included case managers, therapists, supervisors, managers and support staff. This paper focuses on the visiting nurses and PSWs.

In spring 2001, we approached these agencies with our list of their 1996 employees and asked them to identify those currently employed by their agency.<sup>1</sup> We then cross-checked this list to our database records and identified those employees that responded to the 1996 survey but had left the agency between 1996 and 2001. We next verified their current address against telephone directories and attempted to locate those who had moved within the five-year period. As shown in Figure 1, of the 620 nurses and PSWs, we were able to identify 320 former employees (115 nurses and 205 PSWs). In fall 2001, a self-completion questionnaire – the Survey of Former Employees – was mailed to these former employees. In total, 169 questionnaires were returned for our sample of turnover respondents, representing a response rate of 53%.

The Survey of Former Employees asked why these workers had left and asked them to list all jobs held since leaving the 1996 agency. For each job listed, we asked the type of job. Lastly, we asked respondents for any additional comments.



## Analysis

Focusing on our case study region and the three not-for-profit provider agencies, we first calculated the proportion of nurses and PSWs who left during the five-year period, 1996–2001.<sup>2</sup> To answer the question, “Did the implementation of managed competition affect the turnover in these home care agencies?” we considered the temporal association between the tendering process and the proportion of home care workers who left their agencies each year.

Second, descriptive data from the Survey of Former Employees were used to answer the questions: “Why did you leave your 1996 employer?” and “What type of job are you currently working at?” Further, in a qualitative analysis, we used the open-ended comments made by respondents at the end of the questionnaire to inform our analysis.

## Results

Of the 620 visiting home care workers employed by the three non-profit agencies in 1996, 320, or 52%, had left the agency between spring 1996 and spring 2001 – a

TABLE 1. Five-year turnover, nurses (n=214) and personal support workers (n=406)

STATUS	NURSES PERCENT (N)	PSWs PERCENT (N)
Current Employee	42.5 (91)	41.9 (170)
Left Agency – Non-respondents	20.1 (43)	26.6 (108)
Left Agency – Respondents	33.6 (72)	23.9 (97)
Status Unknown	3.7 (8)	7.6 (31)
Total	100 (214)	100 (406)

TABLE 2. Year workers left agency

YEAR LEFT AGENCY	NURSES (N=72) PERCENT (N)	PSWs (N=97) PERCENT (N)
1996*	11% (4)	20.6% (10)
1997	18.1% (13)	18.6% (18)
1998	16.7% (12)	29.9% (29)
1999	27.8% (20)	15.5% (15)
2000	20.8% (15)	9.3% (9)
2001*	16.6% (6)	12.4% (6)
Missing Date Left	2.8% (2)	10.3% (10)

\* Data were collected for a six-month period and adjusted to a 12-month period

five-year period. The turnover rate for nurses was 54% and for PSWs 50% (Table 1). Table 2 shows the year they left the agency. In the last six months of 1996, prior to the implementation of managed competition, 10% of the nurses and 20% of the PSWs in our study left their agencies. Following managed competition, the proportion of home care workers who left their agency increased, peaking at 28% for nurses in 1999 and at 30% for PSWs in 1998.

Did the implementation of managed competition affect turnover in home care agencies? To answer this question, we relied on three sources of information. First, we interpreted turnover, measured in Table 2 as the proportion that left their agency each year, through the lens of the implementation of managed competition in this city. Second, we examined the reasons provided by respondents for leaving their agency from the Survey of Former Employees. Third, we analyzed the verbatim responses provided in the final section of the survey.



## Nurse services

In 1997, the first request-for-proposal (RFP) cycle for 25% of the CCAC nursing care volume was issued. Agency 1 competed and lost a major area within the city; that volume of nursing care was transferred to Agency 2 and to a new not-for-profit agency.

---

**In 2000, there was a strike at Agency 1, during which the CCAC permanently transferred nursing clients to other agencies. After the strike, nurses had to be permanently laid off because of the limited volume of work available.**

The proportion of nurses leaving their agencies in 1997 and 1998 rose to 18% and 17% respectively, as nurses switched agencies or left for other jobs. In 1999, the second RFP cycle was called for the remaining 75% of the original volume. Agency 1 won two-thirds of that volume, with the remainder going to a new agency. Agency 2 lost an area

it had held for over 20 years, but did manage to pick up a new contract area in another city. While Agency 2 did not lay off employees during that period, management did ask some of their nurses to transfer to the new contract region. Some nurses were not happy about moving out of their core areas and voluntarily left the agency. So the dramatic rise in the turnover to 28% in 1999 can largely be explained as fallout from managed competition and the loss of both volume and area by the two nursing agencies.

In 2000, there was a strike at Agency 1, during which the CCAC permanently transferred nursing clients to other agencies. After the strike, nurses had to be permanently laid off because of the limited volume of work available. Further, some nurses may have left on their own. The strike partly explains the 21% turnover in 2000. By 2001, turnover appeared to stabilize in the second year of the three-year contract period. Although not included in this study period, a major decrease in volume in fall 2001 again influenced turnover in the nursing agencies. Agency 3 had no nurses employed and therefore is not discussed here.

## Personal support workers

The first contract for PSWs was not issued until 1998, and Agency 2 and Agency 3 maintained their volumes in the 1996–1997 period. Turnover increased during that time for PSWs but jumped to 30% for those who left their agencies in 1998, owing to a number of factors. In that year, while Agency 3 won its contract, Agency 2 lost its contract for PSWs. In addition, all home care agencies were losing employees to

long-term care facilities, where wages were higher and benefits were better (Denton et al. 2003). Lastly, funding policy changed. Clients who had been receiving three to four hours of care were cut to one-hour visits for personal care only. This meant that PSWs who had made two or three visits a day were now making six or seven visits, many by bus travelling across the city. These factors contributed to turnover among PSWs.

In 1999, turnover for PSWs began to decrease, due partly to the introduction of a neighbourhood team model by Agency 3 that reduced the time travelled between clients. Agency 3 won a second contract in April 2000 that was to be a four-year contract till March 2004. Turnover for PSWs levelled off in 2000 and 2001, with less than 10% of study respondents leaving their agency during this stable contract period. But in December 2001, after our survey was conducted, the CCAC, as the issuer of the contract, faced a budget deficit and introduced eligibility cuts. Client volumes were reduced from 11,000 persons receiving care to 7,000. Agency 3 was unable to provide care under the decrease in volume and a corresponding increase in complexity of care. This agency had to close in August 2002.<sup>3</sup>

TABLE 3. Reasons for leaving agency

REASON LEFT AGENCY	NURSES (N=72) PERCENT (N)*	PSWs (N=97) PERCENT (N)*
Pay not satisfactory	41.7 (30)	23.7 (23)
Hours of work not satisfactory	27.8 (20)	30.9 (30)
No guarantee of hours or client visits	25.0 (18)	30.9 (30)
Lack of support from supervisors/managers	29.2 (21)	18.6 (18)
Health reasons	18.1 (13)	25.8 (25)
Work-related stress	25.0 (18)	12.4 (12)
Lack of job security	22.2 (16)	13.4 (13)
Heavy workload	27.8 (20)	5.2 (5)
Retired	15.3 (11)	11.3 (11)
Benefits not satisfactory	16.7 (12)	10.3 (10)
Lack of challenging opportunities at agency	11.1 (8)	13.4 (13)
Lack of support from co-workers	13.9 (10)	7.2 (7)
Laid off	**	10.3 (10)
Lack of educational opportunities	13.9 (10)	6.2 (6)
Home or family responsibilities	9.7 (7)	7.2 (7)
Did not like working at agency	12.5 (9)	5.2 (5)
Work-related injury	**	9.3 (9)

\* Percentages do not add up to 100% because respondents were asked to "check all that apply"

\*\* Less than 5 cases

## Reasons for leaving

What reasons did nurses and PSWs who left their agencies give for leaving their place of employment? Descriptive data from the Survey of Former Employees indicate that most left because of concerns with their pay, hours of work, job security, support from supervisors and/or managers, heavy workload, unsatisfactory benefits and other factors. Some nurses and PSWs retired or left the agency to further their education, or for home or family reasons (Table 3).

Reasons for leaving varied by occupation. A higher proportion of nurses than PSWs indicated unsatisfactory pay, lack of support from supervisors, work-related stress, job insecurity, heavy workload, unsatisfactory benefits, lack of support from co-workers, lack of educational opportunities and simply not liking to work for that agency. PSWs were more likely to mention unsatisfactory hours of work, no guarantee of hours or client visits, health reasons, being laid off or having a work-related injury.

In the open-ended section of the questionnaire, many respondents told us that they were happy with their jobs prior to the implementation of managed competition but became unhappy with the changes made under the new competitive process. According to respondents, managed competition resulted in higher workloads, more client visits per day, job insecurity, decreased continuity and quality of care to clients, increased stress and lowered pay and benefits. One nurse described the change:

It could be very pleasant and satisfying, but as government cutbacks and budget constraints developed, it became a frightful and stressful place to work. Workloads [procedures and patient daily visits] increased greatly, which led to impossible time management of daily caseloads, resulting in daily overtime hours – no coffee or lunch breaks – plus additional hours spent on paperwork and preparation for next day's workload.

The marketization of home care created an unstable work environment in home care, especially for agencies in our study. Based on their written comments, we argue that some home care workers left because of the instability of the home care environment, especially the RFP process. For example, one nurse said she “was seconded to another organization and when that contract ended, [Agency 2] could not guarantee the same position.” Another described how her clients changed when the contract with the CCAC changed to another part of the city: “My work area changed to the city core – different types of clients – did not enjoy working in this area. We lost the contract with the CCAC [in a more pleasant area of the city].” PSWs also experienced job insecurity during the tendering period. In the verbatim comments, one PSW said that it was “very difficult being an employee during [the] RFP process because of concerns around job security. If we got the RFP, we would have too much work and they were hesitant to increase staffing, and if we did not get the RFP, we would lose our jobs.”

Personal support workers who responded to our survey described how they were forced to take a cut in pay in order to keep their jobs, a direct result of the change to a competitive environment. They noted their extremely low pay. One said:

I was not even taking home \$19,000/year. Yet my responsibilities were increasing and the time to do my job decreased. ... I quit because the working conditions (time per client and travel time) are terrible and wages are the same as three years ago [total, eight years ago]. I can work pumping gas for the same money, with less responsibility and yet I will get yearly increases. Would you stay? The shame of it was I really enjoyed my job. I would have stayed.

This PSW makes an important point about the low wages in home care and explains why so many of the respondents to our survey did not find or seek jobs in the home care sector.

Some survey respondents felt that the implementation of managed competition resulted in a reduction in organizational support to home care workers. One nurse described the result of the loss of support from colleagues and the agency: "When the RFP process stripped resources from community agencies, nurses lost many of their opportunities for face-to-face support, for example, educational committees, project work, team meetings, office entry. The isolation became unbearable and the workload unsustainable." A PSW described how good supervisory support could contribute to retention: "[I had an] extremely supportive supervisor, who was one of the reasons I stayed as long as I did. Support of [my] supervisor was and is a very important value to me in the workplace."

In competing for contracts with the CCAC, agencies competed on both price and quality. Respondents to our survey told us that the quality of client care decreased dramatically with the onset of managed competition. One home support worker described it this way:

I was on the first home care case here in [city]. Our original purpose was to keep seniors in their homes. We cared about our clients and it was very satisfying both for our clients and workers. Now it's just about money. Always a new worker for one hour. It's just a business now. I guess that is progress.

In summary, the comments written by visiting home care workers on the Survey of Former Employees lend support to our conclusion that the implementation of managed competition increased turnover in the three home care agencies studied.

We also asked respondents about their subsequent job to learn whether they stayed in home care or left for another sector. Two-thirds of the nurses (68%) and one-half of the PSWs (55%) were then employed. Table 4 shows that 36% of the

TABLE 4. Subsequent job

	NURSES (N=48) PERCENT (N)*	PSWs (N=53) PERCENT (N)*
<b>Currently Employed</b>	66.7 (48)	54.6 (53)
<b>Job Title</b>		
Case Manager	16.7 (8)	0
Clerical	**	9.4 (5)
Manager or Supervisor	**	**
Nurse	56.3 (27)	**
Home Support Worker	0	26.4 (14)
Health Care Aide	0	22.6 (12)
Other	16.7 (8)	32.1 (17)
Missing	0	1.9 (1)
<b>Type of Business</b>		
Non Healthcare	14.6 (7)	35.8 (19)
Hospital	29.2 (14)	**
Nursing Home	**	17.0 (9)
Home Care	27.1 (13)	22.6 (12)
Other Healthcare	22.9 (11)	15.1 (8)
Missing	0	1.9 (1)

\* Percentages do not add up to 100% because respondents were asked to "check all that apply"

\*\* Less than 5 cases

employed PSWs and 15% of the nurses were no longer working in the healthcare field. About one-quarter of the nurses (27%) and PSWs (23%) remained in home care, with the nurses finding employment in the hospital sector (29%) and other healthcare (23%), and the PSWs finding employment in nursing homes (17%) or other healthcare (15%). Only 26% were currently working as PSWs.

## Discussion

High turnover is a significant problem in home care because retention of workers promotes continuity of care for clients and families, reduces costs (training for new workers), promotes a stable work environment and allows for long-range planning (Human Resources Development Canada 2003c: Appendix B). The findings presented in this paper provide evidence that the implementation of managed competition increased the turnover for home care workers in a mid-sized city in Ontario. While we argue that the introduction of market-modelled care in Ontario increased turnover, we cannot

ascribe all the increase in turnover to the marketization of home care. As discussed, prior to the implementation of managed competition, the agencies experienced the loss of about 10% (for nursing agencies) to 20% (for PSW agencies) of their workforce, owing to the impact of other variables on turnover such as retirement, return to school, family reasons, low pay, reductions in government funding of hospital care and so on (Abelson et al. 2004). However, turnover increased dramatically when agencies lost contracts because their tenders were unsuccessful.

Second, the marketization of home care led to an intensification and causalization of work, and to lower pay, poorer benefits and less job security (Denton et al. 2003). These changes were reflected in the reasons given by home care workers for leaving their agencies. We conclude that part of the increase in the proportion of nurses and PSWs leaving their agencies was a result of lost contracts, loss of volume and changes in working conditions brought on by the marketization of home care. Other factors, such as the strike by nurses in Agency 1 that was a byproduct of managed competition, also contributed to the increase.

In 2001, nurses in hospitals made over \$4 an hour more than home care nurses and had better benefits (Denton et al. 2003). It is no wonder that nurses left to find work in the hospital sector. Although PSWs were also more likely to obtain higher hourly rates in nursing homes (Caplan 2005), they were more likely to find non-healthcare jobs than to find employment in nursing homes. For some PSWs, finding another job in the service, retail or manufacturing sectors that might provide better job conditions was an attractive alternative to working in an unstable home care environment. This shift represents a tremendous loss of skilled and trained staff out of the home and healthcare sectors.

Home care in Ontario is changing from a caring business to a cost-effective, profit-oriented business, with cost efficiency as the bottom line (Baranek et al. 2004). To compete for price, agencies had to keep their fees for service low and shed extra administrative staff. Managers told us that there was very little room in the budget for staff education and training (Denton et al. 2003). This factor had implications for the retention of nursing staff. Our study showed that for some nurses, lack of challenging and educational opportunities were reasons for leaving their agencies. Nearly one-fifth of the nurses moved into positions as case managers and others moved into managerial or supervisory positions, indicating that in order to move up, nurses had to switch employers. Many nurses cited better opportunities to make use of their experience, to acquire skills for advancement and to further their education as important reasons for choosing their subsequent jobs. This finding points to the need for nursing agencies to provide opportunities for education and advancement in their organizations if they wish to retain nursing staff.

## Conclusion

In the region where we conducted our study, decisions on how and to whom to give contracts were not initially based on transparent, consistently used standards; instead, they were implicitly led by political views and goals, i.e., to open the market to for-profit agencies (Denton et al. 2003). As we have shown elsewhere, working conditions for staff and, by extension, care for clients were not considered legitimate concerns in

---

**To stop high turnover in home care, governments need to divert sufficient resources to the sector so that jobs may be restructured as full-time employment, with good pay and benefits that match those provided by long-term care institutions and hospitals ...**

issuing contracts (Aronson et al. 2004; Denton et al. 2003). Workers were seen as dispensable factors in the cost structure, and the effects of these deteriorating working conditions on staff turnover were not taken into consideration in issuing contracts. To survive, agencies had to make cuts to their labour costs; but costs were cut to such a level that workers felt they had no option but to leave the

agency and, in most cases, the home care sector. In a labour-intensive sector such as healthcare, these factors are important to consider for the survival of the industry and their effect on quality of care provided to clients. In our case, political goals and aims of the government at that time led the agenda, trickling down to decisions over which contracts would be awarded and the bases for making these decisions. The effects on nurses and PSWs were detrimental, as our study showed.

If the goal is to keep nurses and PSWs in home care, and we believe it should be, the findings of our study have implications for public policy and practice. Recommendations for retaining and recruiting visiting workers in home care are often targeted at the agency level with suggestions about organizational arrangements, working conditions, scheduling, the physical setting, opportunities for training and advancement, pay and benefits (Stone 2001; Feldman 1993). But in a competitive environment, where cost is an important factor in determining how contracts are awarded, agencies are reluctant to inflate their budgets to provide better working conditions and terms of employment for fear of losing the contract. To stop high turnover in home care, governments need to divert sufficient resources to the sector so that jobs may be restructured as full-time employment, with good pay and benefits that match those provided by long-term care institutions and hospitals, and continuity in hours,

schedules and place of work. Further, the government should standardize wages and benefits and set rates according to the cost of living in each region. If competition based on workers' earnings is taken out of the formulae, then the agencies can compete on other factors such as quality of care. The government should take immediate action on this issue and not allow further deterioration of workers' earnings. As noted by Dawson and Surpin (2000: 228), "treating direct-care workers as not only a scarce, but a valuable, resource is such a dramatic change from industry norms that an effective response will require fundamental, structural changes in both *industry practice* and *public policy*." This change in the very nature of home care work can happen only with a supportive public policy environment that recognizes the inherent benefit to both the clients and the healthcare system of providing healthcare in the home. Because the public sector is the major source of financing for home healthcare, the key to improved financing is what the public sector is willing to pay for home healthcare and the conditions that the public sector sets in its financing arrangements (Caro and Kaffenberger 2001). Managed competition may ensure that home healthcare is being provided at the lowest cost, but at what expense to the client, the home care provider and the home healthcare industry? It is important for policy makers to rethink which aspects of the profit-based manufacturing or competition model can be applied to healthcare and where costs can be cut for efficiency.

Our study took place from 1996 to 2002. Since then, changes have been made to the procurement process through the introduction of a Procurement Policy and Procedure Manual in 2003, the introduction of longer contracts and the reorganization of 43 CCACs to 14 CCACs under the new healthcare regionalization plans of Ontario's Liberal government. Further research needs to monitor the impact of these changes on the turnover of home care workers. Since there is no provincial or national list of home care workers, the provincial associations should consider conducting a survey of their member agencies to support or clarify our findings. Further, it would also be of interest to compare turnover across various procurement models in the various provinces in Canada to determine the impact of home care delivery on issues of turnover and retention.

#### ACKNOWLEDGMENTS

This research was made possible through the generous support of the Workplace Safety and Insurance Board and the Canadian Health Services Research Foundation.

Correspondence may be directed to: Dr. Margaret Denton, Director, Gerontological Studies, McMaster University, KTH 226, 1280 Main Street West, Hamilton, ON L8S 4M4; tel: 905-525-9140; fax: 905-525-4198.



NOTES

1. We took care to maintain the privacy of employees: only the authors had access to this database.
2. The five-year turnover rate for nurses and personal support workers was calculated by dividing the number of employees that had left the agencies between 1996 and 2001 by the total number employed in 1996 multiplied by 100.
3. For more on this, see Aronson et al. 2004.

REFERENCES

- Abelson, J., S. Gold-Tedford, C. Woodward, D. O'Connor and B. Hutchison. 2004. "Managing Under Managed Community Care: The Experiences of Clients, Providers and Managers in Ontario's Competitive Home Care Sector." *Health Policy* 68: 359–72.
- Armstrong, P. and H. Armstrong. 2003. *Wasting Away: The Undermining of Canadian Health Care* (2nd ed.). Toronto: Oxford University Press.
- Aronson, J., M. Denton, I. Zeytinoglu and S. Davies. 2004. "Market-Modeled Home Care in Ontario." *Canadian Journal of Public Policy* XXX(1): 111–25.
- Aronson, J. and S. Sammon. 2000. "Practice amid Social Service Cuts and Restructuring: Working with the Contradictions of 'Small Victories.'" *Canadian Social Work Review* 17(2): 167.
- Baranek, P.M., R.B. Deber and A.P. Williams. 2004. *Almost Home: Reforming Home and Community Care in Ontario*. Toronto: University of Toronto Press.
- Caplan, E. 2005. *Realizing the Potential of Home Care: Competing for Excellence by Rewarding Results*. Toronto: Ministry of Health and Long-Term Care.
- Caro, F.G. and K.R. Kaffenberger. 2001. "The Impact of Financing on Workforce Recruitment and Retention." *Generations* 25(1): 17–20.
- Cushman, J., M. Barnette and K. Williams. 2001a. "Retaining Home Care Aides: Survey Results and Recommendations." *Caring* 20(9): 54–58.
- Cushman, M.J., C.H. Ellenbecker, D.L. Wilson, M. McNally and K. Williams. 2001b. "Home Health Nurses – Why They Leave and Why They Stay." *Caring* 20(10): 62–67.
- Cuttler, T. and B. Waine. 2000. "Managerialism Reformed? New Labour and Public Sector Management." *Social Policy and Administration* 34(3): 318–32.
- Dawson, S.T. and R. Surpin. 2000. "The Home Health Aide. Scarce Resource in a Competitive Marketplace." *Care Management Journal* 2(4): 226–30.
- Denton, M., I. Zeytinoglu and S. Davies. 2002a. "Working in Clients' Homes: The Impact on the Mental Health and Well-being of Visiting Home Care Workers." *Home Health Care Services Quarterly* 21(1): 1–27.
- Denton, M., I. Zeytinoglu and S. Davies. 2003. "Organizational Change and the Health and Well-Being of Home Care Workers." SEDAP Working Paper No. 10. Retrieved April 6, 2006. <<http://ideas.repec.org/p/mcm/sedapp/110.html>>.
- Denton, M., I. Zeytinoglu, S. Davies and J. Lian. 2002b. "Job Stress and Job Dissatisfaction of Home Care Workers in the Context of Health Care Restructuring." *International Journal of Health Services* 32(2): 327–57.

## The Impact of Implementing Managed Competition on Home Care Workers' Turnover Decisions

- Dumont-Lemassen, M., C. Donovan and C. Wylie. 1999. *Provincial and Territorial Home Care Programs: A Synthesis for Canada*. Ottawa: Health Canada.
- Feldman, P. 1993. "Work Life Improvements for Home Care Workers: Impact and Feasibility." *The Gerontologist* 33(1): 47–54.
- Francis, J. and A. Netten. 2004. "Raising the Quality of Home Care: A Study of Service Users' Views." *Social Policy and Administration* 38(3): 290–305.
- Human Resources Development Canada. 2003a. *Canadian Home Care Human Resources Study. Synthesis Report*. Retrieved April 6, 2006. <<http://www.cacc-acssc.com/english/pdf/homecareresources/EngSynth.pdf>>.
- Human Resources Development Canada. 2003b. *Canadian Home Care Human Resources Study. Phase 1 Report: Setting the Stage: What Shapes the Home Care Labour Market?* Retrieved April 6, 2006. <<http://www.cacc-acssc.com/english/pdf/homecareresources/final-report.pdf>>.
- Human Resources Development Canada. 2003c. *Canadian Home Care Human Resources Study. Appendices*. Retrieved April 6, 2006. <<http://www.cacc-acssc.com/english/pdf/homecareresources/EngAppendices.pdf>>.
- Johnson, J.C. and R.A. Joslyn. 1995. *Political Science Research Methods* (3rd ed.). Washington, DC: Congressional Quarterly Press.
- Koehoorn, M., G. Lowe, K. Rondell, G. Schellenberg and T. Wagner. 2002 (January). *Creating High-Quality Health Care Workplaces*. CPRN Discussion Paper No. W-14. Ottawa: Canadian Policy Research Networks & Canadian Health Services Research Foundation. Retrieved April 6, 2006. <<http://www.grahamlowe.ca/documents/53>>.
- Lowry, J.A. 2002. "Why Having a National Home Care Program Is a Women's Issue." *The Network Magazine: Canadian Women's Health Network* 5 (2/3). Retrieved April 6, 2006. <<http://www.cwhn.ca/network-reseau/5-3/5-3pg2.html>>.
- Ontario Community Support Association (OCSA). 2000 (June). "The Effect of the Managed Competition Model on Home Care in Ontario: Emerging Issues and Recommendations." Briefing note. Retrieved April 6, 2006. <[http://www.ocsa.on.ca/PDF/brief-Managed\\_care.PDF](http://www.ocsa.on.ca/PDF/brief-Managed_care.PDF)>.
- Stone, R. 2001. "Research on Frontline Workers in Long-Term Care." *Generations* 25(1): 49–57.
- Sutherland, R. and S. Marshall. 2001 (February). "The Costs of Contracting Out Home Care: A Behind the Scenes Look at Home Care in Ontario." *Canadian Union of Public Employees Research*: 1–18. Retrieved April 6, 2006. <<http://cupe.ca/updir/CostsofContractingout.pdf>>.
- Yin, R.K. 1989. *Case Study Design and Research Methods*. London, UK: Sage.
- Zeytinoglu, I.U., M. Denton and S. Davies. 2002. "Casual Jobs, Work Schedules and Self-Reported Musculoskeletal Disorders among Home Care Workers." *Women's Health and Urban Life* 1(1): 4–24.
- Zeytinoglu, I.U., M. Denton and S. Davies. 2003 (March). "Work Intensification, Unpaid Overtime and Stress in Home Health Care." *Fifth Interdisciplinary Conference on Occupational Stress and Health, Toronto, Ontario*. Convened by the American Psychological Association, National Institute for Occupational Safety and Health, and School of Business, Queen's University, Canada.