POLICY BRIEF

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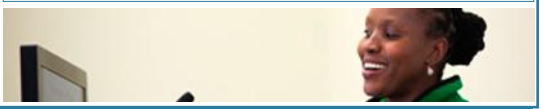

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The Complexities of Implementing a Financial Incentive Policy for Nurses:

The case of the occupation specific dispensation (OSD) process in South Africa

Source:

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Introduction

Financial incentives are a commonly used strategy to improve health worker motivation and retention[1,2], however there are few studies that analyse the implementation of policies on remuneration or financial incentives. In 2007, the South African government introduced the occupation specific dispensation (OSD), a financial incentive strategy to attract, motivate and retain health professionals in the public health sector[3]. This policy started with the nurses who form the bulk of health care professionals. Evidence suggests that there were problems with implementing the OSD, ranging from inadequate planning, budget overruns[4] and some unintended negative consequences[5] which included nurses' unmet expectations, inequities in amounts received and perceived unfairness.

Methods

This research used a policy implementation framework which presents 'perfect implementation' pre-conditions (See Table 1). Although idealistic, these pre-conditions offers key features needed for successful province of Gauteng between 2008 and 2010. The case study included a document review and interviews with 42 key informants selected on the basis of their influence or knowledge, or their involvement with OSD implementation using a snowball sampling technique.

Key Findings

Few preconditions were met, resulting in sub-optimal implementation[6] (See Table 1).

Precondition 1: The protracted public sector strike in 2007 accelerated implementation, but affected Government's ability to plan adequately.

Highlights:

- The occupation specific dispensation for nurses (OSD) was considered to be a good policy which was informed by the human resource problems in the public health sector.
- "Successful" implementation of financial incentives requires good planning and management of the process, improved communication and coordination, detailed guidelines for implementers and clear monitoring and evaluation indicators.
- Setbacks in implementation of financial incentives should be regarded as an opportunity for revision, redesign and correction.
- These lessons should be helpful for SA's implementation of National Health Insurance.

Preconditions 2 & 3: Insufficient time was allocated for the training of the implementers at institution level. The allocation of R1.5 billion (±US$ 200 million) was insufficient due to a significant under-count of the total number of public sector nurses.

> *"It became clear that the government doesn't know how many nurses they actually have. I remember they were even roughly quoting figures, only to find that they under-budgeted around 10 000 nurses."* (KII 18, Nursing Union)

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Table 1: Assessment of OSD implementation against Hogwood and Gunn[7] conditions for success

Hogwood & Gunn criteria	Description	OSD Assessment
1. External constraints	Circumstances external to implementing agency do not impose crippling constraints	• Widespread public sector strike accelerated implementation, contributing to insufficient planning before implementation • Some contestation over prioritisation of nurses as the first health provider category to benefit from OSD
2. Time & resources	Adequate time & sufficient resources are available to the programme	• OSD implementation was rushed • Insufficient financial resources • Limited human resources • Inadequate training of the implementers
3. Resource combination	The required combination of resources is available	• OSD policy guideline: Resolution 3 of 2007 • Poor human resource information system
4. Theory based policy	The policy to be implemented is based on a valid theory of cause & effect	• Philosophy of OSD policy supported • Policy not evidence based
5. Cause / effect relations	The relationship between cause and effect is direct with few (if any) intervening links	• OSD would provide clear career paths and salary progression for nurses • Increase in salary will increase motivation & retention
6. Dependency relationships	Dependency relationships are minimal	• Complex series of events • Dependent on nurses submitting proof of Nursing Council qualifications
7. Agreement of objectives	Agreement on and understanding of objectives	• The objective of OSD was to retain nurses within clinical areas • Vagueness in the definition of what constitutes specialisation
8. Events sequencing	Tasks are fully specified in correct sequence	• Roles of implementation stakeholders not made explicit • Announcement made prior to ensuring sufficient and combination of resources
9.Communi-cation & coordination	There is perfect communication and coordination	• Weak communication to frontline nurses • Poor coordination amongst key actors
10. Total compliance	Those in authority can demand and obtain perfect compliance	• Varied interpretation at institution and provincial level • Overpayments and underpayments

Preconditions 4 & 5: In addition to encouraging nurses to improve their qualification by specialising in critical care, OSD also helped to attract nurses back from overseas and from the private sector, thus meeting expectations that salary hikes would increase recruitment and retention of nurses to a certain extent.

> *"…there was a time when we were really struggling to recruit nurses, but I must say the OSD made a huge difference because we are able to recruit people from private sector and we also got two nurses from overseas."* (Hospital Manager 4, District Hospital, Gauteng Province)

Precondition 6: The decentralisation of the OSD policy from national to provincial and district levels resulted in different interpretations and variations during implementation. The policy was also depended on other agencies such as the SA Nursing Council (SANC).

Precondition 7: Policy makers underestimated the complexities of the various nursing specialities, resulting in some specialty nurses without a formal qualification receiving OSD, while others formally qualified but not working in a specialised area not benefitting.

Precondition 8: The Minister of Health announced the OSD policy before ensuring sufficient resources were in place, causing widespread confusion and dismay among nurses.

Precondition 9: Communication and coordination were unsatisfactory as nurses received mixed messages via the media or labour organisations, and the policy was decentralised without sufficient planning.

Precondition 10: The decentralised approach affected total compliance as authority and accountability for implementation was diffused across nine provinces and different categories of health facility (e.g. primary care clinic vs. hospital).

> *"Provinces did as they wish, that's why a nurse in here can be paid differently from a nurse in Eastern Cape or a nurse in Limpopo province. For me, the current system does not work because provinces are independent entities..."* (Hospital Manager 7, Provincial Hospital, North West Province)

Conclusion

While the framework used assumes that policy implementation is a linear process, which is not the case in reality, it provides useful lessons to inform the planned revision of the OSD policy. These include better planning and management of the implementation process, careful communication and change management to avoid unrealistic expectations, detailed guidelines and training for implementers, and clear monitoring and evaluation indicators for early detection of problems and correction. These lessons should be taken into account with major health reforms such as the National Health Insurance scheme to avoid a repetition on a much larger scale.