



The Soft Underbelly of System Change: The Roles of Leadership and Organizational Climate in Turnover during Statewide Behavioral Health Reform

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Presentation Objectives

- Provide an example of non-experimental/non-RCT research from a large scale “systems change” study funded by NIMH
- Highlight the importance of leadership and organizational context during system change through a study of voluntary staff turnover

Study Context

- New Mexico initiated reforms that impacted all publicly-funded mental health (MH) and substance abuse (SA) services
- First state in the nation to place all MH & SA related services under the management of a single private, for-profit company
 - ValueOptions New Mexico (2005-2009)
 - OptumHealth New Mexico (2009-present)

Study Context (Continued)

- Behavioral health safety net institutions (SNIs) in New Mexico tend to be fragile and susceptible to the effects of policy changes
- SNIs generally serve the socially disadvantaged, functioning as important providers for individuals with limited access to care
- Changing organizational dynamics due to reform efforts likely influence the work environments of SNIs

Implementing System Change

- As with evidence-based practice (EBP) implementation, planned system change is a complex process that involves many stakeholders across multiple levels (e.g., providers, clinical supervisors, administrators, funders, etc.)
- However, organizational and staff issues are often not well-considered in the context of system change or EBP implementation
- We may acknowledge organizational processes, but less often do we measure them or actively seek to manage them
- However, disruptions due to system change can contribute to negative outcomes for staff such as lower morale and turnover
- It is important to understand factors that lead to staff turnover intentions and turnover in order to better retain staff during times of system and organizational change

Staff Turnover

- Staff turnover in human service organizations is often high
- Employee turnover is costly
 - Reduces staff morale, short and long-term productivity, and organizational effectiveness
 - Time and money invested in training staff (e.g., new MIS or EBPs) is lost
- Many reasons for turnover
 - Low pay, personal life changes, stress burnout, etc.
 - However, leadership can play an important role in making a challenging work environment tolerable/better
- Important to study “volitional” turnover
 - i.e., employees who made the choice to leave the organization

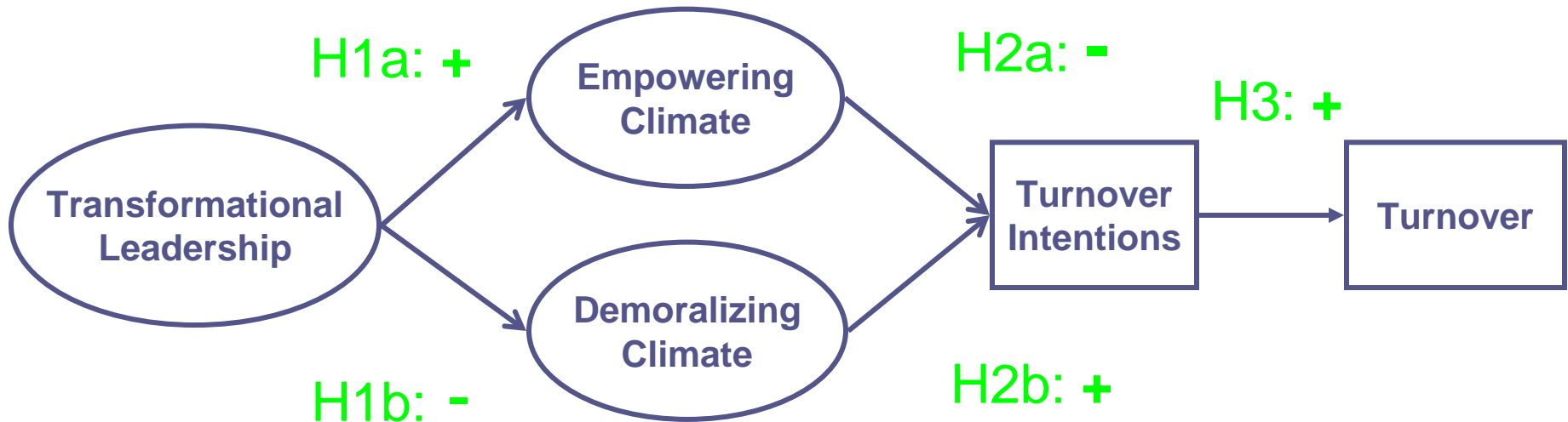
Importance of Leadership

- Leadership is an important factor for effectiveness and change in organizations
- Of particular interest:
 - Stronger transformational leadership is associated with positive work attitudes
 - Positive leadership is associated with higher organizational commitment among staff members
 - More positive leadership is associated with more positive staff attitudes toward adopting EBPs, a critical organizational change

Relationships between Leadership, Organizational Climate, & Turnover

- Leadership can affect staff perceptions of their work environment (i.e., climate)
- Organizational climate can be positive (empowering) or negative (demoralizing)
- Poor climate can lead to staff disengagement, increased turnover intentions, and voluntary turnover

Proposed Model of Leadership, Climate, Turnover Intentions and Turnover



- We anticipate that transformational leadership will reduce turnover intentions and turnover by:
 - Promoting a more empowering climate
 - Promoting a less demoralizing climate

Research Study Hypotheses

- H1a: Greater transformational leadership will be related to a **more** empowering work climate
- H1b: Greater transformational leadership will be related to a **less** demoralizing work climate
- H2a: A more empowering work climate will be associated with **lower** turnover intentions
- H2b: A more demoralizing work climate will be associated with **higher** turnover intentions
- H3: Greater turnover intentions will predict voluntary turnover

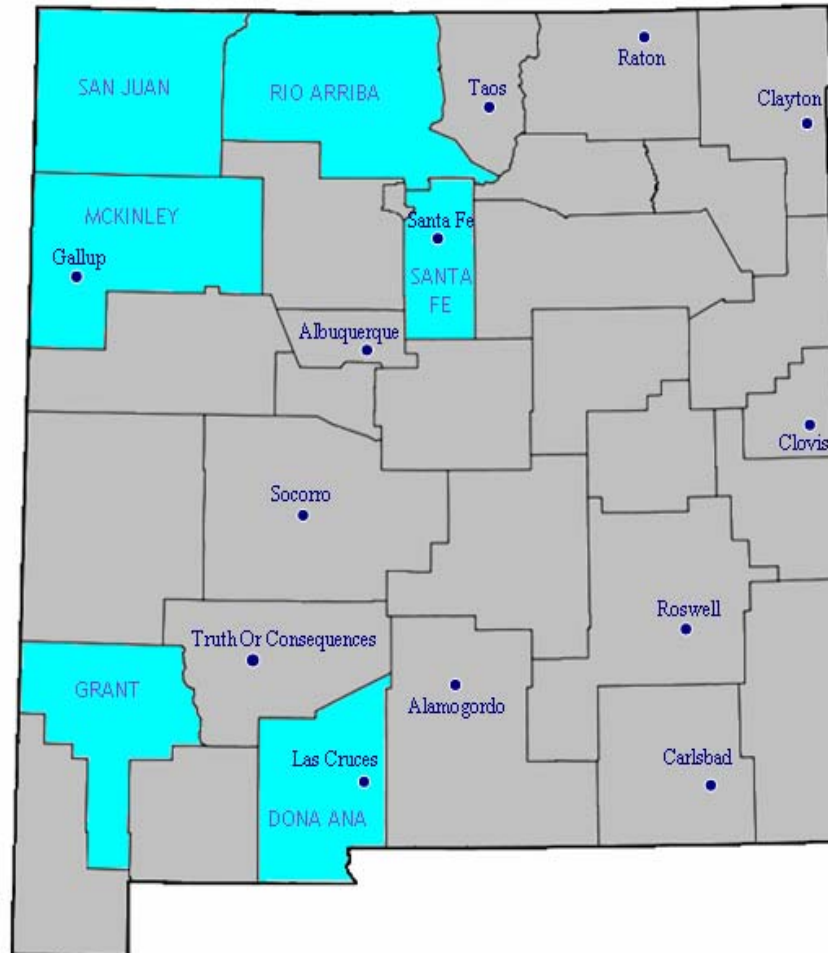
Role of System Change Dynamics

- To explore whether the system change may influence the proposed linkages, we examined these relationships under two organizational conditions:
 - High financial stress due to the reforms
 - Low financial stress due to the reforms

Overall Study Design

- Part of larger, mixed-methods NIMH funded study of the NM Behavioral Health System transformation
- The current study focuses on:
 - staff working within the 14 behavioral health SNIs located in the 6 selected study counties
- Data were collected via staff member interviews and administrative data sources

New Mexico Study Counties (n=6)



Transformational Leadership

- Multifactor Leadership Questionnaire (MLQ)
 - (Bass & Avolio, 1995)
 - The 19-item Transformational Leadership MLQ (5 subscales) was used to assess the perceptions of supervisor transformational leadership behaviors
 - Subscales include:
 - Inspirational motivation ($\alpha=.94$)
 - Intellectual stimulation ($\alpha=.93$)
 - Idealized attributed influence ($\alpha=.91$)
 - Idealized behavioral influence ($\alpha=.96$)
 - Individual consideration ($\alpha=.90$)
 - Example Items
 - “Articulates a compelling view of the future”
 - “Acts in a way that builds your respect”

Organizational Climate 1

- Perception of and affective response to the work environment (organization or workgroup)
 - James & Sells, 1981; Glisson & James, 2002
- Empowering Climate (17 items; 3 subscales)
- Subscales include:
 - Fairness ($\alpha=.59$)
 - Growth and Advancement ($\alpha=.81$)
 - Role clarity ($\alpha=.86$)
- Example Items:
 - “This agency emphasizes growth and development.”
 - “The objectives and goals of my position are clearly defined.”

Organizational Climate 2

- Demoralizing Climate (20 items; 3 subscales scale)

- Subscales include:
 - Depersonalization ($\alpha=.85$)
 - Emotional Exhaustion ($\alpha=.94$)
 - Role Conflict ($\alpha=.88$)

- Example items:
 - “Rules and regulations often get in the way of getting things done.”
 - “I worry that this job is hardening me emotionally.”

Turnover Intentions & Turnover

- Turnover Intentions (5 items; 1 scale, $\alpha=.88$)
 - (Knudsen et al., 2003; Walsh & Ashford, 1985)

- Example Items:
 - “I am seriously thinking about quitting my job.”
 - “I am looking for a job in another organization.”

- Employee Turnover
 - Identification of employees who **voluntarily** left their organization between initial data collection and 18 month follow-up.

 - Voluntary employee turnover does **not** include:
 - terminated employees
 - employees forced to leave due to organization/program restructuring or closure

Financial Stress Due to Reforms

- Determined via quantitative questionnaires and semi-structured interviews with upper-level administrators
- High reform-related financial stress:
 - Budgets had been reduced
 - Explicitly attributed budget reductions to the reform
- Low reform-related financial stress:
 - SNIs not experiencing reform-related budget reductions
- Individual employees assigned to high or low stress category based upon coding of the SNI in which they worked

Analytic Approach

- Structural equation modeling utilizing the Mplus statistical program
- Model adjusted for nesting of multiple staff members within SNIs (clusters = 14)
- Limited missing data (minimum covariance coverage of 93.0%)
- Utilized multiple imputation features within Mplus to retain entire sample (n = 190)

Personnel Characteristics (n=190)

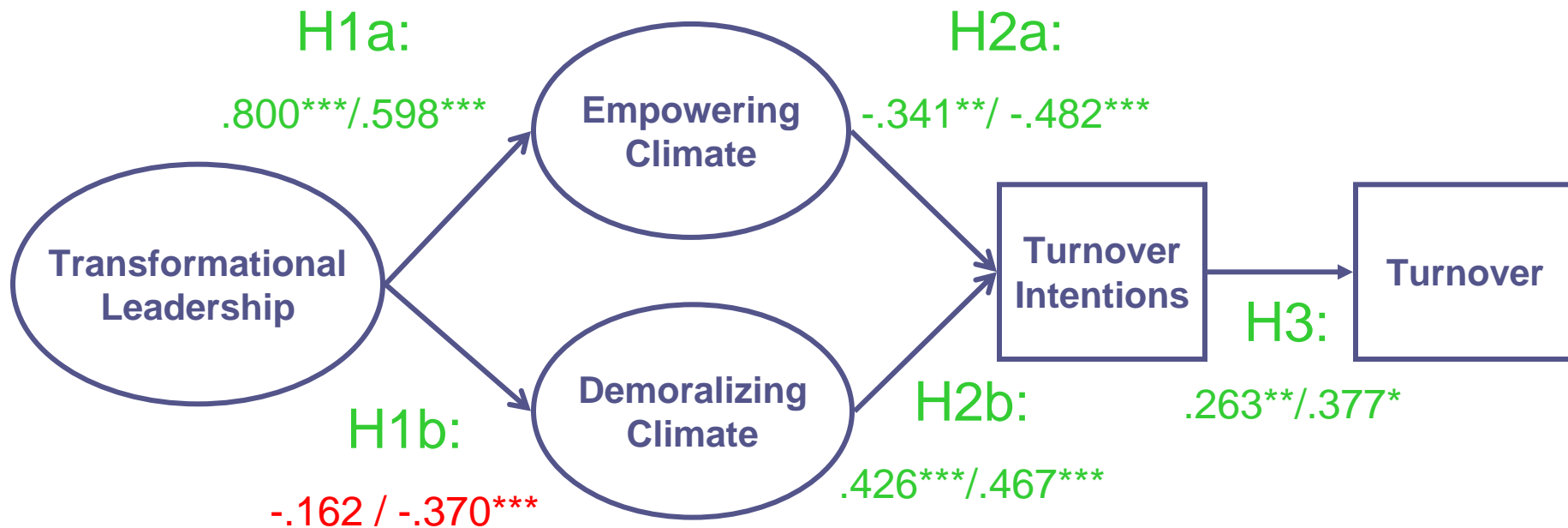
Variable	Low Stress (n=83)		High Stress (n=107)	
Gender	%	n	%	n
Male	67	56	75	80
Female	31	26	24	26
Missing	1	1	1	1
Race/Ethnicity ***				
American Indian	31	26	6	6
Hispanic	27	22	43	46
Non-Hispanic White	39	32	49	52
Other/missing	4	3	3	3
County Type **				
Rural	43	36	63	67
Urban	57	47	37	40
Education				
< College Graduate	39	32	44	47
College Graduate	53	44	54	58
Missing	8	7	2	2
Employee Type *				
Staff	13	11	25	27
Service Provider	66	55	48	51
Administrator	20	17	27	29
Age (M / SD)		47.1±13.1		44.9±12.3

*p<.05, **p<.01, ***p<.001

Voluntary Turnover Statistics

- Within the approximately 18 months between data collection waves:
 - Overall, 22% (n=41) of staff were no longer working for the agency due to *voluntary turnover* (e.g., staff who left the agency by choice)
 - 16% of staff in low stress agencies vs. 26% in high stress agencies (p=.08)

Results of Multilevel SEM



- * Employees in: Low Stress Agencies / High Stress Agencies
- * $N=190$; $\chi^2=183.871$, $df=138$, $p=.006$; $CFI=.885$, $TLI=.870$, $RMSEA=.059$
- * * $p<.05$, ** $p<.01$, *** $p<.001$

Summary of Results

- Overall, the results provided full or at least partial support for each hypothesis
 - Transformational leadership was positively associated with empowering climates (H1a) for **BOTH** conditions
 - However, negative relationship between leadership and demoralizing climates (H1b) was evident **only for staff in high stress agencies**
 - Turnover intentions were negatively related to empowering climates (H2a) and positively related to demoralizing climates (H2b) for **BOTH** conditions
 - Turnover intentions were significantly related with actual voluntary employee turnover (H3) for **BOTH** conditions

Discussion

- For both groups, more effective leadership was associated with higher levels of empowering organizational climate
- Most importantly, we found that more positive transformational leadership reduced demoralizing climate only for staff in the financially-strained SNIs
- Our findings suggest that in SNIs experiencing duress due to the system changes, positive leadership can help buffer against conditions that contribute to a poor organizational climate and subsequent turnover intentions and voluntary turnover

Limitations

- Not have comparison voluntary turnover data prior to reforms
- Baseline measurements may not fully reflect staff attitudes at the time of voluntary turnover event
- Other potential confounders for the apparent high stress/low stress difference – e.g., urban / rural influences
- Study results may not be generalizable to areas with larger populations

Conclusions & Implications

- Leadership and organizational climate are important factors associated with turnover intentions and actual turnover
 - Particularly in high stress organizations
- Leadership training with a focus on improving organizational climate may represent viable/realistic approaches for improving staff retention during system change
- It is important to consider leadership and staff issues prior to implementation of change in order to increase the likelihood of more successful system change

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