

ICNMM

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3600 Market Street, Suite 400
Philadelphia, PA 19104 USA

www.intlnursemigration.org



INTERNATIONAL COUNCIL OF NURSES WORKFORCE FORUMS

May 2018

Author: **Howard Catton**

ICN Director, Nursing and Health Policy



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The global voice of nursing

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INTRODUCTION

For more than 15 years, ICN has been hosting annual meetings of National Nursing Associations (NNAs) to specifically discuss key issues and developments in relation to nurses' working environments and employment conditions, including pay and reward strategies. Whilst data on the nursing labour market is collected and reported by the WHO Global Health Observatory, OECD and World Bank, there is little detailed information on nurses' pay and conditions and a paucity of comparable analysis. The ICN Workforce Forums are also a source of data, however, the workforce information that has been collected through these groups over a 10 year period (2006-2016) has not previously been examined.

This is the first historical analysis of the salary data that ICN has collected through our National Nursing Associations. There are acknowledged caveats and limitations in terms of both the collection of data and conclusions that can be drawn. However, the findings strongly suggest that many nurses have experienced a real terms' fall in their purchasing power over recent years and that pay is not being used as a significant lever to improve the recruitment of nurses.

BACKGROUND

There are two separate ICN Workforce Forums (the International and the Asia Forum) that have each met annually. Actual country and NNA attendance and membership of each has changed on a meeting by meeting basis.

The NNAs that have attended the Asia or International Forums include ICN members from Australia, Canada, Denmark, Hong Kong, Indonesia, Ireland, Japan, Korea, Macau, Malaysia, New Zealand, Philippines, Singapore, Sweden, Taiwan, Thailand, the UK and the USA. In total, the Forums cover a population of approximately nine million nurses.

In preparation for each Forum meeting, participating NNAs have prepared country reports providing an overview of the profile of their nursing workforce, some labour market indicators (e.g. turnover), current pay data and key workforce developments for each country using a standard data gathering template.

The information collected has included starting salaries for hospital and community-based Registered Nurses (RNs) and ward/unit nurse managers; wage trends with other comparable public-sector professionals; the size of the nursing population; nurse unemployment and nurse turnover rates.

Using this data, ICN has for the first time undertaken an analysis of key trends and developments for the 10-year period between 2006 and 2016. Because NNA attendance at the Forums has varied, the results presented here only includes those countries that have consistently provided data over this period.

METHODS

A standard data collection template has been used for both Workforce Forums. NNAs self-report for the preceding year and use official sources of labour market information that exist in their country as well as information on pay and conditions arising from negotiations. Pay information is based on gross salary before deductions, such as tax and pension contributions, and excludes allowances or bonuses covering, for example, unsocial hours payments.

The information provided to ICN by the NNAs has been summarized over a 10 year time frame and the data has been rechecked with the NNAs. ICN has not verified the data against the original country data source. Preliminary results have been tested and discussed with the NNAs attending the International and Asia Forums in 2017. It should be noted that some of the country wage data has been aggregated based on sub national and regional mechanisms for wage determination and some pay deals are multi year.

SALARY DATA & COMPARISON

Salary information can be compared based on actual salaries and percentage increases in the national currency, but this does not account for differences in the cost of living between different economies and regions.

For this reason, the ICN analysis of salary data is presented in Purchasing Power Parity, or PPP, as defined by the International Monetary Fund (IMF). A PPP exchange rate equalizes the purchasing power of different currencies in their home countries for a given basket of goods and this standardization facilitates an international comparison. The PPP is expressed in USD.

The basket of consumer goods contains a number of the most commonly bought food and household items, e.g. personal goods and services, housing and leisure costs, etc.

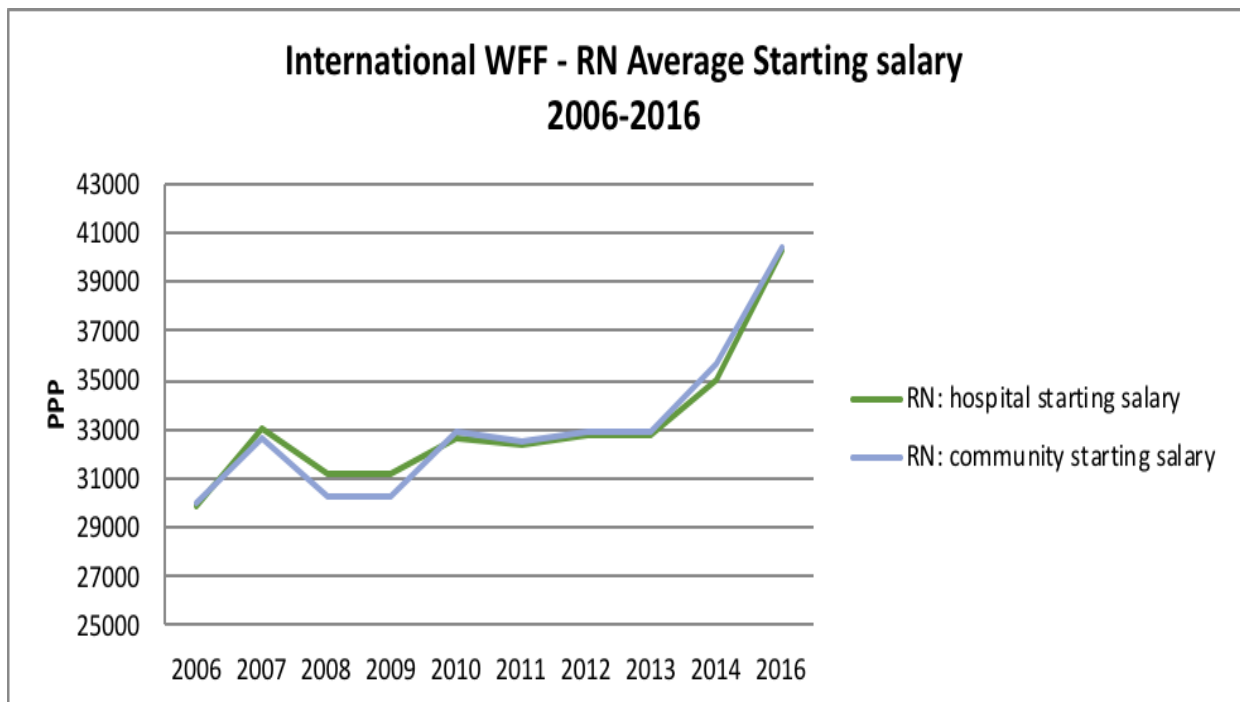
These exchange rate comparisons can then be used to compare the standards of living for defined populations in two or more countries. In other words, nurses in two different countries that earned the same level of PPP should have similar levels of purchasing power.

This type of adjustment is dependent on finding a comparable basket of goods to compare purchasing power across countries, but it is generally considered a more stable measure to use over time than market rates which can be volatile. PPP is not a perfect measure but is generally regarded as the best available measure of overall income.

FINDINGS

The average starting salary of hospital and community Registered Nurses between 2006-16 for those countries whose NNAs attended the International Workforce Forum (IWWF) are presented in graph 1.

Graph 1: Registered Nurse (RN) average starting salary Hospital and Community, 2006-2016, PPP, IWWF



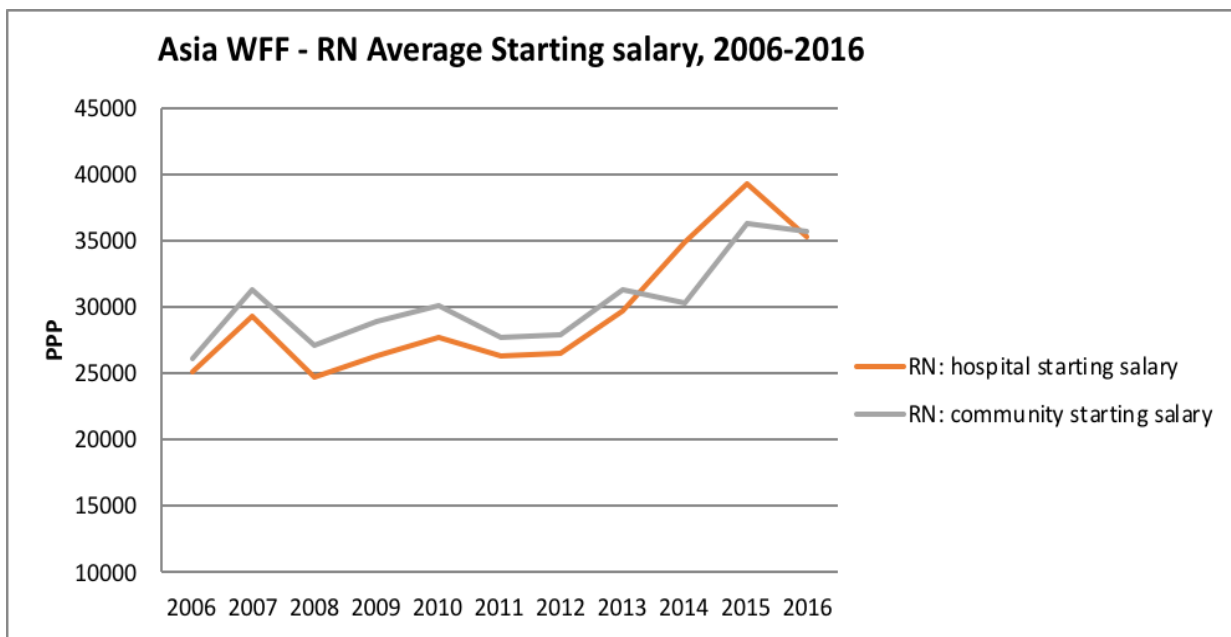
A fall in average salary can be seen for both hospital and community nurses in 2007/08 followed by a flat period until 2009/10 when there is an increase back to the 2007 level. That is followed by a further flatline period virtually identical for hospital and community RNs but with evidence of an increase from 2014.

The initial fall in starting salaries coincides with the beginning of the global economic crisis and the flat period continues during those years where austerity measures were being followed in many countries around the world.

Since 2006, starting salaries appear not to have kept pace with cost of living, resulting in an overall reduction in nurses' purchasing power.

Graph 2 contains the average starting salary of hospital and community Registered Nurses between 2006-16 for those countries whose NNAs attended the Asia Workforce Forum (AWFF).

Graph 2: Registered Nurse (RN) average starting salary Hospital & Community, 2006-2016, PPP, AWFF

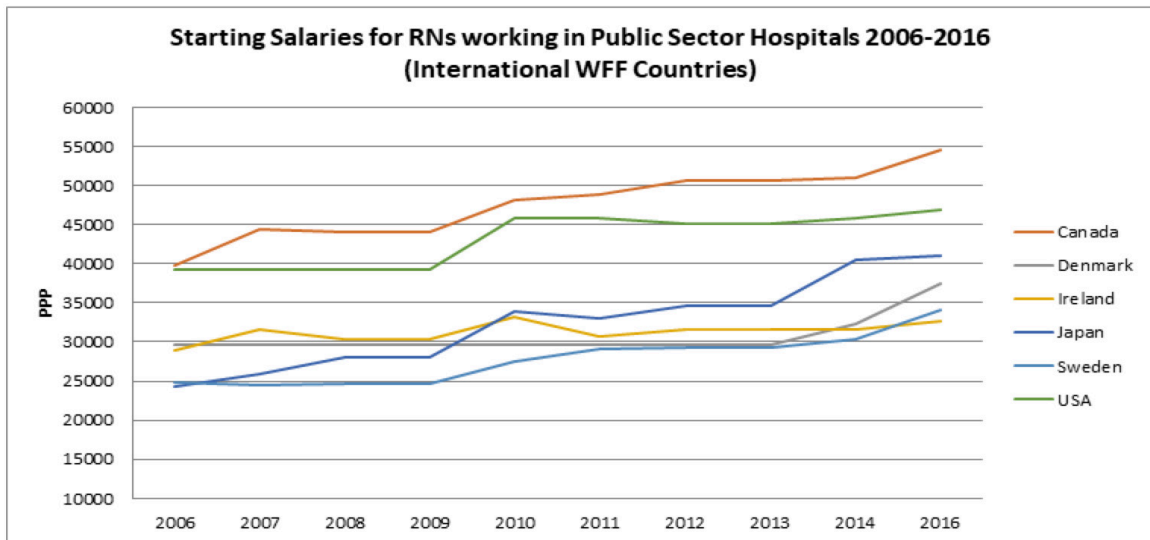


A fall in starting salaries can also be seen in the Asian countries in 2007/08. However, that is followed by small increases and then a decrease; though, again, the position in 2013 has only returned to broadly where it was in 2007.

There appears to be a more noticeable increase for hospital staff in 2014/15; however, there is evidence of a drop off again in 2016.

In Graphs 3 and 4, the average starting salaries for RNs is broken down on a country basis for the International (graph 3) and Asia (graph 4) Forums.

Graph 3: Registered Nurse (RN) starting salaries for RNs working in Public Sector Hospitals, 2006-2016, PPP, IWFF

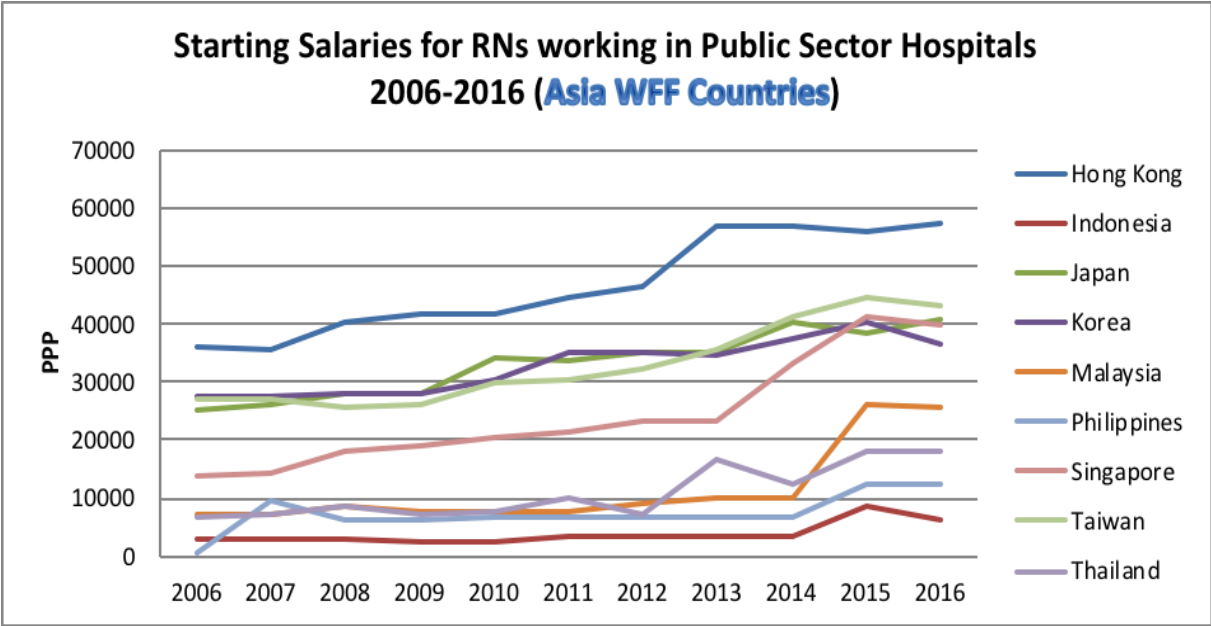


The broadly flat period between 2007/09 is evident followed by a small increase in 2010 and then flat again through until 2014.

The three European countries have a similar and pronounced flat line between 2011/13. The US & Canada have two similar flat line periods between 2007/09 and 2012/14.

In graph 1, representing the average of starting salaries, there is a noticeable average increase from 2014 however the country breakdown suggests that this is accounted for by a limited number of countries.

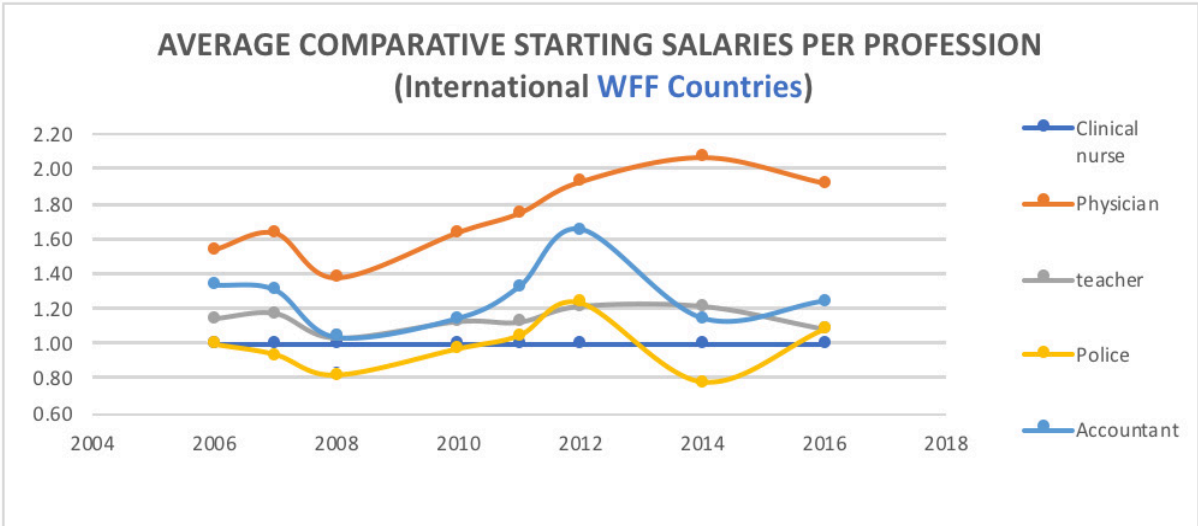
Graph 4: Registered Nurse (RN) starting salaries for RNs working in Public Sector Hospitals, 2006-2016, AWFF



For the Asian countries, the increase in starting salaries appears to start slightly earlier in 2013; however, for 2015/16, there is a suggestion of both stagnation and decline.

NNAs have also provided data comparing the starting salaries of RNs with other professions in their country. Giving the RN the value of 1, NNAs report the starting salary of other professions in comparison to that. That information is provided in Graph 5 and 6 again for both the International and Asia Forums.

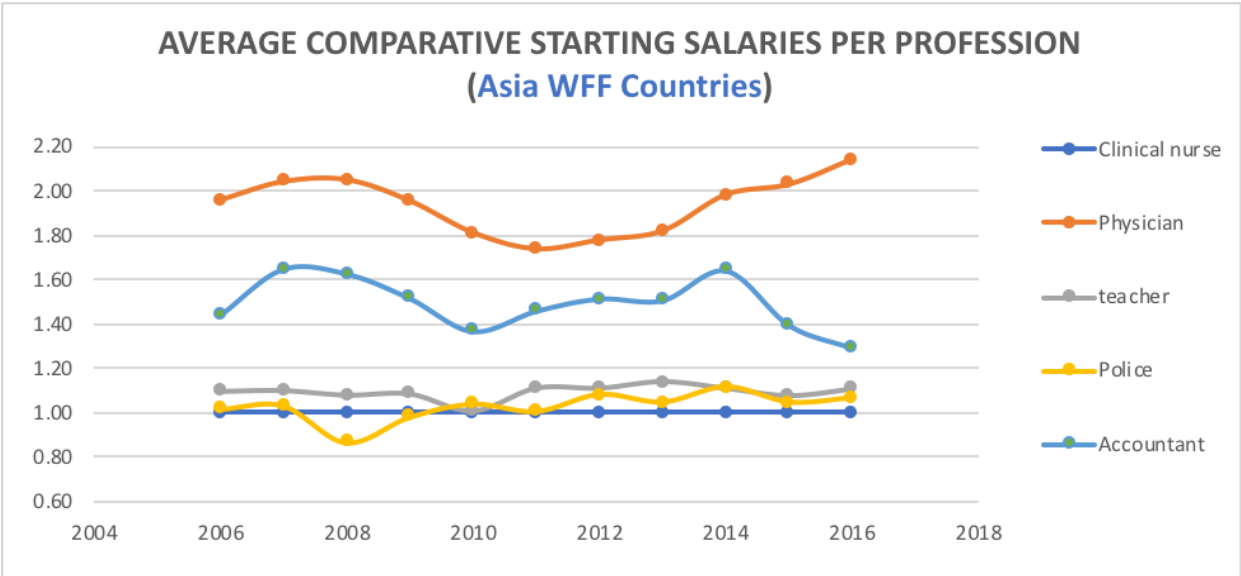
Graph 5: Average comparative salaries per profession, 2006-2016, IWFF



There has been fluctuation over the 10-year period however starting salary differentials are broadly the same in 2016 when compared to 2006.

Physicians though appear to have maintained and, in more recent years, increased the differential in their starting salary compared to nurses and other professions.

Graph 6: Average comparative starting salaries per profession, 2006-2016, AWFF



In the Asian region, physicians again appear to have maintained and, in the last two years, increased the differential in their starting salary compared to RNs and other professions.

Each year, NNAs also report their nurse turnover rates as a percentage of those that annually leave the workforce.

For the International WFF, the range for 2006 -07 was 5% -12%. For 2015-16, the range was 8%-20%.

For the Asia WFF, the range for 2006-07 was 2%-12%. For 2015-16, the range was 5%-15%.

DISCUSSION

There are limitations to the data that ICN has collected and these are acknowledged in the findings and should also be considered in the interpretation of the results. However, across both Forums significant periods of minimal pay growth can clearly be seen. This coincides with the beginning of the global economic crisis in 2007/08 and has continued until 2014; a consequence of which has been that many nurses around the world have experienced a real terms' fall in their purchasing power over the past 10 years.

Whilst there is evidence of a pick-up in pay in the last two years, this appears to be driven by a limited number of countries, rather than being a trend across the board. In addition, particularly in Asia, there is also evidence of stagnation and another decline in pay in the last two years.

Over the same period, turnover rates appear to have increased. In part, this may be the result of the general ageing of the nursing workforce; however, ICN has continued to receive reports from NNAs that both the intensity of work and poor working conditions are resulting in some nurses making decisions to retire early or leave the profession.

These trends are set against the backdrop of a global shortage of nurses and the recent UN High Level Commission on Health Employment and Economic Growth estimating that this equates to approximately 9 million nurses.

Despite the current and predicted shortage, it appears that pay is not being used as a lever to improve either the recruitment or retention of nurses. For some countries, this is presented as an affordability issue and the macroeconomic priority is to reduce debt with investment in nursing being dependent on the return of economic growth and prosperity. However, during this period, physicians appear to have been insulated against pay restraint and in some countries have increased their pay differential with other professional groups. Even with the return of economic growth, pay increases are limited and, in some countries, appear to have stagnated and even fallen back again. There is no evidence that the real terms decrease in purchasing power that nurses have experienced over the last 10 years is being consistently addressed.

However, nurses are not immune from economic conditions that impact on their daily lives and will make choices based on their current and future economic prospects. Therefore, decisions of potential nurses to enter the profession will in part be based on the starting salary and the prospects of reasonable career and pay progression. In addition, differences in pay and benefits between countries appear to be a significant factor influencing migration flows. The extent to which migration patterns are from relative low to high pay countries is worthy of further research in the context of the current mismatch between nursing supply and country and population demands.

CONCLUSIONS

Political choices and priorities appear to be a dominant driver in terms of the level of nurses pay. However, politicians and policy makers cannot ignore the significance of pay as a factor influencing the recruitment and retention of nurses.

The recent UN Commission made the case for investment in health services as a pre-requisite for economic prosperity rather than a drag on growth and identified the scale of the needs-based shortage for nurses worldwide. In addition, global health priorities such as Universal Health Coverage and NCDs are absolutely dependent on having sufficient numbers of skilled nurses and healthcare workers.

Given the relative fall in nurses' purchasing power over the last 10 years, there is an urgent need to give the world's nurses a pay rise and better working conditions in order to address the attractiveness of the profession.

In addition, short term decision making in relation to pay appears to be self-defeating. Medium and long term pay and reward strategies need to be in place to ensure workforce supply meets population needs and to deliver economic competitiveness and sustainable growth.

All governments have a responsibility to ensure the safety and security of their citizens and this includes having a sufficient number of healthcare professionals, because the consequences of not are detrimental to human health and mortality.

The recent launch of the Nursing Now global campaign provides a generational opportunity to raise awareness of the value and contribution of nurses and to make the case for positive political choices and investment. This should include significant improvements in nurses' pay and working conditions around the world.

THANK YOU

A special thank you to Lisa Little RN, BNSc, MHS, CEO,
Lisa Little Consulting and ICN Board Member,
Professor James Buchan PhD, DPM, MA(hons),
Adjunct Professor, University of Technology, Sydney
for their review and advice on the development of this paper,
and
Marie Carrillo, ICN Nursing Team Coordinator
for her assistance with data analysis.

About ICN

The International Council of Nurses (ICN) is a federation of more than 130 national nurses associations (NNAs), representing the more than 20 million nurses worldwide. Founded in 1899, ICN is the world's first and widest reaching international organisation for health professionals. Operated by nurses and leading nurses internationally, ICN works to ensure quality nursing care for all, sound health policies globally, the advancement of nursing knowledge, and the presence worldwide of a respected nursing profession and a competent and satisfied nursing workforce.

About ICNM

The International Centre on Nurse Migration (ICNM) serves as a comprehensive knowledge resource created by the Commission on Graduates of Foreign Nursing Schools (CGFNS) International in partnership with the International Council of Nurses (ICN). ICNM emphasizes the development, promotion, and dissemination of research, policy, and information on global nurse migration. This resource center features news, resources, and publications widely available to policy makers, planners, and practitioners.

www.intlnursemigration.org
info-icnm@intlnursemigration.org