The implementation of a retention policy in the Limpopo Provincial Treasury

MR Ramatswi
22674225

Mini-dissertation submitted in partial fulfilment of the requirements for the degree Masters in Public Administration at the Potchefstroom Campus of the North-West University

Supervisor: Prof HG van Dijk

May 2016
THE IMPLEMENTATION OF A RETENTION POLICY IN THE LIMPOPO PROVINCIAL TREASURY

DECLARATION

I, Mashika Rahab Ramatswi, hereby confirm that this mini-dissertation: “The implementation of a retention policy in the Limpopo Provincial Treasury” is my own original work and that all sources used or quoted have been accurately reported and acknowledged by means of complete references, and that this mini-dissertation was not previously in its entirety or partially submitted by me or any other person for degree purposes at this or any other University. I also declare that I have submitted my mini-dissertation through Turnitin, as required by the University rules.

MR RAMATSWI:

........................................
SIGNATURE
ACKNOWLEDGEMENT

My God is great and I owe all my success to Him for the health, strength, wisdom and the perseverance that He instilled in me throughout my study time. Thank you, dear Lord.

My acknowledgements go to the following:

- My supervisor Prof. HG Van Dijk for guiding, motivating, supporting and building my confidence throughout this journey. You are a true mentor.
- To Ms MP Raphesu my supervisor at work for her encouragement and support.
- To the Head of Department, Mr GC Pratt, for the opportunity given to me to pursue my studies.
- To Mr MP Letshokgohla who motivated, supported me and quality assured my work.
- To Prof KA Nephawe who assisted with data capturing and analysis tool for my work.
- To Refilwe Given Nkwana, my Office Manager, who assisted in doing some of the typing, layout and ensuring that this report is neat.
- To my late Father, Matome Charles Ramatswi, who passed on during my first year of studying; my Mother Moloko Martina Ramatswi, my Brother, Sello Moses Ramatswi, and my House Manager, Hunadi Mante Maapea.
- To my family Moteane, Moloko, Jonny, Tsana, Tumi, Maphefa, Thato, Katlego and Tshepang. I love you so much for giving me the space to do this research which kept me away from you for so long. I love you all and thank you so much.
Retention Management is one of the major challenges impacting on service delivery in the Public Service. Retaining core employees in organisations is not always strategically prioritised, despite the cost of turnover to the employer.

This research investigated the implementation of the retention policy in the Limpopo Provincial Treasury (LPT). The LPT is responsible for resource allocation, monitoring and supporting Provincial Departments and public institution as well as monitoring and providing support to municipalities. The LPT faces serious staff turnover rates in core skills especially young internal auditors which have resulted in unmet targets during the past 10 years.

In this research, a questionnaire survey was used to collect data focussing on retention theories, models, and legislative and policy frameworks. The questionnaire comprised of both closed- and open-ended questions was designed to determine employee perceptions regarding the retention of core employees. Likert point scale was used for quantitative closed ended questions. Open ended questions gathered respondents' views and perceptions about the implementation of the retention policy in the LPT. The questionnaire was distributed to 60 core employees in the LPT. The target population included internal auditors, risk management practitioners, internal control practitioners, financial management practitioners, information technology specialists, revenue management practitioners, accountants and economists. Quantitative data was analysed using descriptive statistics in the SPSS software packages, while qualitative data was analysed using thematic analysis.

A literature review was done through primary sources i.e. books, acts and policies, as well as secondary sources from articles obtained electronically. The information from the literature review was compared with the results of the research.

The results revealed that the employee morale, the lack of promotion opportunities and inadequate resource allocations were the main causes for retention failure. Employees are also unaware of the existence of the retention policy, which
exacerbates the situation further. The research resulted in recommendations put forward for the development of an integrated retention policy aligned to all relevant human resource management policies involving all stakeholders through an intensive resource allocation strategy.

**Keywords**
Implementation, retention policy, psychological contract, Limpopo Provincial Treasury.
## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPs</td>
<td>Annual Performance Plans</td>
</tr>
<tr>
<td>AR</td>
<td>Annual Report</td>
</tr>
<tr>
<td>BCEA</td>
<td>Basic Condition of Employment Act</td>
</tr>
<tr>
<td>CCMA</td>
<td>Commission for Conciliation, Mediation and Arbitration</td>
</tr>
<tr>
<td>CFFM</td>
<td>Competency Framework for Financial Management</td>
</tr>
<tr>
<td>CIP</td>
<td>Compulsory Induction Programme</td>
</tr>
<tr>
<td>DORA</td>
<td>Division of Revenue Act</td>
</tr>
<tr>
<td>DPME</td>
<td>Department of Policy Monitoring called</td>
</tr>
<tr>
<td>DPSA</td>
<td>Department of Public Service and Administration</td>
</tr>
<tr>
<td>EAP</td>
<td>Economically Active Population</td>
</tr>
<tr>
<td>EEP</td>
<td>Employment Equity Plan</td>
</tr>
<tr>
<td>HoD</td>
<td>Head of Department</td>
</tr>
<tr>
<td>HRDP</td>
<td>Human Resource Development Policy</td>
</tr>
<tr>
<td>HRDS</td>
<td>Human Resource Development Strategy for South Africa</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>HRP</td>
<td>Human Resource Plan</td>
</tr>
<tr>
<td>LDP</td>
<td>Limpopo Development Plan</td>
</tr>
<tr>
<td>LEGDP</td>
<td>Limpopo Economic Growth and Development Plan</td>
</tr>
<tr>
<td>LPA</td>
<td>Limpopo Provincial Administration</td>
</tr>
<tr>
<td>LPACIM</td>
<td>Limpopo Provincial Administration Corporate Identity Manual</td>
</tr>
<tr>
<td>LPGDS</td>
<td>Limpopo Provincial Growth and Development Strategy</td>
</tr>
<tr>
<td>LPHRDP</td>
<td>Limpopo Province Human Resource Development Policy</td>
</tr>
<tr>
<td>LPT</td>
<td>Limpopo Provincial Treasury</td>
</tr>
<tr>
<td>MEC</td>
<td>Member of Executive Council</td>
</tr>
<tr>
<td>MMS</td>
<td>Meddle Management Service</td>
</tr>
<tr>
<td>MPAT</td>
<td>Management Performance Assessment Tool</td>
</tr>
<tr>
<td>MPSA</td>
<td>Minister of the Public Service and Administration</td>
</tr>
<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
</tr>
<tr>
<td>MTSF</td>
<td>Medium Term Strategic Framework</td>
</tr>
<tr>
<td>NGP</td>
<td>New Growth Path</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non-Governmental Organisations</td>
</tr>
</tbody>
</table>
NPC  National Planning Commission
PFMA  Public Finance Management Act
PILIR  Policy and Procedure on Incapacity Leave and Ill-health Retirement
PSA  Public Service Act
PSBCR  Public Sector Bargaining Council Resolutions
PSC  Public Service Commission
PSR  Public Service Regulations
DRM  Results Driven Manager
RLA  Labour Relations Act
RSP  Recruitment and Selection Policy
SDA  Skills Development Act
SGM's  Senior General Managers
SHRM  Strategic Human Resource Management
SM  Senior Managers
SMS  Senior Management Services
SRP  Staff Retention Policy
SOE  State-Owned Enterprise
THRM  Traditional Human Resource Management
TR  Treasury Regulations
WPPSTE  White Paper on Public Service Training and Education
# TABLE OF CONTENTS

DECLARATION .......................................................................................................................... i

ACKNOWLEDGEMENT ........................................................................................................... ii

ABSTRACT ............................................................................................................................. iii

ABBREVIATIONS ................................................................................................................... v

LIST OF FIGURES .................................................................................................................. xii

LIST OF TABLES ..................................................................................................................... xiii

CHAPTER 1 .............................................................................................................................. 1

OUTLINE AND ORIENTATION TO THE STUDY ................................................................. 1

1.1 ORIENTATION AND PROBLEM STATEMENT ......................................................... 1

1.2 RESEARCH OBJECTIVES ......................................................................................... 5

1.3 RESEARCH QUESTIONS ......................................................................................... 5

1.4 CENTRAL THEORETICAL STATEMENTS .............................................................. 6

1.5 RESEARCH METHODOLOGY ................................................................................. 7

  1.5.1 Literature review ............................................................................................ 7

  1.5.2 Research design ............................................................................................. 8

  1.5.3 Sampling ........................................................................................................ 10

  1.5.4 Instrumentation ............................................................................................. 11

  1.5.5 Data analysis ................................................................................................. 12

  1.5.6 Limitations and delimitations ....................................................................... 13

1.6 SIGNIFICANCE OF THE STUDY ........................................................................... 15

1.7 CHAPTER LAYOUT .................................................................................................... 16

1.8 CONCLUSION ............................................................................................................. 17

CHAPTER 2 ............................................................................................................................ 18

A THEORETICAL OVERVIEW OF RETENTION ................................................................. 18

2.1 INTRODUCTION ......................................................................................................... 18

2.2 RETENTION WITHIN THE FUNCTION OF PUBLIC ADMINISTRATION .......... 19

  2.2.1 Defining human resource management ....................................................... 21

  2.2.2 The definition of retention .......................................................................... 24
2.2.3 The definition of core employees .................................................. 27

2.3 PSYCHOLOGICAL CONTRACT THEORY AS FOUNDATION .......................... 29

2.4 MODELS FOR RETENTION ........................................................................ 35
  2.4.1 The shock and unfolding model ......................................................... 35
  2.4.2 Job embeddedness and stay model ..................................................... 38
  2.4.3 Contract-sensitive contingent retention model ................................. 41

2.5 COMPONENTS IN RETENTION MANAGEMENT ........................................ 44
  2.5.1 Human resource planning ................................................................. 45
  2.5.2 Training and development ................................................................. 48
  2.5.3 Motivation ......................................................................................... 50
  2.5.4 Compensation Management ............................................................. 53
  2.5.5 Performance management ................................................................. 54
  2.5.6 Work life balance .............................................................................. 55

2.6 ROLE PLAYERS IN RETENTION ............................................................ 57
  2.6.1 The human resource departments ...................................................... 57
  2.6.2 The supervisors and managers ........................................................... 59
  2.6.3 The employees .................................................................................. 60
  2.6.4 Labour unions .................................................................................. 61

2.7 CONCLUSION ......................................................................................... 62

CHAPTER 3 ..................................................................................................... 64

LEGISLATIVE AND POLICY FRAMEWORK ON RETENTION MANAGEMENT .... 64

3.1 INTRODUCTION ...................................................................................... 64

3.2 NATIONAL LEGISLATION AND POLICY SUPPORTING HUMAN RESOURCE MANAGEMENT AND RETENTION ..................... 65

3.3 THE NATIONAL LEGISLATION SUPPORTING HUMAN RESOURCE PLANNING AND RETENTION ................................................................. 71

3.4 THE NATIONAL LEGISLATION ENABLING TRAINING AND DEVELOPMENT .......................................................................................... 75

3.5 THE NATIONAL LEGISLATION AND POLICIES SUPPORTING COMPENSATION MANAGEMENT AND RETENTION ............................... 80
3.6 NATIONAL LEGISLATION PERTAINING TO FUNCTIONAL COMPETENCIES OF FINANCIAL EMPLOYEES ........................................ 83
3.7 NATIONAL LEGISLATION AND POLICIES ENABLING PERFORMANCE MANAGEMENT AND RETENTION ............................................... 89
3.8 PROVINCIAL POLICIES ENABLING RETENTION ........................................ 95
  3.8.1 Limpopo Development Plan (LDP) ................................................ 95
3.9 THE PROVINCIAL HUMAN RESOURCE DEVELOPMENT POLICY, 2006 . 97
3.10 DEPARTMENTAL POLICIES ENABLING RETENTION .............................. 98
  3.10.1 Limpopo Provincial Treasury staff retention policy .......................... 99
  3.10.2 The Limpopo Provincial Treasury recruitment and selection policy .......................................................... 100
  3.10.3 The Limpopo Provincial Treasury human resource development policy .......................................................... 101
3.11 CONCLUSION .......................................................................................... 102

CHAPTER 4 ........................................................................................................... 104
THE CHALLENGES IN THE IMPLEMENTATION OF RETENTION MANAGEMENT BY THE LIMPOPO PROVINCIAL TREASURY ..................................................... 104
4.1 INTRODUCTION .......................................................................................... 104
4.2 DEMOGRAPHIC PROFILE OF RESPONDENTS ........................................ 104
  4.2.1 Profile of respondents by gender ..................................................... 105
  4.2.2 Profile of respondents by age ......................................................... 106
  4.2.3 Profile of respondents by population group .................................. 106
  4.2.4 Profile of respondents by current position .................................... 107
  4.2.5 Profile of respondents by current salary level ................................. 108
  4.2.6 Profile of respondents by years of service ..................................... 109
  4.2.7 Profile of respondents by highest qualification ............................... 110
4.3 THE LEGISLATIVE AND POLICY FRAMEWORK ENABLING RETENTION .................................................................................. 111
  4.3.1 The availability of the retention policy ............................................ 112
  4.3.2 The effectiveness of the retention policy ........................................ 113
  4.3.3 The understanding of how the retention policy works .................... 114
  4.3.4 The attendance of the retention management awareness campaigns ............................................................................... 115
4.3.5 The strategies for making the retention policy effective .......... 117
4.3.6 The reasons for poor retention in the LPT ................................ 118

4.4 TRAINING AND DEVELOPMENT AS A RETENTION STRATEGY .......... 119
4.4.1 Opportunities for employee career development ....................... 119
4.4.2 Employee skills training in their current positions ................. 120
4.4.3 Employee training for higher positions .................................. 121

4.5 ORGANISATIONAL VALUES AND CULTURE ................................... 122
4.5.1 The conditions that will make employees stay in the LPT ......... 123
4.5.2 The conditions that would make employees leave the LPT ...... 125
4.5.3 The considerations by employees to return to the LPT .......... 126

4.6 GROWTH OPPORTUNITIES AND RETENTION MANAGEMENT IN LPT. 126
4.6.1 Provision of growth opportunities within the LPT ................. 127

4.7 COMPENSATION MANAGEMENT AS RETENTION IN THE LPT .......... 128
4.7.1 The LPT compensation in relation to the market-related remuneration ................................................................. 128

4.8 MOTIVATION OF EMPLOYEES AS RETENTION IN THE LPT .......... 129
4.8.1 The morale level assessment of LPT employees .......................... 130

4.9 COMMUNICATION AS A RETENTION MANAGEMENT STRATEGY IN THE LPT ............................................................................................ 131
4.9.1 The effectiveness of employer/employee communication in the LPT ............................................................................. 131
4.9.2 The effectiveness of employee/supervisor relationship in the LPT ............................................................................. 132

4.10 THE STAFF TURNOVER AND RETENTION IN THE LPT .............. 133
4.10.1 The respondents views on the reasons for employees leaving the LPT ............................................................................. 133
4.10.2 The strategies that the LPT should put in place to reduce turnover ............................................................................. 135

4.11 JOB EMBEDDEDNESS, ENGAGEMENT AND ATTACHMENT AS RETENTION IN THE LPT ............................................................................. 136
4.11.1 The employee identification with the LPT as an employer of choice ............................................................................. 136
4.11.2 The strength of the employee attachment to the LPT as an employer ............................................................................. 138
4.11.3 The effectiveness of the employee engagement by the LPT .... 139
4.11.4 The strength of employee attachment to colleagues in the LPT .......................... 140
4.11.5 The effectiveness of employees working within a team in the LPT .......................... 141
4.11.6 Measures that LPT must do to encourage teamwork ......................................... 142

4.12 THE WORKING RESOURCES AS RETENTION IN THE LPT .......................... 143
4.12.1 The adequacy of working resources provision for effective functioning in the LPT .......................... 144
4.12.2 The opinions on the influence of access to resources on retention .......................... 145

4.13 CONCLUSION ............................................................................................................. 146

CHAPTER 5 ....................................................................................................................... 148
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .............................................. 148
5.1 INTRODUCTION ........................................................................................................... 148
5.2 CHAPTER SUMMARIES ............................................................................................ 149
5.3 RECOMMENDATIONS ............................................................................................... 155
  5.3.1 The Human Resource Management Plan ............................................................. 155
  5.3.2 Training and development ................................................................................... 156
  5.3.3 Motivation ........................................................................................................... 156
  5.3.4 Performance Management .................................................................................. 157
  5.3.5 Compensation Management ............................................................................... 157
  5.3.6 Work-life balance .............................................................................................. 157
  5.3.7 Communication .................................................................................................. 158
5.4 CONCLUSION ............................................................................................................. 158

BIBLIOGRAPHY ................................................................................................................. 160
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure Numbers</th>
<th>Figure Name</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>The linkage of HR practices to retention</td>
<td>25</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>Contingency model of key employee retention</td>
<td>44</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>The 7 Human Resource Planning Principles</td>
<td>48</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>Profile of respondents by gender</td>
<td>106</td>
</tr>
<tr>
<td>Figure 4.2</td>
<td>Profile of respondents by age</td>
<td>107</td>
</tr>
<tr>
<td>Figure 4.3</td>
<td>Profile of respondents by population group</td>
<td>108</td>
</tr>
<tr>
<td>Figure 4.4</td>
<td>Profile of respondents by position</td>
<td>109</td>
</tr>
<tr>
<td>Figure 4.5</td>
<td>Profile of respondents by salary level</td>
<td>110</td>
</tr>
<tr>
<td>Figure 4.6</td>
<td>Profiles of respondents by years of service in</td>
<td>111</td>
</tr>
<tr>
<td>Figure 4.7</td>
<td>Profile of respondents by highest qualification</td>
<td>112</td>
</tr>
<tr>
<td>Figure 4.8</td>
<td>Respondents on availability of retention policy in LPT</td>
<td>114</td>
</tr>
<tr>
<td>Figure 4.9</td>
<td>Respondents of the effectiveness of LPT retention policy</td>
<td>115</td>
</tr>
<tr>
<td>Figure 4.10</td>
<td>The understanding of how the retention policy works</td>
<td>116</td>
</tr>
<tr>
<td>Figure 4.11</td>
<td>Attendance of Awareness campaign organised by LPT on retention policy</td>
<td>117</td>
</tr>
<tr>
<td>Figure 4.12</td>
<td>Opportunities for employee career development</td>
<td>121</td>
</tr>
<tr>
<td>Figure 4.13</td>
<td>Training attended to develop skills in current position</td>
<td>122</td>
</tr>
<tr>
<td>Figure 4.14</td>
<td>Training attendance that enable employees apply for higher post application</td>
<td>123</td>
</tr>
<tr>
<td>Figure 4.15</td>
<td>LPT Provides opportunity for promotion</td>
<td>128</td>
</tr>
<tr>
<td>Figure 4.16</td>
<td>LPT compensation in line with market related remuneration</td>
<td>130</td>
</tr>
<tr>
<td>Figure 4.17</td>
<td>Morale is high working for LPT</td>
<td>131</td>
</tr>
<tr>
<td>Figure 4.18</td>
<td>Communication between employee and LPT employer is effective</td>
<td>133</td>
</tr>
<tr>
<td>Figure 4.19</td>
<td>The relationship between me and my supervisor is effective</td>
<td>134</td>
</tr>
<tr>
<td>Figure 4.20</td>
<td>Identification Identification with the LPT as my employer</td>
<td>138</td>
</tr>
</tbody>
</table>
Figure 4.21 Strong attachment with LPT as my employer
Figure 4.22 LPT effectively engages me as employee
Figure 4.23 Strong attachment to my colleagues
Figure 4.24 I work effectively within my team
Figure 4.25 Provision of adequate resources for effective work

LIST OF TABLES

<table>
<thead>
<tr>
<th>Table Number</th>
<th>Table Name</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2.1</td>
<td>Comparison between the old and new psychological contracts</td>
<td>31</td>
</tr>
<tr>
<td>Table 3.1</td>
<td>Behavioural Competency Framework</td>
<td>87</td>
</tr>
<tr>
<td>Table 3.2</td>
<td>Core Competency Framework</td>
<td>88</td>
</tr>
<tr>
<td>Table 3.3</td>
<td>Technical competency Framework</td>
<td>89</td>
</tr>
</tbody>
</table>
1.1 ORIENTATION AND PROBLEM STATEMENT

The retention of core skilled and knowledgeable employees forms one of the organisation’s truly sustainable competitive advantages (Lee, 2000: 1). Benson (1995) as quoted by Lee (2000: 1) argues that a stable core of key employees plays a vital role in organisational success because of the knowledge, skills, experience and abilities that it holds. Thurow (1992) cited by Lee (2000: 1) indicates that there is an increasing realisation that the retention of key employees is still a vital organisational priority despite the changes and rules in the labour market. According to Cooley (2005: 1) employee retention is an increasingly important challenge for organisations, particularly in the light of the move to a knowledge economy in the 21st century which has brought about unprecedented levels of employee mobility, demanding intensified efforts to retain key employees.

Davenport and Prusak, (2000) as quoted by Barnard (2009: 1) indicate that retention of intellectual capacity and skills in South African organisations is a burning issue. Given the scarcity of resources, the retention of employees becomes paramount in ensuring a reduced cost of production and improved service delivery to the clients. Masibigiri and Nienaber (2011: 2) state that the skills shortage and high vacancy rates put pressure on service delivery, especially in the Public Service. Globally, employee turnover rates are approximately 25% per annum. In South Africa, turnover rates are, on average, approximately 15% per annum. However, at the skilled and specialist levels, this is reported to have increased, in some instances, to up to 40% (Ryder, 2008: 1).

The Limpopo Provincial Administration Corporate Identity Manual (LPACIM) (Limpopo Provincial Administration [LPA], 2005: 7) indicates that the Province puts people at the center of socio-economic development; hence its slogan of “The heartland of Southern Africa - development is about people”. The Limpopo Development Plan (LDP) (LPA, 2015: 11) is committed to ensure compliance of
outcome 12 of the Medium Term Strategic Framework (MTSF) through its development of skilled public servants who are committed to the public good and capable of delivering high quality services. Once developed, employees should be retained. Retention then becomes one of the human resource practices contributing to sustainable provincial and national economic development.

The Limpopo Provincial Treasury (LPT) was established in 2004 in line with chapter 3, section 18 of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), as amended. The role of LPT is to allocate financial resources and ensure sound financial management in the Province. The LPT requires an effective retention policy with strategies that will enable it to achieve its vision of “excellence in public resource management for socio-economic development” (LPT, 2015a: 9). The mission of the LPT reads, “empowering provincial and local government for sustainable service delivery through good governance and sound public resource management” (LPT, 2015a: 9).

The LPT provides services to 13 departments, 30 municipalities and 8 public entities (LPT, 2015a: 55) in the Limpopo Province that serves a population size of about 5.6 million people (Stats SA, 2014: 16). The Department (LPT) manages a provincial budget amounting to R53 billion (LPT, 2015b: 26). The LPT Medium Term Expenditure Framework (MTEF) Human Resource Plan (HRP) (LPT, 2015c: 30), indicates that the LPT requires competent employees with financial management skills to achieve the above vision and mission, specifically in the areas of municipal finance, budgeting, public expenditure, internal audit, asset management, risk management, internal control, supply chain management, system management and information technology, economic research and analysis, accounting, revenue management, cash flow management and management skills for the Senior Management Services (SMS).

The annual reports of the past two years indicate that the LPT is continuously experiencing challenges in attracting the right skills and delays in filling of posts (LPT, 2013: 72; LPT, 2014: 76). The LPT Annual Report (LPT, 2014: 29) further reveals that there are challenges in retaining the core employees in the LPT,
especially internal auditors. The loss of employees with financial management skills, especially in the internal audit function, is indicative of the inability of the LPT to retain core scarce skilled employees.

The LPT has four branches, out of which three are core functional units and one is support services (Annexure A). The LPT’s MTEF HRP (2015: 97) reveals that in the years 2011, 2013 and 2014 there was an increase from 8% to 9% and 16% respectively in the employee turnover rate with majority being young financial core employees’ category.

Financial management skills are core skills required for the achievement of the LPT mandate. The retention of employees with such skills is a challenge which requires attention. The scarce financial management skills needed by the LPT are budget planning and management, financial accounting, macro-economic research, information system analysis, business and process analysis, risk based auditing, forensic auditing, performance auditing, asset management, supply chain management, internal control, financial risk management, information technology and computer skills. The required critical competencies related to the above critical and scarce skills include financial statements and reporting competence, accounting services and systems competence, supply chain management competence, inter-governmental fiscal relations competence, and government assets and liability management competence. These skills and competencies are required by the financial practitioners, technical, specialists and professionals (LPT, 2015c: 52-60).

The loss of skills in critical areas which include financial management in the LPT continues despite efforts by management to implement strategies which are stipulated in the LPT Staff Retention Policy (LPT, 2006: 3-5). This raises questions about the ability of the policy to achieve its intended objectives. In December 2011, the LPT together with four departments in the Limpopo Province, were put under administration by National Government in terms of section 100 (1) (b) of the Constitution of the Republic of South Africa, 1996. The intervention by National Government came as a result of cash flow challenges experienced by the Limpopo Province, which could have been prevented if the Province, generally, and the LPT, specifically, had the right skills, knowledge and competencies in the cash
management division (South African Government Information) (SAGI), 2011: online). This provides evidence of a need for recruiting and retaining core employees with required skills, knowledge, competencies and the right attitude.

Section 195 of the Constitution of the Republic of South Africa, 1996, requires, amongst others, that public administration must be development oriented; cultivate good human resource management and career development practices to maximise human potential and further that efficient, economic and effective use of resources be promoted. The Constitution of the Republic of South Africa, 1996, therefore, gives the citizens the right to quality public administration services and value for money. One of the ways in which quality services can be provided is through contribution by core employees whose retention depends on how their relation with the organisation is actualised. The Department of Public Service and Administration (DPSA) developed guidelines for departments to manage staff retention in the Public Service (DPSA, 2006a). The LPT has an approved staff retention policy which has been implemented since 2006 (LPT, 2006). The strategies contained in the LPT Staff Retention Policy (LPT, 2006: 3-5) seem to be ineffective as the LPT is continuously loosening core employees despite their existence. They strategies include (LPT, 2006:3-5):-

- reward and recognition systems (not including financial rewards);
- employee assistance programme;
- morale building;
- employment equity;
- service providers with transfer of required skills;
- a communication strategy and plan;
- succession planning; and
- staff development and training.

The above orientation gives background to the problem statement which focuses on the challenges experienced in the implementation of the LPT staff retention policy in an attempt to achieve its objectives. The problem is, therefore, to determine the ability of the LPT to effectively retain the core employees with special reference to those with financial management skills and competencies through its staff retention
policy. The current study was designed to determine factors causing employees, particularly those with financial management skills, knowledge and competencies, to leave the LPT for other organisations.

1.2 RESEARCH OBJECTIVES

The objectives of this research are:

a) To describe the relevant theories, components, legislation and policies pertaining to employee retention;

b) To describe the current employee retention strategies in the LPT;

c) To determine the problems/challenges emerging from the implementation of the retention policy in the LPT with specific reference to the retention of financially skilled employees; and

d) To provide recommendations for the implementation of the retention policy of the LPT to enhance financially skilled employee retention.

1.3 RESEARCH QUESTIONS

Each of the above objectives is linked to specific research questions to be answered. The research questions provide the direction which the research should take. The research questions that will guide the research include:

a) What are the relevant theories describing the components pertaining to employee retention?

b) What are the relevant legislation and policies supporting employee retention?

c) What are the current employee retention strategies in the LPT?

d) What are the problems/challenges emerging from the implementation of the retention policy in the LPT?

e) What recommendations can be made for the improved implementation of the retention policy of the LPT with specific reference to the retention of financially skilled employees?
1.4 CENTRAL THEORETICAL STATEMENTS

Any organisation’s valuable assets are its skilled people. However, a skilled workforce is not always easy to retain because of competition. There is always war for talent, both in public and private sectors (DPSA, 2006a: 1). Ryder (2008: 27) defines the retention of employees as an organisation’s ability to keep employees who are valued contributors to organisational success as long as it is mutually beneficial. Retention should benefit both the organisation and the employee in order for it to succeed. Therefore, the relationship between the employer and the employee is at the center of retaining employees in organisations. While organisations are putting retention strategies in place, the employees’ acceptance of those strategies is of importance.

The Guide on Staff Retention (DPSA, 2006a: 9) acknowledges that even though writers on the retention topic differ, they all agree that retention focuses on both attracting employees to join an organisation through focused recruitment strategies and keeping those who are already employed, especially those whose skills are crucial to the organisation. The Guide on Staff Retention (DPSA, 2006a: 9) further acknowledges that staff retention is about motivating staff, covering both the psychological and the operational aspects of a task, integrating it as part of human resource management or as a specific strategy to obtain or retain staff, requiring a management approach that takes all factors into account and aligning them to or depending on almost all human resource management practices.

Therefore employee retention is part of the human resource practice value chain i.e. retention process will be effective if the recruitment, training and development, performance management, compensation and succession planning processes are all planned and implemented properly and are linked appropriately. Retention should always be integrated with other human resource practices for successful results. In most literature it is integrated with talent management. Retention works advantageously to the organisation when integrated with recruitment and development strategies and systems. These integrative systems ensure high performance especially when using people with required skills and aptitudes to meet

Traditionally, employers’ response to retention is reactive rather than proactive (Masibigiri & Nienaber, 2011: 2). In such situations, organisations discourage employees from leaving at the time when such employees have already decided to leave, through for example counter offers. This approach is not effective because once employees have made up their minds to leave; an attempt to stop them may not work or if it works it will provide only a short term solution.

Ananthan and Sadheendra Rao (2011: 121) indicate that the form of organisational attachment and the in-role behaviour manifested through the organisational commitment that characterises employees’ relationship with the organisation for which they work, has a bearing on their stay in that organisation. The organisations with a strong employee attachment or commitment, experience lower staff turnover than those with weak employee attachment. Lee (2001: 2) asserts that turnover and retention behaviours are differently affected by the psychological contract. Organisational commitment and culture, unmet expectations and betrayal of trust have been linked to psychological contract. Psychological contract or relationship emanating from the individual interpretation of the psychological contract in relation to the action of the organisation has an influence on retention decisions (as will be further described in chapter two).

1.5 RESEARCH METHODOLOGY
The research methodology discussed hereunder covers the literature review and research design.

1.5.1 Literature review
Literature review entails a systematic and structured process of identifying relevant literature to be used in writing a research proposal and eventually, a thesis (Majam & Theron, 2006: 603). According to Taylor (2001: 1) and Bless, Higson-Smith and Kagee (2006: 19-28), as quoted in Majam and Theron, (2006: 605), the literature review is a structured evaluation and classification of what reputable scholars have previously written on a topic; the sources and identification of a particular research;
the analytical points of departure and a guiding golden thread for hypothesis. In the literature review, an author engages in a scientific process of knowledge generation.

Cooper (1984) as cited by Majam and Theron (2006: 604) identifies three forms of literature reviews which are integrative reviews in which summaries are provided, theoretical reviews in which the researcher focuses on the extent to which the theory relates to the problem under study, and methodological reviews which focus on the methods and definitions.

The approach adopted for literature review in this research is a mixture of theoretical reviews and methodological reviews as defined by Cooper (1984) in Majam and Theron (2006: 604). The key theories and models focused on are the psychological contract, the shock and the unfolding model of retention, the contract sensitive and contingency retention model and job embeddedness and stay model. The success of retention strategies is dependent on understanding the retention implementation challenges and effectively addressing them. Relevant literature pertaining to research on employee retention management were thoroughly studied and analysed and aligned with the outcome of this research, which is to support, refute and add new information to existing body of literature.

1.5.2 Research design
Singleton and Strait (2004), as cited by Webb and Auriacombe (2006: 589), postulate that a research design comprises a clear statement of the research problem, as well as plans for collecting, processing, and interpreting the observations/data that provide answers to the research question. Webb and Auriacombe (2006: 591) indicate that there are mainly two paradigms in social research, namely, quantitative research designs and qualitative research designs. Quantitative research seeks explanations of few narrowly defined variables that impact on a phenomenon while qualitative research aims at in-depth description and interactions of multiple variables sometimes over a period of time (Jarbandhan & Schutte, 2006: 672).

Bazeley (2007: 2) explains that a qualitative research design is chosen in situations where a “detailed understanding of a process or experience is wanted, where more
information is needed to determine the exact nature of the issues being investigated or where the only information available is in non-numeric form.” A qualitative approach is necessary for this study as data which will be collected will provide in-depth insights about the retention policy as implemented by LPT. This study is contextual in nature as an in-depth description and understanding of the effectiveness of the retention policy makes it more appropriate for a qualitative research design. The results will be applicable to the LPT and not to other departments in the Province although there will be some lessons which can be learnt from it.

Mouton, Auriacombe and Lutabingwa (2006: 580) indicate that primary data is “original data gathered through a research study.” Mouton et al. (2006) distinguish between two types of primary data; qualitative data and quantitative data and argue that the qualitative data does not aim to generalise about a specific population but to “uncover new ideas from, or hidden feelings/beliefs of respondents” (Mouton et al., 2006: 580).

When dealing with retention, one is confronted with a lot of soft issues such as perceptions, viewpoints, values and norms. Based on the above arguments, both quantitative and qualitative method will be used, thus making the study a mixed method study. The quantitative research method used comprise structured questions, based on the Likert point scale, and the qualitative research method include semi-structured questions asked to determine the respondents’ opinions and views about the retention policy and its strategies. Wienclaw (2009: 2) argues that qualitative research enables the researcher to look deeper into the data but allows less control over the research situation. Qualitative research is relevant for use with social research, and is also appropriate for use in this study.

The questionnaire has both qualitative and quantitative questions. Thus, the research is both anti-positivist in approach (qualitative) and positivist or quantitative (Welman et al., 2011: 6). The positivist approach to research relies on what can be observed and measured objectively meaning that the information does not rely on individuals’ feelings and opinions. Objectivity as referred to herein is defined by Welman et al. (2011: 6) as the independence of the researcher on the scores while
the interpretation thereof is based on the respondents’ responses only. The positivists’ definition of their study is that it is only based on the observable human behaviour as opposed to the anti-positivists one which is based on experiencing of human behaviour (Welman et al., 2011: 7). In this study, both approaches are combined as they complement each other for best results.

1.5.3 Sampling
A sample is derived from a population. A population refers to the study object and consists of individuals, groups, organisations, human products and events and the conditions to which they are exposed. A population is the full set of cases from which a sample is taken. In sampling, the term population is not used in its normal sense, as the full set of cases need not necessarily be people. The size of the population and that of the sample should correspond and must be representative enough for generalisation of the results. In a research where the population size is large, a large sample should be used to justify the conclusion (Welman et al., 2011:52-53).

Qualitative and quantitative research processes have similarities with regard to sampling and the pilot study (De Vos et al., 2011: 391). Patton, as quoted by De Vos et al. (2011: 391) argues that there are no rules for sample size in qualitative research. Sarantakos (2000: 154) in De Vos et al. (2011: 391) describes sampling in qualitative research as relatively limited, based on saturation, not representativity, where the size is not statistically determined, and may involve lower costs and less time. Sarantakos (2000: 154) further indicates that it can be inferred that in qualitative investigations, non-probability sampling is used almost without exception (De Vos et al., 2011). In this study, a non-probability sampling method is used through the purposive sampling method.

The research herein focuses on an internal policy which is qualitative in nature and requires internal stakeholders’ inputs. LPT had a total of 424 employees by close of the financial year 2014/15, out of which 259 fall within the core branches and 165 are in the administrative support branch (LPT, 2015 [c]: 80). Sixty (60) semi-structured questionnaires were distributed within the two hundred and ninety (290) professional, technical employees and Senior Management Services (SMS) members of the LPT. The purposively selected 60 core employees included internal auditors, risk management practitioners, internal control practitioners, financial management
practitioners, information technology specialists, revenue management practitioners, accountants and economists. Forty five (45) employees, from the above categories, returned the questionnaire resulting in a 75% response rate. The management of each of the components and the human resource practitioners, as the retention policy implementers, participated as part of the SMS members. The full demographic profiles of respondents are presented in chapter four of the study.

1.5.4 Instrumentation
The questionnaire is one of the most commonly used data collection instrument in social research. The survey instrument used in this research is the semi-structured questionnaire. The advantages of a questionnaire include (De Vos et al., 2011: 153):-

- it is relatively cheap, easily posted, e-mailed or faxed while covering large geographic areas and number of people or organisations with no prior arrangements required;
- it can be used as an independent method of interview on its own or as a basis for interviewing or a telephone survey;
- it allows freedom of the respondent to re-consider responses and be open without being embarrassed or embarrassing the interviewer; and
- it gives the respondent the liberty to remain anonymous and does away with interviewer bias.

The questionnaire as a data collection instrument has the following disadvantages (De Vos et al., 2011: 153-154):

- it has low response rate, require a return deadline while at the same time there are time delays whilst waiting for responses to be returned despite the timeframes set and several reminders and follow ups been required;
- it assumes no literacy problems as there is no possibility of giving assistance if required;
- it has no control over who completes it;
- there could be problems with incomplete questionnaires;
- the responses are spontaneous and independent of each other; and
- the respondents may scan all questions beforehand and then decide whether
to complete it or not. For example, perhaps because it is too long, too
complex, uninteresting, or too personal respondents choose not to complete
the questionnaire.

The development of a quality questionnaire is critical for the validity and reliability of
the information that it yields (Jarbandhan & Schutte, 2006: 674). The questionnaire
used included both quantitative or structured and qualitative or semi-structured
questions. The five point Likert scale was developed for closed ended, structured
quantitative questions ranging from one denoting strongly disagree to five indicating
strongly agree. Qualitative questions were covered by the open ended questions
which required participants to give their own views in responding to the questions.

The semi-structured questionnaire assisted in allowing more flexibility in the
 gathering of information from the respondents as opposed to limiting the information
or restrictions on more information which is the case with a structured questionnaire.
The questionnaires were hand delivered as well as sent electronically through emails
to respondents for completion. A two week period was given to allow respondents
enough time to complete the questionnaires. Several follow-ups resulted in a return
rate of 75%.

Permission to do the research was requested and obtained from the Head of
Department (HoD) as per the Annexure B. Participation was voluntary and
anonymity was confirmed.

1.5.5 Data analysis
According to Neuman (2006: 467) “data analysis involves examining, sorting,
categorizing, evaluation, comparing, synthesizing and contemplating the coded data
as well as reviewing the raw and recorded data.” The procedure in data analysis is
informed by the methods used to collect the said data. Srnka and Koeszegi
(2007:34) have developed a “blueprint for systematically analyzing qualitative
material”. This blueprint comprises a five (5) stage procedure, each of which
generates a certain output. Srnka and Koeszegi (2007: 34) further posit that “the fact
that the procedure followed in the content analysis of the data often is not (or at least
not clearly) explained might cause problems in the validity and reliability of their output”. The five stages have, therefore, been developed to provide a structure for analysing qualitative material and transforming it into qualitative data. The stages are as follows:

- Stage one is material sourcing, which involves the collection of material in the form of available documents (text, graphical, audio or video material), observation of behaviour and interview material. The immediate output of this stage is qualitative material.
- Stage two is transcription, which is the bringing of material into written form and the output is a transcript.
- Stage three is unitisation, where collected materials are divided into units of coding and analysis.
- Stage four is categorisation, involves developing a scheme of categories relevant to the research problem.
- Stage five is coding, which, as Neuman (2006: 460) explains, qualitative coding “is an integral part of data analysis” and involves “two simultaneous activities”. These activities are mechanical data reduction and analytic categorisation.

In the current research, the data analysis approach used was as espoused by Neuman (2006: 467). Raw data from the questionnaire responses was reviewed, examined, sorted and categorised according to themes (codes). These themes were then evaluated and compared to reach a conclusion.

1.5.6 Limitations and delimitations

This area addresses what could limit complete objectivity in this study, which would, in turn, affect its validity and reliability. The area is more focused on professionalism and ethical conduct with professional codes of conduct. Ethical conduct is viewed from both the researchers and participants in research. De Vos et al. (2011: 114) citing Babbie (2007: 62), Bless, Higson-Smith and Kagee (2006: 140), Monette et al. (2005: 49) and Walliman (2006: 148) indicate that the term ethics implies preferences that influence behaviour in human relations, conforming to a code of principles, the rules of conduct, the responsibility of the researcher and the standards of conducts of a given profession.
De Vos et al. (2011: 129) define ethics as a set of widely accepted moral principles that offer rules for, and behavioural expectations of, the most correct conduct experimental subjects and respondents, employers, sponsors, other researchers, assistants and students. This brings about complexity in stakeholder and relationship management responsibility and challenges. It is, therefore, critical that a researcher is well trained to professionally manage the expectations and relationship.

Struwig and Stead (2001: 66) maintain that a consent form should be used to uphold a high ethical standard in research. The form assures participants that they are participating freely in the research. This shows that they will not be bought or paid to be part of the research. All participating stakeholders in this research were given assurance that the information will be kept confidential. The questionnaire used to collect data had the built-in consent form for permission to use their information for the purposes of this research and specified that their participation was voluntary (Annexure B).

Resources and time are key considerations that could impact on the limitation of this research. The only challenge which influenced time considerations was the return of responses. Participants were all internal stakeholders as this research involved an internal policy applied on internal staff. The availability of respondents who are considered to be core, scarce skilled employees to complete the questionnaire was limited, which meant that continuous follow-ups were necessary to yield the 75% response rate.

Information received from respondents was kept confidential and returned questionnaires were individually numbered upon return. No respondent could be individually identified and aggregated responses are used in the analyses of data.

Researcher objectivity in analysing and presenting and only the results were key consideration. Research skills are a critical element for research and the researcher needs to protect the dignity of the profession. The results of this research have been analysed objectively and presented without manipulation.
1.6 SIGNIFICANCE OF THE STUDY

The contribution of this study is to add to the body of Public Administration knowledge and to enhance the understanding of the topic for the academic, professionals and the human resource practitioners in their specific areas of operation. The research further contributes to the retention definition debates from a different angle in trying to argue for a common understanding and definition from a specific organisation. This entails one definition common and owned by all managers and employees in the LPT. Employee retention is not synonymous with long term employment or job security, but comprises a psychological contract between the employee and the employer, in which the employee’s and employer’s expectations are commonly defined and understood within a predetermined time-frame.

The concept of employee retention as a psychological contract has already emerged in relation to retention. The relationship between job security and its contribution to retention of employees is another element to be analysed. Employees were, traditionally, more worried about getting employed in organisations that would offer more job security. Employees were viewed as factors of production; represented an input to the production process and seen as economic resource as opposed to the current human resource concept, where employees are viewed as assets (Banfield & Kay, 2008: 20). Employees were, as may be argued based on the above, somehow the drivers of retention as they were the ones who would be more worried about job security. Now the psychological contract influences retention, putting more pressure on employers to be the initiators of retention strategies (Banfield & Kay, 2008: 20). In short, the burden is more on the organisations to make themselves more attractive to attract and retain employees while previously; it was the other way round. However the mutual benefit of employee retention is the key consideration which requires attention and efforts from both the employer and the employee.

The research directs the focus of the retention policy debates to more soft issues other than money. The alignment of the duration of retention and the value derived from the motivation to retain result in another dimension for researchers and practitioners to further investigate and probe.
1.7 CHAPTER LAYOUT

The report structure flows from the research objectives as outlined above. Chapter one introduces the topic by describing its locus and focus. The orientation, context and background of the retention policy as implemented by LPT, which is the problem under investigation, are given. The research objectives and questions are identified and the chosen research approach and design described. The purpose of the chapter is to introduce the topic as well as clarify initial methodological choices made.

In chapter two, relevant theories pertaining to employee retention are reviewed. This was done by conducting a literature review on the existing theories, procedures and best practice retention methods. The chapter has taken into account written books, articles and published journals which relate to staff retention in general. The purpose of the chapter is to propose the psychological contract as theoretical foundation for the research and describing specific retention models used to generate a theoretical understanding of the components important in the management of retention.

Chapter three outlines the legislative and policies framework enabling retention at national, provincial and departmental levels in the Public Service. Applicable acts, by-laws, legislative provisions and guidelines relating to retention in general and those specific to financial skills have been consulted. The chapter argues that the legislative environment enables retention management although emphasis is placed on individual human resource management functions such as training and development or compensation management without recognising the need for human resource management policy integration in order to promote retention.

In chapter four, the problems/challenges emerging from the implementation of the retention policy of the LPT are dealt with. The lessons learnt from the literature study and reviews are then compared to the components identified in retention policies. Respondents’ specific views and perceptions regarding the manner in which retention is managed are analysed with specific emphasis on identifying areas of concern which influence LPT’s ability to retain scarce skilled core employees.
Chapter five provides the findings, conclusions and recommendations pertaining to the study. The findings are based on the analysis from results of the study on the challenges and problems identified in the implementation of the retention policy in LPT in conjunction with literature review. The envisaged recommendations are provided in an attempt to address the inability of the LPT to retain its scarce skilled core employees.

1.8 CONCLUSION

This chapter introduces the problem arguing for the need for the study. The orientation and problem statement, research objectives and questions and central theoretical statements are presented as theoretical basis for the study. The chapter describes the research methodology, approach and design used in the collection of data as well as provides for the chosen data analysis strategy. Specific limitation and delimitation are presented and the chapter concludes by illustrating the significance of the study and arguing for specific attention to be placed on the ability of the LPT to retain its scarce skilled core employees. The following chapter will provide a theoretical overview of the psychological contract as foundation of the study as well as analyse the different theoretical models and components and role players important in the management of retention.
CHAPTER 2
A THEORETICAL OVERVIEW OF RETENTION

2.1 INTRODUCTION

“Appropriate human resource management strategies and policies implemented effectively can significantly assist managers in dealing with employee retention challenges ahead”- Arnold Edwin (2005).

The current human resource management function exists in an era in which an organisation’s human resources constitute its most competitive edge, making it imperative to acknowledge the importance of retention as a core competitive strategy. To succeed in building successful and effective retention strategies, managers must deepen their understanding of the bigger environment and the long-term workforce challenges within which their organisations are operating. As the external environment changes, so does the internal environment and the need for a skilled, competitive, knowledgeable workforce with the right attitude and competencies become undeniable. Managers requiring success in retaining their employees must make retention a competitive core strategy for their organisations (Harvard Business School, 2006: 1, 6, 19). The above indicates that employee retention is one of the key responsibilities of managers, requiring continuous, effective and purposive planning.

Globalisation has made countries interdependent on each other while technological, political and socio-economic changes have made these countries to be part of both the challenges and benefits brought about by these changes (Macdonald, 1997: 3). The study argues that employers are compelled to attract, develop and retain the right skills at all levels to ensure their competitive advantage. As was also argued in chapter one of this report, success in winning the war on retention implies organisations must implement retention as part of the integrated human resource management strategy, thereby ensuring high organisational performance by developing improved processes of attracting, developing, retaining and using people.
with the required skills and aptitudes to meet current and future needs (Masibigiri & Nienaber, 2011: 2).

In this chapter, a literature review of retention is provided, starting with the definition of concepts, the psychological contract theory as a foundation for retention, models for retention, components of retention management, and the role players in retention. The following section will, thus, describe retention within public administration with specific focus on human resource management, retention and core employees.

2.2 RETENTION WITHIN THE FUNCTION OF PUBLIC ADMINISTRATION

Public administration is an area of academic research and also the focus of important practical work accomplished by public servants. According to the Oxford Advanced Learner’s Dictionary (Hornby et al., 2010: 1184) the word public is an opposite of private and it means ordinary people in society in general, something belonging to everyone or a group of people who share a particular interest or who are involved in the same activity. Administration is a noun referring to the activities that are done in order to plan, organise and run an organisation. The word administration also refers to the government of a country (Hornby et al., 2010: 18).

Peters and Pierre (2012: 1-2) define public administration as the process of implementing government policy and also as an academic discipline (Public Administration) that studies this implementation and prepares public servants for working in the Public Service. Akindele, Olaopa and Sat Obiyan (2002: 248) assert that public administration is a field of study that deals with government and how its work is done and is a continuous and active part of government that is concerned with carrying out of the law as made by the legislative body or other authorities and interpreted by the courts through the process of organisation and management. Public administration translates policy decisions into practical reality through public servants who are expected to be impartial (Akindele et al., 2002: 248).

Thus, public administration is concerned with the implementation of government policies which include accepting responsibility for determining the policies and programmes of governments. The functions included for the rendering of public services, usually constitute the focus of public administration. Specifically, public administration could be defined as the planning, organising, directing, coordinating, and controlling of government operations (Encyclopedia Britannica, 2015). Peters
and Pierre (2012: 3) define public administration as the management and implementation of the whole set of government activities dealing with the implementation of laws, regulations and decisions of the government and the management related to the provision of public services. Regardless of the specific focus of public administration, its practice includes functions which should be aimed at promoting public welfare through public service delivery. For the purpose of the study, the practice of public administration specifically entails the retention of financial management practitioners within the LPT.

The UNDP (2006: 5) holds two views about what public administration is. Firstly, it is viewed as the aggregate machinery (policies, rules, procedures, systems, organisational structures, personnel and so forth) funded by the State budget and in charge of the management and direction of the affairs of the executive government, and its interaction with other stakeholders in the state, society and external environment. Secondly, public administration is a revelation of the collective interest and its legitimacy, to a significant extent, hinges on its ability to play a part in the pursuit of those interests.

Public administration is a feature of all nations, whatever their system of government is (Encyclopedia Britannica, 2015). This means that public administration is practiced in all nations and governments irrespective of the system of government in that country. Within nations public administration is practiced at the national, provincial or regional and local levels or spheres as is the case in South Africa. The relationships between different levels or spheres of government within a single country constitute a growing challenge of public administration because of the enormous size of the Public Service, its complexity of the services and different competing citizens’ needs in relation to the scarce resources (Encyclopedia Britannica, 2015). The triangular relationship between the politicians as legislators, the administration as executives and implementers of policies and the public add to the above challenge. Sometimes the distinction between the politicians and administrators is on paper and not very clear in practice. This resulted in what has been called the politics–administrative dichotomy which argues that the separation of the roles of the two concepts is not easy due to the overlaps of those roles in policy making (Peters & Pierre, 2012: 3). The study acknowledges that the current public administration function of retention
takes place within a political environment that also influences the priority that is given to the retention of scarce skills.

The main issue differentiating Public Administration from other related disciplines is the political environment within which it operates. All administrative and managerial issues in the study of Public Administration are dominated by public policy which is the result of political processes (Akindele et al., 2002: 248). The involvement of public administrators and their importance in the process of decision making, make the discipline to be viewed as a political process (Akindele et al., 2002: 248). Indeed public administration in democratic settings has many role players like elected officials, media, various interest groups, policy experts and ordinary citizens participating in public policy making. Thornhill and Van Dijk (2013: 8) define public administration as relating to the activities of the executive branch of government, which deals with the formulation and implementation of public policies and involves issues of human behaviour and co-operative human effort.

Emanating from the above definitions, public administration in this study should be understood as the collective work of public servants in the executive branch, developing, coordinating and implementing government policy. The politicians and executives are different role players of the same process of formulating and implementing policies. For the purpose of this study, the specific policy for which administrators are responsible for is the retention policy of the LPG as implemented by the LPT.

Having defined the concept of public administration, the following section will focus on the concept of human resource management. In line with the focus of this study, human resource management is one of the critical functions within public administration.

2.2.1 Defining human resource management
Human resource management is a function which acts as a vehicle to achieve its objectives through the efforts of its most valuable resource, namely, its people. Together with other related functions, like organisational behaviour, political science, psychology, sociology, social psychology and anthropology, human resource
management comes from the study field of management. Management as a field of study is complex and vast and is concerned with the utilisation and mobilisation of an organisation’s resources, inclusive of natural, financial, technological, information and knowledge-based, energy-related and human resources for its success and survival within the changing environment (Erasmus et al., 2009: 6). Robbins (2009: 1) defines management as the process of coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively. Berning et al. (2010: 16) support the above definition by indicating that management is the art of getting things done through people. Human resources is an umbrella concept used to define all functions included in the human resource value chain that include amongst others human resource management, human resource development, labour relations, industrial relations, knowledge management and legal services (Armstrong & Taylor, 2014: 4). Human resource management is a strategic, integrated and coherent function to the employment, development and well-being of the people working in organisations (Armstrong & Taylor, 2014: 5).

Human resource management is defined by Nel et al. (2001: 16) as activities, policies, beliefs and the general function that relates to employees and the human resource department. Further, human resource management is a broader function which involves strategic planning and implementation as compared to the historical personnel management which is more focused on designing personnel programmes. Human resource management as opposed to personnel management includes responsibilities that can only be assumed by line managers (Nel et al., 2001:17). The concept of human resource management is further defined by Nel et al. (2001: 19) as the process through which an optimal fit is achieved among the employee, job, organisation and environment so that the employee reaches his or her desired level of satisfaction and performance and the organisation meets its goals. Thus, Nel et al. (2013: 6) define human resource management as involving the productive use of people in achieving the organisation’s strategic objectives and the satisfaction of individual employee needs.

There is a difference between human resources as a resource and human resources as valuable assets. Great leaders see human resources as assets that need to be managed conscientiously and in line with their organisation’s needs. Today’s most
competitive organisations are working to ensure that now and a decade from now; they have employees who are eager and able to address competitive challenges. Increasingly this means attracting and retaining superior talent and stimulating employees to perform at peak levels (Werner et al., 2012: 4). The objective of effective human resource management is to maximise the value added by all employees and to achieve this, the organisation must be staffed with the right employees doing the right things, at the right time and place, and under the right conditions (Werner et al., 2012: 10).

Grobler et al. (2011: 9) distinguishes between strategic human resource management (SHRM) and traditional human resource management (THRM). The distinction is based on the role of both concepts in dimensions of planning and strategy formulation, authority, scope, decision making and co-ordination roles. The SHRM participates in formulating overall organisational strategic plan and alignment of human resource functions to the organisational strategy, has high status and authority for top human resource office, e.g. human resource executive is concerned with all managers and employees, is involved in strategic decisions, is integrated with other organisational functions like finance, marketing and production. THRM is involved with operational planning only, has medium status and authority as human resource manager, is concerned with hourly, operational and clerical employees, has moderate to small integration with other organisational functions and does not coordinate all human resource functions (Grobler et al., 2011: 9).

In this study the productive use of people in achieving the organisation’s objectives and the satisfaction of individual employee needs as defined by Nel et al. (2013: 6) is adopted. A satisfied employee is more likely to stay longer in an organisation, while making meaningful, qualitative, quantitative and productive contributions to the services of the organisation.

Having defined human resource management, the next concept which is retention will be defined in the next section. For the specific purpose of the study retention is a sub-function of the human resource management function.
2.2.2 The definition of retention

Ryder (2008: 27) defines employee retention as an organisation’s ability to keep employees who are valued contributors to organisational success as long as it is mutually beneficial. Retention should benefit both the organisation and the employee in order for it to succeed. The Guide on Staff Retention (DPSA, 2006 (a): 9) defines retention as keeping your best employees or most talented employees (as described earlier). Any organisation’s valuable assets are its skilled people. However, a skilled workforce is not always easy to retain because of competition. There is always a war for talented employees, both in public and private sectors (Kerr-Philips & Thomas, 2009: 82).

De Vos and Meganck (2007: 46) define retention management as the ability to hold on to those employees that the organisations want to keep for longer than their competitors. The Guide on Staff Retention (DPSA, 2006a: 9) acknowledges that even though writers on the retention topic differ, they all agree that retention focuses on both attracting employees to join an organisation through focused recruitment strategies and keeping those who are already employed, especially those whose skills are crucial to the organisation.

The Guide on Staff Retention (DPSA, 2006a: 9) further acknowledges that staff retention is about motivating employees, covering both the psychological and the operational aspects of a task, integrating it as part of human resource management or as a specific strategy to obtain or retain staff, requiring a management approach that takes all factors into account and aligning to or depending on almost all human resource management practices. The retention policy cannot be effective without being integrated with other human resource functions. Figure 2.1 below reflects the alignment that all the human resource functions require for retention to be effectively managed. The need for integrated human resource plan which takes into account the proper recruitment and selection, compensation and benefits, employee and labour relations, health and wellness management and human resource utilisation strategies cannot be over-emphasised. For the purpose of the study, emphasis is specifically placed on the retention of financial management professionals, although it should be noted that financial management professionals must first be recruited and selected, orientated and inducted, receive continuous training and development,
have their performance monitored, reviewed and feedback given to keep them motivated and receive competitive salary packages as part of their retention.

Figure 2.1: The linkage of HR practices to retention.
(Source: DPSA Retention Guide, 2006a: 10)

From the above definition, employee retention should be understood as a dynamic and integrated process of recruiting, maintaining and managing key employees with the right skills, knowledge, attitudes and competence who are required for the successful and sustainable attainment of an organisation’s long term objectives. Retention is not an event but a continuous process that is never ending. Retention is therefore a process, with one function leading to and impacting on another. Once managers stop planning and implementing effective retention methods for keeping the right employees at the right time, then they have already lost the battle against retaining key staff.

The retention methods that this study will focus on are motivators as incentives both monetary and non-monetary that may serve as stimulants to employees to stay in organisation. Monetary incentives include salary, cash allowances and performance related bonuses. Non-monetary incentives include recognition of good performance through certificates, trophies, verbal announcements and the creation of acceptable working environment meaning that the conditions and climate under which employees work are improved (Banfield & Kay, 2008: 300). The above entails development of fair employee relation policies and procedures and implementing
them consistently (Armstrong & Taylor, 2014: 409). The work-life balance entail that the employment relations policies cover some of the close family members of the employees (Armstrong & Taylor, 2014: 409). Retention implies an investment in employees where both the organisation and the employees will reap the benefits of this investment. For the purpose of the study retention will be defined as the percentage of key employees with financial skills retained in the LPT whose contribution are required for sustainable competitiveness of the LPT while turnover is defined as the rate at which the LPT loses employees for whatever reason.

The advantages of retention are that the longer the employees with critical skills and knowledge for the organisation stay with it, the more the recruitment cost will be minimised. The direct and indirect costs associated with one employee leaving ranges from one year’s salary and benefits or a maximum of two years’ salary and benefits (Ramlall, 2003: 64). This means that employee turnover is very expensive and if employees are retained, the organisation uses its resources effectively and efficiently. The argument is, thus, that the benefits of retaining employees are far exceeding the costs associated with turnover. According to Phillips and Connell (2003: 2) retention and turnover are always used together because the turnover assists in providing data as to the extent in which retention measures are realised or are failing. Phillips and Connell (2003: 2) define retention as the percentage of employees remaining in the organisation and turnover as the opposite of retention - referring to the percentage of employees leaving the organisation for whatever reason. Phillip and Connell (2003: 2) distinguish between avoidable or voluntary and unavoidable or involuntary turnover. Voluntary turnover is initiated at the choice of the employee, and the involuntary instances are where the employee has no choice in their termination (such as long term sickness, death, and moving overseas or employer-initiated termination).

Turnover or staff turnover or labour turnover is the rate at which an employer gains and loses employees (Ongori, 2007: 50). Thus, turnover looks at how long employees tend to stay. Turnover is measured for individual organisations and for their sectors as a whole. If an employer is said to have a high turnover relative to other organisations in the sector, it means that employees of that organisation have a shorter average tenure than those of other organisations in the same sector. High turnover may be harmful to an organisation’s productivity if skilled employees often
leave and the employed population contains a high percentage of novice employees (Ongori, 2007: 50).

Off-the-job external factors may contribute to employees' decisions to stay or leave. Such factors include amongst others, family pressure, closeness to relatives and community or church involvement particularly if the employee must relocate if she/he was to leave. Organisations ignoring these off-the-job factors may be contributing to employees' decisions to leave (Mitchell et al., 2001: 102). Since this study focuses on the implementation of the retention policy, specifically with reference to core employees, it is imperative that the core employees as targets for retention be defined.

2.2.3 The definition of core employees

An employee is an individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognised rights and duties, also called a worker (Business Dictionary.com, 2010: online). Werner et al. (2012: 9) refers to employees as the organisational members forming very important stakeholders who are residing within the organisation. Swanepoel, Erasmus, van Wyk and Schenk (2013: 1) refer to adult people engaged in some form of work activity within organisations to earn a living as people who qualify to be called personnel, staff, workers, employees or human resources of those organisations. Employees can therefore be said to be people selling their labour in exchange for payment. Further, Swanepoel et al. (2013: 7) identify human resources together with financial, physical and information resources, as one of the four basic resources required by a public service manager to perform successfully.

Banfield and Kay (2008: 20) assert that from the economic and business perspective, instead of the employees seen as people, people are seen as employees or workers. The above statement means that people who are working or employed are called workers or employees. Employees are inputs to the productive process and therefore also seen as an economic resource. Employees are employed because they possess valuable physical and intellectual capabilities required in organisations’ production. It is the economic value that employees add to an organisation which will determine how much the organisation requires and values them. Further, Banfield and Kay (2008: 20) argue that there are challenges of
seeing people as commodities and tangible assets because they cannot be transacted, their contribution is individual and vary with each individual and that workers cannot be valued like the traditional financial principles.

The above definition then leads one to accept that core employees are those employees that are key and crucial assets playing a very critical role in the organisational success due to the key knowledge, skills, experience or abilities they hold. They are the organisation’s true sustainable competitive advantage (Lee, 2000: 1). Core employees are permanent employees comprising the central and foundational group that provides the skills essential to the survival and growth of an organisation. Core employees are supported in their work by contingent or peripheral employees. Something that is core is central to its existence or character. Those employees that add value to the existence of the organisation are core to it.

Moreover, the above definition indicates that core employees are critical and therefore key for the sustainable survival and development of the organisation. Further, from the definition, an understanding is created that different organisations will have different types of core employees who are critical for their continued existence. Werner et al., (2012: 11) refer to core employees as employees who are most closely associated with the activities that generate valued return and usually having the most opportunity to add value. In the case of the LPT whose reason for existence is to monitor and support the Province with financial management, its core employees are amongst others, state accountants, financial analysts, budget analysts, internal auditors, asset managers, supply chain management practitioners and management. This study will therefore focus on the categories of employees mentioned above.

Organisations aimed at winning the battle for retention of core employees or scarce skills must understand the type of contracts that they have to sign with their employees. The implications of the employment contract and the relations created through those contracts are key for both the organisations and the employees. The next section focuses on the psychological contract as a basis for retention.
2.3 PSYCHOLOGICAL CONTRACT THEORY AS FOUNDATION FOR RETENTION

The relationship between the employers and employees affects the decisions for employees to continue their employment with those employers. The psychological contract theory will be used as theoretical foundation for the study as it allows for a deeper understanding of the relationship and obligations that exist between employer and employee which may influence the retention of employees.

A theory is a set of statements or principles devised to explain a group of facts or phenomena, especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena. Theory is the branch of a science or art consisting of its explanatory statements, accepted principles, and methods of analysis (De Vos et al., 2011: 37). Welman et al. (2005: 21) define a theory as a statement or collection of statements that specify the relationship between variables with a view to explaining the phenomena such as human behaviour in a population. For the purpose of the study the psychological contract theory will be used as theoretical foundation for establishing the impact of the relationship between employer and employee on the retention of employees.

Roehling (1997: 204) explains that the concept “psychological work contract” was first introduced in 1960 by Argyris, who based on the field research that he conducted at a plant with the foremen, described it as follows: “Since the foremen realise that this system will produce optimally under passive leadership, and since the employees agree, a relationship may be hypothesised to evolve between the employees and the foremen, which might be called the “psychological work contract”. The employees will maintain high production and low grievances if the foremen guarantees and respects the norms of the employee’s informal culture (i.e. let the employees alone, make certain they make adequate wages and have secure jobs)”. The definition of the concept psychological contract was reshaped based on whether the author focusses more on the employers’ side or he/she emphasises the side of the employees. Psychological contracts are not actual contracts but indicate the beliefs held by employees about the reciprocal obligations that exist within their employment contracts which they have signed with their employers. The contract is core to the relationship of the employee and the employer (Lee, 2000: 1). The perceptions by both the employer and employees manifest themselves in the
attitudes and behaviour. A perceived violation of the psychological contract leads to turnover, negative attitudes towards work, betrayal of trust and unmet expectations. In short, turnover and retention behaviours are affected by psychological contracts differently, depending on how the employee perceives those effects (Lee, 2000: 2).

While originally the psychological contract as defined by Rousseau (1995: 9) included individual beliefs, shaped by the organisation regarding terms of exchange agreement between the individuals and their organisation, this definition did not emphasise the perceived obligation from the organisation as represented by the managers. Subsequently Rousseau and Schalk (2000:1) redefined the psychological contract as the belief systems of individual employees and employers regarding their mutual obligation. This definition recognises that both parties have their perceived obligations emanating from the employment contract.

Thus, psychological contracts are employees’ perception of what they owe the organisation and what the organisation owes them in return. The existence of a psychological contract is based on research that shows that there is risk of turnover when organisations fail to fulfil their promises to their employees (De Vos & Meganck, 2007: 46). Grobler, Warnich, Carrell, Elbert and Hatfield (2011: 242) define psychological contract as unwritten expectations/obligations employees and employers have about the nature of their work relationships. These relationships are a product of engagements and negotiations preceding the signing of employment agreement.

Grobler et al. (2007: 46) indicate that the psychological contract achieves two tasks which are firstly defining employment relationship and secondly, managing expectations. This entails that the believe emanating from the interpretation of the contents of the employment contract and the actual unfolding of the reality as applied at work will influence the attitude and behaviour of an individual employee towards his/her job. Therefore, if an employee’s expectations are met, there exists the possibility that he/she will be happy and his/her trust to the employer may be increased, influencing his/her decision to stay.

Grobler et al. (2007: 245) assert further that there are the old and new psychological contracts. These contracts are differentiated in Table 2.1 below:
Table: 2.1 Comparison between the old and new psychological contracts

<table>
<thead>
<tr>
<th>The old psychological contract</th>
<th>The new psychological contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation is viewed as the parent and the employee as the child</td>
<td>Organisation and employees enter into a contract based on the mutually beneficial work</td>
</tr>
<tr>
<td>Employee’s identity and worth is defined by the organisation</td>
<td>Employees define their own identity and worth</td>
</tr>
<tr>
<td>The employees who stays are views as good and loyal and those leave are bad and disloyal</td>
<td>New recruits are celebrated as they inject new ideas to the organisation</td>
</tr>
<tr>
<td>Employees who do as they are told will work until retirement</td>
<td>Short-term employment and multiple relationships are expected and prepared for</td>
</tr>
<tr>
<td>Promotion is the primary route for growth</td>
<td>Growth is based on personal achievement</td>
</tr>
</tbody>
</table>

(Source: Grobler et al. [2011: 245])

Table 2.1 above, shows that the management should understand the changes that come with new developments and establish their recruitment and retention strategies aligned to those developments. Conway and Briner (2005: 9) assert that the psychological contract concept emanated from the reciprocally perceived interpretations of employment contracts by both the employer and the employees. These contracts are in the main categorised into transactional and relational contracts (George, 2009: 11; McDonald & Makin, 1999: 85). Relational contracts are defined as those where mutual obligations of a long-term nature are perceived indicating a tendency towards retention while transactional contracts are described as those where mutual obligation of a more short-term nature are perceived, with the absence of long-term commitments, thus indicating a tendency towards flexibility and easy disengagements (George, 2009: 11). In contrast to above, Nel et al. (2001: 33) differentiate between three types of psychological contracts which are the coercive, the calculative and the cooperative contract. In the coercive contract, individuals are held against their will just like in prison, the calculative contract is specific and detailed while the cooperative contract is open-ended and less clear-cut and parties to it operate on a mutual trust basis. Transactional contracts relate more to rigid operational methods and may be comparable with coercive and calculative contracts which leaves less room for flexibility and could limit engagement with employees.
Relational and cooperative contracts are similar in that they are more flexible and could encourage employee engagement. Employee engagement could encourage open communication, discussions and feedback on expectations from both employees and employers. Managers could use employee engagement to stimulate productivity by assessing how the employees perceive their work and get an opportunity to clarify wrong perceptions (Robbins et al., 2009: 133). This study will also assess the effects of the relational or cooperative contracts given their flexibility and their ability to stimulate the retention and that of the transactional contracts with their rigidity.

All the above contracts create expectations in both the employee and employer. Unmet expectations of employees by the employer may create a variety of problems ranging from amongst others, dissatisfaction with work, low productivity, poor attitudes towards the organisation, low morale, increased labour turnover, increased conflicts and tension (Nel et al., 2001: 34). The above could therefore work against the retention of employees and lead to employees leaving the organisation due to unmet expectations or lead to low productivity, as argued earlier. Nel et al. (2007: 245), give two types of expectations. Firstly, the type of expectations where the individual has things that she/he expects to get from the organisation and those that she/he expects the organisation to give while the organisation has expectations of what it will get from and offer or give to her/him. These are for example a meaningful work or opportunities for personal growth. Secondly, there are the types of expectations where the individual expects to offer certain things to the organisation and the organisation’s expectation of what to receive from the individual. Examples of organisation’s expectations from the employee are the ability to use time and energy to benefit the organisation and to accept values and goals of the organisation as his/hers (Nel et al., 2001: 34). Further, Nel et al. (2013: 8) explain that individuals set certain personal goals that they wish to achieve in life on the basis of their unique personalities, needs and expectations. Therefore, employees work to achieve their needs, expectations and goals (Nel et al., 2013: 8).

The psychological contract is dynamic and changes with age and situations. The changes are happening both to the individual and the organisation in accordance with the changes in the needs. Newly appointed and young employees have far different expectations than aged employees who have been with the organisation for
a longer duration. Similarly, the organisation’s expectations change from time to
time in response to economic changes. As the expectations change, there is need
for re-negotiation to accommodate the changing nature of the psychological contract.
Continuous changes in needs from both the organisation and the employee in
alignment of these changes to the newly developed expectations require that
management should continuously be reviewing the human resource policies and
practices in line with changing needs and expectations. These actions have the
probability of ensuring that the employees are satisfied and motivated to remain with
the organisation (Nel et al., 2001: 36-37).

The contribution of the psychological contract to motivation comes as a result of met
expectations from both the employee and the organisation. When the employees join
the organisation, they come having their own individual goals while the organisation
also has its own organisational goal. Their constant interactions are aimed at
identifying mutually beneficial goals. These goals are accompanied by various needs
and expectations which require a climate that promotes needs satisfaction. When
the organisational climate is conducive for achievement of individual self-
actualisation needs the individual’s and organisation’s goals can be mutually
beneficial. There is a critical link between the successful interaction of personal goals
and organisational goals as well as organisational success. The psychological
contract is a critical determinant of employees’ work behaviour. There is therefore a
possibility of an employee staying in that organisation for a long period due to this
mutual goal attainment (Nel et al., 2001: 37).

Employee involvement refers to a state where individuals feel strongly drawn to the
objectives, values and goals of the organisation. It is more than membership of the
organisation but rather creates a positive attitude that contributes to the goal
achievement. Employee involvement contributes to performance orientated
employees with strong desires to continue being members of the organisation. Such
an employee will accommodate and accept the organisational culture and goals.
Employee involvement also refers to active relationship between employees and
employer, where an employee is willing to make sacrifices for the employer’s goals
(Nel et al., 2001: 39).
Nel et al. (2001: 40) indicate that employee involvement is closely related to the following four variables: Increased attendance, employee retention, increased employee work involvement and increased effort. George (2009: 3) indicates that there appears general consensus that the psychological contract is promissory, implicit, reciprocal, perceptual and based on expectation.

The impact of the psychological contract between the employer and employee has in the main been approached from the turnover perspective. This is due to lack of retention statistics and the difficulty in interpretation of workplace employee behaviour and attitudes as well as their impact on retention. This study approaches the concept of psychological contract from the different angle, which is the retention perspective as opposed to the turnover perspective.

In summing up, psychological contracts provide distinctive insights into the nature of contemporary employment relationships. Focus is therefore required on individuals within the group settings where teamwork and project approach to achievement of organisational goals and objectives are of crucial importance. Organisations must therefore understand and know who the key employees that they must not lose are and what makes such employees stay as well as what will make them leave. Furthermore, organisations must understand what types of policies and practices they should put in place to retain such employees. The crucial steps to deal with such employees effectively are to engage them in discussions and get their views and perceptions about the policies and practices.

The study undertaken here focuses on whether the retention policy in the LPT recognises individual employee’s needs and as teams and whether adequate provision has been made for those needs in an effort to retain them. Further the study intends to establish whether the contents of the LPT retention policy are implemented effectively to achieve its objectives. The questionnaire survey includes issues such as whether employees’ expectations have been met in areas of training and development, performance incentives and compensation management, amongst others.

Most researchers such as Conway and Briner (2005: 14), George (2009: 3) and Rousseau (1989: 123) who wrote about the psychological contract have concentrated on explicit or implicit breaching of the contract by either an employee or
employer based on perceptions from either side. In this research, the focus is on the nature of the psychological contract fulfilment between employer and employee and their influence on the employee retention management. Research and literature referred to herein, argue that the psychological contract concept dominates in influencing both retention and turnover decisions. There is therefore a need to investigate how this concept affects the retention of employees in the LPT, and whether the policy and strategies applied are achieving the intended purpose in retention of employees in the LPT. The next section focuses on components of retention as dictated through models for retention.

2.4 MODELS FOR RETENTION
Models for retention which are discussed hereunder are the shock and unfolding model, job embeddedness and stay model and contract-sensitive contingent retention model. A model is a three-dimensional representation of a person, thing, a proposed structure, typically on a smaller scale than the original or a thing used as an example to follow or imitate, a simplified description, especially a mathematical one, of a system/process, to assist calculations and predictions, a particular design or version of a product (De Vos et al., 2011: 37). De Vos et al. (2011: 511) further indicate that a model is a representation of reality.

2.4.1 The shock and unfolding model
Mitchell et al. (2001: 96) developed the shock and unfolding model to indicate how people initially think about leaving an organisation in response to a particular event. The types of leaving which Mitchell et al. (2001: 96) called a shock to the system shows that when a shock occurs, whether expected or not, serious thoughts about leaving the organisation follows. The model asserts that people who are satisfied with their jobs will stay in the organisation while those who aren't will leave the organisation. Further, the above model indicates that given the same level of dissatisfaction, people with more alternative employment options will be more likely to leave the organisation than those with fewer employment alternatives. The shock and unfolding model is a model that looks at how people leave their jobs i.e. planned or unplanned coupled with reasons for leaving. These shocks impact both the organisational system and the employee differently. The model looks at four paths which follow different processes and behaviours and those paths are discussed below (Mitchell et al., 2001: 99):
• Path one: following a plan, where the nature of the leaving is known before and it is not influenced by job dissatisfaction and/or search for alternatives e.g. when a part-time contract of employment comes to an end. There has been a plan but the system is still affected by the shock.

• Path two: leaving the organisation without a plan, where there is a shock to both the system and employee when the latter leaves without a plan. The employee leaves without an alternative and in this path emotions cause the abrupt decision to quit the job sometimes without even thinking about the consequences. The shock here may come as a result of violation of expectation and breach of the psychological contract.

• Path three: leaving the organisation for something better, where the leaving is planned for something better than the current job and may be attached to minimal job dissatisfaction and/or where the employee is head-hunted to join another organisation and they decide to leave. In this case, job dissatisfaction is not a major issue as an employee may still be happy with the work that they do but the alternative is so attractive that they cannot decline it.

• Path four: leaving an unsatisfactory place of employment, where employees are dissatisfied about their work and whether with alternative jobs or not, they leave anyway. Path four is also linked to the violation of expectations emanating from the breach of the psychological contract and the extent of the violation determines the extent of dissatisfaction. Emotions and negative attitudes determine negative work behaviour and bring in anger and decisions to quit.

From the above it may be argued that many people who are relatively satisfied with their jobs could leave anyway. Further that people in paths two and four who experienced a shock, left much more quickly than those in path one and three who also experienced a shock but searched for alternative employment. However in path three of this model, the employees’ search for an alternative may take more time than path four where employees who were dissatisfied, may even leave without searching for another job or waiting to be offered an alternative job. In path four,
employees who are dissatisfied did not even search for alternative jobs but leave immediately (Mitchell et al., 2001: 101).

Job satisfaction is evaluated against the salary, supervision and chances of promotion, work environment and the job tasks performed. In support of the criteria to assess the basis for job satisfaction, Robbins et al. (2009: 133) agree that employees judge issues like fair remuneration for the work performed, validity of performance appraisals and the adequacy of working conditions and react in line with their individual interpretations. This model further shows that if employees are dissatisfied in one of the above, they start searching for alternative employment. The search for alternatives indicates an intention to leave the organisation and where alternatives are perceived to be more favourable than those in the current job, dissatisfied employees will leave.

Robbins et al. (2009: 133) support this model, and cite absenteeism, turnover and job dissatisfaction as reaction to an individual’s perception of their work and also serve as determining factors for employees’ behaviour and attitude. Dissatisfaction with working conditions, lack of promotion opportunities are judgments based on efforts by employees to create meaning out of their job (Robbins et al., 2009: 133). Meaningful work and interpretation that the job is good could influence employees’ decision to stay. Job satisfaction contributes to positive attitudes towards retention in an organisation while job dissatisfaction contributes to negative attitude towards retention (Mitchell et al., 2001: 87). Similarly, if alternatives are judged to be more favourable in comparison to the current job, the employee is predicted to leave (Mitchell et al., 2001: 98).

Mitchell et al. (2001: 96) indicate that the reasons to stay in organisations which also add to job satisfaction include job enrichment, good supervision, clear roles and met expectations while job dissatisfaction is linked to job stress, repetitive work, role ambiguity and role overload. The model further asserts that economic factors like compensation, benefits and other rewards influence job satisfaction and that turnover is initiated by job dissatisfaction. Equally, high levels of job satisfaction are maintained by job design and work environment (Mitchell et al., 2001: 97). A further analysis by Conway and Briner (2005: 87) brings perspective on the need to avoid generalisation of what constitute job satisfaction and job dissatisfaction and their
varying effect on the outcome. This means that the relation between breach and fulfilment of the psychological contract and the outcome can be represented by a straight line, where breach is associated with negative consequences like job dissatisfaction and fulfilment being associated with positive consequences like job satisfaction. Furthermore, an increase in breach will lead to an increase in dissatisfaction and an increase in fulfilment of promises will lead to further job satisfaction (Conway & Briner, 2005: 87).

The employees leave organisations either for personal reasons or reasons influenced by employing organisations. Voluntarily or through external pressure coming from the employer, both the employee and the employer pay a price for leaving in one way or another. For employees, the adjustment to the new environment and people with whom employees are acquainted may be stressful while the organisation loses valuable knowledge and expertise gained through experience. In both the employee and employer involve costs though at a different intensity (Mitchell et al., 2001: 96).

The above model was discussed to understand the conditions under which employees decide to leave the organisation with a view to equip managers with the understanding and to check available measures in literature written by various authors to mitigate against it. Managers need to include proactive measures to minimise turnover and motivate employees to continue providing services to the organisation. Factors that lead to job satisfaction as well as job dissatisfaction will be used as theoretical arguments in this study. The next section will focus on the job embeddedness and stay model and how it influences the retention of employees.

2.4.2 Job embeddedness and stay model
The job embeddedness and stay model was developed by Mitchell, Holtom, Lee, Sablynski and Erez (2001) focusing on why employees stay in an organisation. Job embeddedness is, according to Mitchell et al., (2001: 102), a traditional perspective on why people stay with an organisation as opposed to why people leave it, which is a different approach from the turnover perspective. Included in the perspective are job satisfaction and other attitudes like positive feelings, organisational commitment and perceived organisational support. The above fits very well with the assertion by Maellaro and Lee (2009: 295) that overall well-being has both physical and mental
components and it is about feeling positive and having enough energy to be productive at work and to enjoy non-working life. Furthermore, the above emphasises that management in organisations must ensure that they do not contribute to making their employees mentally or physically ill when they interact with them (O’Reilly, 2006: 22). Embeddedness can be aligned to attachment also referred to as membership (Nel et al., 2001: 37) which, together with involvement, must co-exist for the employee and the organisation to attain their mutual goals for continued and sustainable membership of employees in the organisation. The crucial question here is about what makes employees stay in an organisation. Employee attitudes and work behaviour require much more understanding in relation to organisational efforts to embed employees. Once an organisations stop to involve and engage its employees, its embeddedness is placed at risk.

Equally, attachment to on-the-job factors like other employees and activities may contribute to employees’ decisions to stay. Attachment comes as a result of links. Links are defined as the connections between a person and other people, groups or organisations. Links can also be on-the-job and off-the-job. On-the-job links are connections with other employees, management and working groups and teams all occurring on the job while off-the-job links are connections occurring in the community, church and other projects emanating from interactions with external stakeholders. Organisations see links as an important contributor to attachment and therefore use various strategies to encourage it. Such strategies can include the appointment of mentors for employees (Mitchell et al., 2001: 102). Meyer, Bushney, et al., (2012: 276) assert that mentoring and coaching contribute to job satisfaction and employee retention.

Organisational fit is another concept that influences staying decisions and is defined by Mitchell et al. (2001: 103) as an employee’s perceived compatibility with job, organisation and community. Fit is a critical factor communicated during employee orientation and induction when employees join the organisation and are still establishing themselves. The more the employees fit into their jobs, co-worker and organisational culture and community, the more likely they are to stay.

Related to the concept of fit is sacrifice, which is defined by Mitchell et al. (2001: 103) as the cost of what people give up when they leave their jobs like retention.
bonuses, retirement funds and long service recognition which are attached to their staying in the job until their retirement age. Sacrifice is also both an on-the-job and off-the-job factor given up when one leaves. Examples of sacrifices are, on the one hand, long term training which has been invested in employees that employers loose when employees leave while on the other hand, employees loose flexi-time; time off and child-care support centres at employment side when they leave their employment. Most of the organisations are competing in putting structures like day care centres to retain their employees. These structures alone make it difficult for the organisations to use them as the only measures serving as deterrents for employees to leave, and therefore, organisations will have to do much through employee engagement to obtain their needs that would ensure employee retention (Mitchell et al., 2001: 103).

Mitchell et al. (2001: 103 & 104) further indicated that job embeddedness is a positive factor to retention. Embedded employees tend to stay even though effects of the shock model are applied to them. This study will investigate whether there is a good fit between the employees’ personal goals and those of the organisation. A good fit is likely to influence the employees’ decisions to stay longer in the organisation and supports retention. This study will investigate whether the LPT employees are involved in making suggestions on improvements pertaining to their work and in decisions that affect their work. Involved employees understand their work and environment better and their morale is boasted and then they become excited about their work. The study would investigate whether the fit between the employee’s goals and those of the organisation indeed is positively and further whether the links with supervisors and co-workers is one of the key considerations for decisions to stay or leave the organisation. Further, whether attachment is a factor to deter employees from leaving the LPT will be investigated and then analysed. Of importance is to see how the factors highlighted above are applied through the LPT employee retention policy. Managers should take advantage of these concepts and their value in employee retention and apply them as part of their management strategies. The strategies may be well defined through the various human resource policies including retention, but are the managers implementing them in such a way that the intended objectives are met? Hereunder, follows the contract-sensitive contingent retention model and its influence on retention.
2.4.3 Contract-sensitive contingent retention model

The contract-sensitive contingent retention model was developed by Gregory Lee and is a strategic model which attempts to define and understand the fit between the organisation and its human resource and implement appropriate contracting strategies (Lee, 2000: 4). This model indicates the relationship between the employees and employers based on their acceptance levels. Changes in expectations due to changes in needs will lead to new expectations which bring along what is referred to as a new psychological contract. Employees whose acceptance of the new psychological contract is high and those whose acceptance is low are compared to the employers whose approach to new psychological contracts is described as “buy” or “make” organisations.

In this model, Lee (2000: 4) argues that the buy organisations are those which are high on transactional contracts and low on relational contracts while the make organisations are those high on relational contracts and low in transactional contracts. Organisations that are high on acceptance of transactional contracts have less of an attachment approach to employees and will therefore buy the skills required when they require those skills. In such cases, organisations become more inclined to have short term contracts with their employees. Organisations that are high on relational contract and are low on acceptance of transactional contract, are called the “make” organisations as they develop their own employees on long term basis and have more chances of retaining their employees for longer periods (Lee, 2000: 4-5). A “buy” organisation is therefore an organisation which will buy or rent the skill from consultants as and when it needs to utilise the skill, for example, short term professional services as opposed to a “make” organisation which will prefer to make or develop its own skills through training and development of its own employees for long term services.

Robbins et al. (2009: 107) explain concepts like person-job fit and person-organisation fit as inherent to understanding the model. A person-job fit is an effort to match job requirements to the personality characteristics of an individual. This explains that employees whose careers match their personality and jobs are more likely to stay in those organisation and visa-versa. Equally, the person-organisation fit is where people are matched to the organisation and their jobs.
here is that people are attracted to and selected by organisations that match their values and culture and leave those organisations not compatible with their personality, values and culture. The fit in person-job and person-organisation, where the employee’s personality, values and culture match with the culture of the organisation predicts job satisfaction, commitment to it and low turnover which implies a positive effect on retention (Lee, 2000: 107 - 108).

Equally, Lawler (2003: 117) talks about buying versus development of own talent. This approach to employee development is comparable to the make organisations referred to above. Organisations that buy talent would be equated to those that employ service providers for specific services where they do not have those skills, either because they are not developing the specific skills which they need and do not have or they are still busy with their development while using the service providers. The organisation must decide whether to develop its own skills from its own employees or to buy those skills. Each of these options has its advantages and disadvantages. Developing own skills is good investment in employees, motivates them and creates a culture of learning in the organisation and could lead to retention of employees. However, own employee development is expensive and will not immediately have the skills available for current use from within but only in the future. The risk is that due to rapid changes in technology and flexibility of some nature of work provided by those organisations by the time the skills are available, they might be already outdated. Further, it is not guaranteed that the employees will stay with the organisation after receiving the development, although they may enter into a formal contract to do so, they may be bought by the recruiting organisations. Buying skills from service providers is quick, but some skill may be very expensive due to the scarcity of the relevant skills in the labour market, for example specialised information technology skills.

The model further indicates that there are four paradigms attached to the contract sensitive contingent retention model i.e. the full retention, full flexibility, rebellion and the manipulation paradigms. This is reflected in Figure 2.2, below. In the full retention paradigm, as known as research proposition 1, the employer and the employee are both positioned low in accepting the new contract and they all have relational aspects which give the organisation confidence of attaining full loyalty from its employees. In this case, long term stability, internal career development and
organisation specific training can be opted for with more certainty of long term retention being highly positive. In the full retention paradigm, the employee and employer employment relations are both relational. Actual turnover and intentions to leave are the lowest in this case. The full flexibility paradigm, referred to as research proposition 2, is characterised by the transactional employment relationships emanating from both the employer and employee. This means there is a high degree of turnover which requires the organisation to position itself to minimise entry and exit costs. The above is aligned to what is referred to as full flexibility which indicates that employees have high job satisfaction and commitment (Lee, 2000: 5).

The rebellion paradigm, also known as research proposition 3, is where the employer’s acceptance of the new psychological contract is high while the employee’s acceptance is low. This is reflective of situations in which organisations downsize and employees have low morale as they still expect that the old arrangement should continue. This can be compared to resistance to change and feelings of betrayal on the employee’s side, with higher incidences of rebellion behaviours above all the other three research propositions i.e. 1, 2 and 4 (Lee, 2000: 6).

With the manipulation paradigm, employees are positioned high in accepting the new psychological contract while the employer is positioned low in acceptance. Employees do not perceive loyalty as a requirement and the employer who has retention intentions needs to be strategic in measures put forward to counter employees’ behaviours. This requires changes in processes and practices and is referred to as research proposition 4, where the use of retention programmes will be negatively related to the full retention relationship but positively related to intent to turnover for manipulation relationship (Lee, 2000: 6).

The nature of contracts that employees get into and the way the managers negotiate the terms of contracts within the changing environment and needs have the influence on the type of expectations and obligations from employees. In this study the semi-structured questionnaire will also cover what influence the changing nature of the psychological contract has on employee retention. The research will also determine what attracted the employees to the LPT.
Employee acceptance of new psychological contract

Low (Relational)  High (Transactional)

Low (Make)  High (Buy)

<table>
<thead>
<tr>
<th>FULL RETENTION PARADIGM (RESEARCH PROPOSITION 1)</th>
<th>MANIPULATION PARADIGM (RESEARCH PROPOSITION 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees = relational</td>
<td>Employees = transactional</td>
</tr>
<tr>
<td>Employers = make (relational)</td>
<td>Employers = make</td>
</tr>
<tr>
<td></td>
<td>(relational)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REBELLION PARADIGM (RESEARCH PROPOSITION 3)</th>
<th>FULL FLEXIBILITY PARADIGM (RESEARCH PROPOSITION 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees = relational</td>
<td>Employees = (transactional)</td>
</tr>
<tr>
<td>Employers = buy (transactional)</td>
<td>Employers = buy</td>
</tr>
<tr>
<td></td>
<td>transactional</td>
</tr>
</tbody>
</table>

Figure 2.2: Contingency model of key employee retention.
(Source: Lee, 2000: 1)

While different models have been developed in determining the influence of specific individual and organisational factors on retention, the study acknowledges that both individual and organisational factors need to be considered in understanding the reasons why employers are unable to retain core employees, specifically within the LPT. Since the models describe different components as inherent in employee retention, including human resource planning, compensation and training and development, these components will now be described in more detail.

2.5 COMPONENTS IN RETENTION MANAGEMENT
The Employee Retention Survey (Fallaw & Kantrowitz, 2013: 8 & 15) indicates that although employee retention is ranked top of all human resources initiatives in 2013 and 2014 respectively, 75% of organisations have no strategy or budget for it (employee retention). Retention management should be understood alongside the role played by the psychological contract in key or core employees and how those employees perceive the behaviour of employer in actualising the promises of the mutual relations. Management must understand this role and ensure that their
retention policies are inclusive of the expectations of employees and ensure appropriate implementation of such policies.

The preceding section described theories and models of retention and the following will focus on components in retention management and how they may impact on retention. They are human resource planning, training and development, motivation, performance management and compensation which will not be described in more detail.

2.5.1 Human resource planning
Helen Drinan from the Harvard Business School (2006: 2) advises managers to understand the bigger organisational environment within which their organisations operate as well as the long term work force challenges coming their way to be able to build successful retention strategies. Norton, also from the Harvard Business School (2006: 5) advocates that managers who are measuring the contribution by talented employees are in a better position to manage their human assets. Fritz in Results Driven Management (RDM) (RDM, 2006: 6) urges organisations to familiarise themselves with metrics related to aggressive targets e.g. to reduce turnover by 25% per year and increase retention targeting targets. All these emphasise the importance of human resource planning as an integral component to ensuring the retention of talented employees.

Human resource planning “refers to the activities associated with scanning and assessing the environment; specifying the objectives to be achieved by human resource activities, along with the measures to be used to assess the achievement of those objectives; and developing specific plans for human resource policies and practices along with timetables for implementing the plans” (Werner et al., 2012: 83). Retention success is built on proper human resource planning which takes into account the process from the recruitment to the exit of employees from the organisation. Human resource planning must always be aligned to and informed by the organisation’s strategy. Erasmus et al. (2009: 125) define human resource planning as the process of systematically reviewing human resource needs to ensure that the required number of employees, with required competencies is available when needed.
Strategic human resource planning is about the effective utilisation of an organisation's human resource in such a way as to achieve the objectives of that organisation. The process entails linking the human resource plan to the organisation's strategic plan. Strategic human resource planning is also the two-way operational link between high-level strategy and action-orientated implementation that can be regularly monitored and evaluated. Therefore, human resource planning aims to ensure that an organisation has the right people, with the right skills, at the right place and at the right time (DPSA, 2008: 21).

The Integrated Human Resource Plan (IHRP) is an integrated planning model that seeks to consider all aspects of human resource practices at the stage of planning for effective human resource management. Human Resource Planning is “the process of assessing the organisation’s human resource needs in relation to organisational goals and strategies” (PALAMA, 2009: 20). The Guide and Toolkit on Strategic Human Resource Planning (DPSA, 2008: 11) identifies seven principles of human resource planning, as shown in Figure 2.3 which include:

- The adoption of strategic approach in developing the human resource plan. This is done by linking the human resource plan to the departmental strategic goals, developing strategies for shaping the workforce and integrating the human resource strategies with the mission. The challenge facing departments on this principle is their inability to clearly link the human resource strategies to the departmental strategic outcomes of the programmes.

- The utilisation of a recognised human resource approach in which an established approach guided by the best practices is shared by all within the department to achieve the best results.

- The participation by all stakeholders in the development, communication and implementation of the human resource plan. Management must take the lead in giving the overall direction and goals, integrating succession planning, information technology and financial resources. Employees and other stakeholders being involved and participating actively in developing and implementing current and future human resource strategies.
- The determination of the supply and demand of human resources inclusive of the identification of required critical and scarce skills and competencies for strategic and programmatic results.

- The customisation of strategies to address workforce gaps where critical skills and competencies are developed and implemented.

- The monitoring and evaluation planned prior the implementation to guide the approach to the evaluation measures. The evaluation measures must include the progress and contribution towards goal achievement as well as how well is the department implementing the recruitment, development and retention strategies. The overall evaluation should focus on the effect of the human resource plan on the overall programmes goal achievement for the appropriate adjustment and improvement where needed.

![Figure 2.3: The 7 Human Resource Planning Principles Source: DPSA (2008a: 11).](image-url)

The retention of employees cannot therefore be successful without proper alignment to the overall organisational strategy and programmes objectives and integration of all human resource practices into the human resource planning. The managers must plan properly to derive the value of effective integrated human resource practices. The human resource plan, if well developed and informed by the strategy of the organisation, streamlines all the human resources practices and ensures easy
analysis and improvement. The process of human resources planning should be a joined effort, between managers and all affected stakeholders (Erasmus et al., 2009: 130).

The place of retention management as part of human resource planning in the LPT is determined in this study. The process followed in developing such a plan should be interactive and based on factual statistics of the turnover figure in a determined period, e.g. the statistics of turnover in the organisation for the past three years, should be obtained and compared. This study will therefore be in a position to provide answers to whether the LPT has an effective retention policy which is part of an integrated human resources plan as a key component within other human resource functions. One component of human resource planning is training and development which is also a motivator for retention and is discussed in the next section.

2.5.2 Training and development

According to Nel et al. (2011: 359) training is a tool to develop the full effectiveness of the most important resource of an organisation – its employees. Training is directed at, amongst others, improving employees’ job performance, bringing about behavioural change, and must be results-oriented, focusing on skills and abilities to perform the job, be measurable and make a real contribution to improving both goal orientation and internal efficiency of the organisation. Development is defined as the formal education, job experiences, relationship and assessment of personality and abilities that help employees prepare for the future (Nel et al., 2011: 359). Through development, employees are prepared for the future as development focuses on developing people for tomorrow’s organisational needs. Development is usually aimed at employees serving at managerial posts within an organisation to strategically align the management potential to organisational strategy. Further, training and development lead to professionals who specialise in work that is aligned to the core function of the organisation.

Professionals in an organisation should be socialised to its culture. George (2009, 37) shows that professional socialisation involves acquiring a sense of occupational or organisational identity and internalising group values and norms into his/her own behaviour and self-conception which then becomes the basis of psychological
contract development. The indication by George (2009) relates well with Nel et al., (2001: 37-39) where they indicate how individual goals are integrated with the organisation and its culture through attachment and involvement.

Personal growth and professional development opportunities are also affecting decisions to stay or leave. As indicated by Robinson and Rousseau (1994: 247) strong career path-oriented employees may not stay long in the organisation and may be more focused on self-development and prefer transactional types of employment relations. However, assuming that the profession aligns with the core of the organisation, the relationship may also be long term thereby stimulating retention. Where there is conflict between personal and organisational commitment, then the individuals would follow their career and leave (George, 2009: 107). The study, therefore, argues that emphasis on development, specifically development of core employees as talent to the organisation, should be included in a retention policy.

Pruis (2011: 207-215) indicates five key principles for talent development which are:

- The formulation of clear talent policy which defines what talent is.

- Ensuring that talent development is an integrated process and defining the talent development process. Of importance is to adopt the strategic human resource thinking from recruiting correctly, defining the post specification clearly, correctly matching the applicant’s profile to post requirements. Partnerships with educational institution to align syllabus and workplace needs must be created.

- The presentation of clear organisational needs by defining what talent development must lead to. The clarification of the goal of talent development is key to structure the development programmes to respond to the departmental strategic objectives. The corporate culture of high performance is created as a result.

- The offering of mentoring by true role models for leadership development who will ensure the sustainability of talent development for continuous high performance.
The harnessing of the power of the talent pool for organisational survival.

The above principles when applied correctly will entice the employees’ retention as they will realise that the employer cares about their development. The challenge facing organisations in the current developed environment is the changing nature of the type of development required by the employees. The employees are very flexible and not focusing on one career and therefore require multiple skills, knowledge and competencies to multi task and sometimes not in one organisation. Lawler (2003: 115) proposes that for the purposes of retaining employees organisations must provide employees with information on their strategy, technical areas and core competencies required by the organisations for their future so as to enable those employees to decide what and how to learn. This is because employees have diversified career needs and options. There are, however, specific areas that could exist where the organisations may need to support their employees financially for long term employee development for example, leadership and managerial development programmes which are part of the scarce skills (Lawler, 2003: 116).

This study will through the semi-structured data collection questionnaire, determine the influence of training and development on employee retention and whether managers could benefit from the alignment of training and development to retention management. The section that follows focuses on the discussion of motivation as a component of retention.

2.5.3 Motivation
Motivation is the force that drives people to achieve certain goals and objectives which arise from the people themselves. Motivation is intrinsic in nature and requires an external stimulant. In organisations, management acts as stimulants by creating opportunities that will motivate employees (Berning et al., 2014: 25). Management should therefore, have a clear understanding of employee conduct in order to be able to influence their action. Employees take decisions based on whether their needs have been satisfied or not. Further, employees are motivated differently by different stimulants (Berning et al., 2004: 54). Grobler et al. (2011: 37) define motivation as the force that energises behaviour, gives direction to behaviour and underlies the tendency to persist even in the face of one or more obstacles.
Therefore what motivates one employee may not necessarily motivate the other. The intensity and levels of motivation also differ from employee to employee.

Nel et al. (2011: 289) indicate that motivation in an organisational context is referring to people who work hard, take initiatives, apply their skills where needed, and put in an extra effort to achieve goals. Furthermore, motivated people voluntarily and enthusiastically do more than what is required of them. Motivation is intentional and directional, motivated employees are always aware of the specific goal to be achieved and continuously directing efforts towards attaining the goal even in adverse situations. Motivation is affected by both internal (individual needs) and external (organisational reward systems). Management should ensure that they know their employees' needs to be able to influence them through organisational rewards which would be serving as motivation to them. It should further be emphasised that rewards do not only refer to money but other motivating factors like a holiday or training packages for employees.

De Vos and Meganck, (2007: 46) assert that due to the high costs linked to the employee turnover, human resource managers are required to develop policies that will enable them to retain their talented employees. These polices are called retention management policies which is defined as the ability to hold on to the employees that organisations want to keep for longer than their competitors. De Vos and Meganck (2007: 46) referred to motivational factors taken from Maertz and Griffeth (2004: 669) which are driving employees’ decisions to stay or leave organisations. These motivational forces include normative, calculative and contractual forces. The motivational forces are named so because of the different psychological contract types, as described earlier. In the normative/coercive contract, individuals are held against their will just like in prison and they are negatively motivated by this type of situation. The calculative contract is specific and detailed while the contractual/cooperative contract is open-ended and less clear-cut while parties to it operate on mutual trust basis. All these motivational forces are reactions based on the employees’ perceptions of what they owe the organisation and what the organisation owes them in return based on the nature of the specific contract. Retention policies must therefore be developed with due consideration of the factors that work as motivators for retention. The psychological contract
perspective might be useful for understanding the importance of retention factors in employees’ employment deals (De Vos & Meganck, 2007: 47).

Backhaus and Tikoo (2004: 502) are looking at employer branding as the organisation’s value system, policies and behaviours towards the objectives of attracting, motivating and retaining the organisation’s current and potential employees. Employer branding refers to the process of building an identifiable and unique employer identity and the employer brand as a concept of the organisation that differentiates it from others. In this way, organisations use their value proposition as an embodiment in their brand. They use their organisational culture, management style, qualities of current employees, current employment image and service quality to showcase the value they offer to their employees. The reputation that they create for their organisation promotes their status to the extent that their employees identify with the organisation and become part of what attracts and retains prospective and current employees respectively. Such organisations, in keeping with the brand, create a workforce that is hard to duplicate, reinforcing the concept of quality employment and contributing to employee retention through the brand thereby contributing to the willingness of employees to stay with the organisation (Backhaus & Tikoo, 2004: 503-4). The branding is also an organisational stimulant for employees who would like to work for a perceived good employer and this could influence employees’ decision to stay in an organisation.

This study uses a semi-structured questionnaire to determine the critical role played by motivation in retaining employees of the LPT. Further, verification of the motivating factors which have been included in the employee retention policy of the LPT will be done through the questionnaire referred to above. The study will also investigate the effectiveness of motivation in achieving the intended objectives of the LPT’s policy. Lawler (2003: 179) attest to the fact that reward serves as a motivator and further that in line with the expectancy theory, people choose to join and remain in the organisation that offers them the best mix of compensation that they value (Lawler, 2003: 48). Good compensation lead to possible retention of employee and therefore, the next chapter focuses on compensation management.


2.5.4 **Compensation Management**

Compensation is seen as a common tactic to retain employees, however, in the professional sphere; more emphasis is put on perceived fairness and transparency of the compensation rather than the level of compensation. Compensation/total rewards refers to not only extrinsic rewards such as salary and benefits, but also to intrinsic rewards such as achieving personal goals, autonomy and more challenging job opportunities. Employees’ compensation affects their productivity and their tendency to stay with the organisation. The degree to which compensation affects productivity is a point of difference between researchers; however, there is consensus that there compensation could affect productivity (Grobler *et al.*, 2011: 401).

Compensation plays a crucial role in attracting job seekers to specific jobs. Equally, employees' inadequate compensation is often the cause of turnover. Of importance is that human resource managers must ensure compensation equity within the organisation. Grobler *et al.* (2011: 403) have found that a perception of inequity is short-term in nature and that perceptions of unfair treatment may cause employees to leave the organisation. Although job satisfaction is considered a strong determinant of turnover, the employee’s perception of inequity is even stronger.

Organisations should be aware of the effect of inequity in compensation on decisions by employees to leave or stay and ensure that their policies and practices are properly designed to assist them retain their key employees. Just like in any other organisation, the human resources in the Public Service have freedom in making employment choices. To retain their key employees, who are regarded as assets, organisations must compensate them adequately for the services they have rendered. There must be equal pay to equal work of same value (Erasmus *et al.*, 2009: 345).

This study investigates whether compensation management and the payment system in the LPT are considered to affect employees’ decisions to stay or not and the extent to which compensation is part of its retention policy. The compensation system of the LPT is consistent with the whole of Public Service and critical is whether there is fairness and consistency in applying it. The system of grading of posts used in government is the Equate System and requires that employees of
equal grading be remunerated equally (South Africa, 2001b, part V.A1 [b]). The allowances that are paid should also be consistent and applied to people doing the same work under the same conditions. If employees perceive the compensation system and its management to be consistent and fair, they are inclined to be satisfied and stay longer in the organisation.

Intrinsic reward is distinguished from extrinsic reward which was discussed above. The intrinsic award is equated to the intrinsic motivation that employees have to achieve their own goals and those of the organisation. This motivation is the inner feeling employees have about the work and its worth. Intrinsic reward is based on the passion that employees have on their work. The pleasure that they derive in doing what they value and love motivate employees sometimes more than the value they would put on tangible rewards like money and trophies in recognition of their performance. Employees are motivated by the feeling that their work is valuable, important and challenging and getting the autonomy to initiate and be innovative about their work (Armstrong & Taylor, 2014: 170).

The implications to note is that taken that the two types of rewards are complementing each other while satisfying different needs and motivation i.e. intrinsic and extrinsic (Banfield & Kay, 2008: 299, 315-516). If one is implemented without the other, for example, if employees are given the autonomy to plan and implement their work without recognising their skills, competencies and innovation, they would not be motivated to continue working in such an environment. They would be looking for other opportunities somewhere where their valuable contribution to the success of the organisation will be valued and rewarded for them to be extrinsically motivated. For retention to succeed, managers must ensure that both extrinsic and intrinsic rewards are given to the employees to give them both intrinsic and extrinsic motivation. There is a positive link between compensation and retention as discussed above. The next section will focus on performance management.

2.5.5 Performance management

Performance management is a process which significantly affects organisational success by having managers and employees working together to set expectations, review results and reward performance. Performance management is a broader term than performance appraisal which is a process of evaluating how well employees
perform their jobs when compared to a set standard. Performance management happens at both individual and organisational levels which must always be aligned. Individual performance must always fit into organisational performance (Grobler et al., 2011: 293). When performance management systems are tied into the objective of the organisation, the resultant performance is more likely to meet organisational needs. The above approach represents a more holistic approach to performance management (Nel et al., 2011: 516).

Performance management is a management function and creates an opportunity of management to be close to the employees, when monitoring how employees perform, coaching and mentoring and giving feedback on the employees’ performance. If well planned and managed, performance management can lead to managers knowing their employees well and understanding their potential as well as their needs. This has a potential to have their needs satisfied and through continuous feedback and engagement, employees feel that they contribute and add value to the organisation. When employees feel part of the organisation, they are likely to stay inclined to stay with that organisation (Armstrong & Taylor, 2014: 62).

Objective performance management and the proper application of the incentives that are attached to the organisation will be a positive contributor to the organisation. Performance management is a tool that management utilises to motivate employees not only through monetary reward and therefore utilised effectively, it has the potential to attract and retain employees. This study will also look at the effect of performance management from performance management incentives, feedback and allocation of meaningful assignments to employees and recognition of inputs by employees in employee retention. The study assesses whether performance management is considered as a factor in the LPT’s retention policy and whether it is applied correctly leading to the realisation of the policy objectives. The factors in retention were discussed to indicate their impact on the retention management and whether they drive or negate employee retention.

2.5.6 Work life balance

Work life balance, which is where there is a fair level of balance and flexibility for employees, has become a consideration for employee retention. This is due to the changes in economic trends and labour markets which includes also participation in
extra mural activities in keeping with the general wellness and health of the employees. Labour legislation has also an impact here where employees are allowed to plan their work schedule and employers offer flexibility. Employees’ choice of which organisation to work for and for how long are also influenced by these factors of work life balance (George, 2009: 108). The work-life balance is also about making provision for employees to have time for family responsibilities and scheduled time for work schedule. There has to be balance created between the work and other domains of life (George, 2009: 108).

Related to the work-life concept, Spector (2012: 287) talks of work-family conflict as a form of extra role conflict, in which the demands of work interfere with those of the family, specifically if there is no balance between work and family responsibilities. Too much work-family conflict can lead to too much stress and physical health problems. Flexible work schedules and on-site child care facilities help reduce work-family conflict (Spector, 2012: 288). To this effect, the provision in government policy for leave is made where employees are allowed five days special leave for death of employee’s child, life partner or immediate family member (DPSAa, 2015: 32). Government has also introduced health and wellness programmes which support work-life balance through psychosocial support provided through counselling and physical activities through sports on weekly basis to balance employees’ bodies and mind for their health and their organisations to have continued performance (LPT 2014, 12-13).

Another area of work life balance, as defined by George (2009, 108-110) is downshifting where employees, either voluntarily or through force, are given lower post responsibilities in exchange for lesser demanding work or change from fulltime to part-time work as a result of the state of their health, perceived breach of contract and/or age considerations. Here employees are said to have changed from the relational psychological contract to the transactional psychological contract in exchange for their well-being.

Thus, the study argues that work-life balance supports retention in that at least employees are just changing roles instead of leaving the organisation. However there exist situations in which employees retire earlier than anticipated in view of their health status or not coping with the rapid changes in the nature of work and
technology, for example early retirements prior to reaching the mandatory retirement period. In such instances, retention would not be possible; however, such exits are also properly regulated to ensure that employees do not unnecessarily abuse those options. The Policy and Procedure on Incapacity Leave and Ill-Health Retirement (PILIR) is one such policy provision (DPSA, 2009: 5), see section 4 for objectives.

The work-life balance discussed above has indicated the possibilities of flexible work arrangement to allow employees to respond to other responsibilities while at the employ of organisations which is positive measure for retention with few exceptions as highlighted above. The next section focuses on the role players in retention management.

2.6 ROLE PLAYERS IN RETENTION
The human resource units or departments, employees, labour unions and managers must work together to plan and implement retention in organisations (DPSA, 2006a: 14). The role that the above play in the human resource practices is important for successful implementation. The participation by those role players in retention facilitates understanding and ownership by those role players. These role players are discussed below.

2.6.1 The human resource departments
The human resource departments are referred to as the departments dealing with the coordination of appointments, remuneration and rewards, performance management, career management, training and development, relationship management, job design and structures, general employee administration, culture management, industrial management and exit management. The primary task of the human resource department is to ensure that the organisation’s human resources are utilised as effectively as possible (Grobler et al, 2011: 11 & 14). The human resource departments in organisations are required to play a strategic role in all human resources practices and are therefore regarded as strategic partners. There is always a tendency for some organisations to view the human resource function as a responsibility of the human resource practitioners alone (DPSA, 2006a: 14). While the study acknowledges the importance of human resource practitioners it argues that retention is a shared responsibility of the management in the organisation in collaboration with the human resource departments.
The role that the human resource department plays in retention starts from planning where human resource components provide turnover statistical data which are helpful for analysis purposes. The need for integrated human resource planning dictates that the human resource components as custodians of human resource services keep the updated data that is useful for planning purposes. The human resource department must support retention efforts by ensuring that human resource programmes and services are relevant to the changing organisational needs and are congruent to the its vision, values and commitment to employees. The human resource department must focus on building the required support to the organisation ensuring that it achieves success through its people. This department is the advisor of the organisation on human resource matters inclusive of the research on best practices in retention techniques. The human resource department ensures that human resource policies, practices and processes are aligned and support the organisational vision, mission, values and objectives. The current approach to organisational planning requires that the human resource plans be aligned to organisations’ strategic and operational plans if organisations require succeeding in their operations (DPSA, 2008c: 19).

According to McCauley and Wakefield in RDM (2006: 4) the human resource department is responsible for setting a stage for success by hiring and training capable employees. This must be a joined effort between the human resource department and the line department. The human resource practitioners should be advised of policy elements relating to human resource policies and practices will assist in the identification of any problematic policies or procedures and will ensure that benefits are equitably implemented. The human resource departments take responsibility for educating employees on their benefits and for integrating and streamlining various aspects of human resource practices into the organisational programmes (Swanepoel et al., 2005: 31).

This study will determine the role played by the LPT Human Resource Directorate in the retention of employees and analyse its ability to ensure that the role it plays achieves the intended retention of scarce skilled core employees.
2.6.2 The supervisors and managers

Senior Managers (SM) as drivers of strategies in the organisation, have a key role to play in managing human resources in their components. Successful human resource plans depend on the commitment from the top management and leadership in leading the planning process to ensure alignment of the human resource plans to the strategic business direction (DPSA, 2008c: 19). To create and develop a sufficient number of skilled employees at all levels, a clear executive management commitment is required. The role of executive management in human resource management is strategically critical for efficiency in both organisational and individual performance. The partnership between the senior manager in human resource department and those in the line management is required to ensure that human resource strategies are effectively implemented across the Public Service to achieve the public service mandates (DPSA, 2008c: 19). Of importance is that managers should realise that they can influence the competitive landscape of their organisations by not only positioning their organisation in a given space but rather influence, shape and create the organisation they would want to be part of (Ehlers & Lazenby, 2010: 1).

Managers play a very significant role in influencing employees' commitment level and retention. The relationship between an employee and his/her direct supervisor is more important for retention than money (RDM, 2006: 48). Prewitt in RDM (2006: 8) indicates that in most instances, employees quit their supervisors and not necessarily their organisations. A bad manager is one of the common reasons for the departure of top performers (RDM, 2006: 8).

Supervisors and managers must determine the retention drivers like work culture, opportunity for growth, reward for performance and handling of grievances. They must make retention part of their performance agreement where they will be assessed on the basis of how well they are implementing retention within their components (DPSA, 2006a: 10). Management is responsible for making decisions on recruitment, retention, performance management, learning and development, succession and workplace wellness. Furthermore, management provides inputs and participates in establishing human resource practices, policies and procedures and implements them within their components (DPSA, 2008c: 20). The effectiveness with
which the above are carried out in components under specific managers has an influence on retention decisions by employees in those components.

The successful implementation of retention strategies within various divisions of an organisation is the responsibilities of managers in those divisions. The leadership style those managers display, their engagement with employees, the performance feedback and motivation, their ability to observe changed behaviour of employees and how they communicate to them will enable them to quickly pick dissatisfactions as soon as they occur and address them speedily (DPSA, 2006a: 10). Inputs of both managers and employees on the retention policy will improve ownership of the policy and implementation.

The study evaluates the role that the LPT managers and supervisors play in the retention of specific employees. Furthermore, the study determines whether the role played by supervisors and managers in the LPT are contributing positively in ensuring that employees are proactively retained.

2.6.3 The employees

The employees choose which organisations to work for through their decisions to apply for certain positions and not to apply for others based on the image and profile of the organisation. Once appointed, they also make a choice of whether to stay in an organisation and for how long. These decisions will also be based on what the organisations are doing to attract and retain employees (Nel et al., 2001:226).

The role of employees is to be actively involved in their own career planning and development. They provide information relating to their specific needs for their areas of work. Such information from critical work on high turnover areas will assist organisations to be proactive and to provide relevant retention solutions (DPSA, 2008c: 20). Job satisfaction and dissatisfaction surveys must be done while employees are still part of the organisation rather than doing exit interviews on employees when they leave. Exit interviews are helpful for the organisation to improve and stop future loss of key employees but they are late to stop employees once they have decided to leave an organisation. Employees contribute to proposed solutions to address recruitment, retention, training needs, organisational knowledge
retention, knowledge transfer and active participation in teams within their areas of responsibility (DPSA, 2008c: 20).

The role played by employees in policy development, retention and their involvement in assisting the LPT to achieve its policy objectives are investigated. Further the enquiry to employees on what motivates them to stay in the LPT is included in the semi-structured questionnaire.

2.6.4 Labour unions

Labour unions are representatives of employees and must be consulted when policies and strategies are developed to ensure that these policies and strategies do not violate the rights of employees. Labour unions as the representatives of their members who are employees to organisation would be talking on behalf of those employees and making inputs to policies before policies are approved. Employees and their labour unions can assist by identifying the needs of employees in partnership with other stakeholders (in government, the private sector and non-governmental organisations [NGOs]). These partnerships would share resources and expertise in relation to various elements of human resource policies (DPSA 2002b: 56) and contributing to improve the work environment for all employees to work better and to consider their workplace a place to stay longer.

The labour unions are representatives in various committees at the workplaces, for example, the in recruitment process, they are part of the selection panels where they serve as observers. Labour unions form part of the workplace skills plan committees which are responsible for monitoring the implementation of training and development programmes and bursary allocations. The role of labour unions is also seen where employees’ performance is moderated on quarterly, half yearly and annual basis. In all the above areas, labour unions represent the interest of the employees ensuring that their rights are protected in partnership with management.

The effect of labour unions and the role they play in retention and the human resource management and its ability to achieve the intended objectives will be investigated. Role-players in retention are important stakeholders contributing positively to the policies and practices that will create workplace harmony for longer stay by employees in the organisation. Their active participation in human resource
management is therefore crucial for providing a work environment that is conducive to retain its employees.

The above sections described the different role-players involved in the management of retention. Specific emphasis has been placed on how these role-players may influence employees' decisions to stay or leave their organisation. It has been mentioned that the study will determine the nature of the role-players' involvement in retention management through the use of the semi-structured questionnaire.

2.7 CONCLUSION

Employee retention is distinguished from employee turnover and the two concepts are considered opposites. The challenges linked to employee turnover are amongst others the high costs associated with it. From its definition, employee retention should be understood as a dynamic and integrated process of recruiting, maintaining and managing key employees with the right skills, knowledge, attitudes and competence who are required for the successful and sustainable attainment of an organisation's long term objectives. Retention is not an event but a continuous process that is never ending. Retention is therefore part of the process, which is connected to other practices within the human resource management sphere where one function leads to and impacts on another.

Other related concepts like public administration, human resource management and core employees were defined in relation to the study's focus. The psychological contract and its influence on the retention of employees have been provided as foundation to the study. The psychological contract theory is based on the employment relations between employees and employers and their perceptions and expectations. These perceptions determine the attitudes and behaviours of employees and form the basis of their job satisfaction or dissatisfaction as informed by employees' interpretation of those perceptions and expectations. The retention models which include the shock and unfolding model, the job embeddedness and stay model and the contract sensitive and contingent retention models and their related concepts and components which have an influence on retention were analysed. The influence of factors like human resource planning, motivation, compensation management, performance management and training and development on retention has also been discussed. Further, role players in retention
which were discussed are the human resource components, managers and supervisors, employees and lastly the labour unions. The next chapter will focus on the legislative and policy framework supporting retention management within the Public Service.
3.1 INTRODUCTION

Chapter two provided a theoretical overview of retention wherein the focus was on locating the topic within the context of public administration and human resource management. Furthermore, the theory pertaining to the psychological contract as a foundation for retention was defined and discussed in detail. The models of retention, the components of retention management and the role players in retention were also analysed.

This chapter focuses on the legislative framework enabling human resource management in general and retention management specifically. Retention management is a very difficult function in the current globalised environment. Employee mobility has increased due to, amongst others, exchange programmes and partnerships occurring among organisations (Macdonald, 1997: 3). The Public Service and the private sector should learn from one another by deploying and seconding employees to other governments in other countries and public organisations to bench-mark and exchange the best practices (South Africa, 1997b, section 5.7 & 2001: Part VII. B.4.1-4). Hence the Public Service should put more focus on mentorship programme to develop leadership and scarce professional and technical employee skills (National Planning Commission (NPC), 2011: 424). Retaining employees is further complicated by organisations competing for few employees categorised as scarce skills. This is because both the private and public sectors are recruiting from and competing for a limited pool of scarce skills from the same source - the labour market (Cooley, 2005: 1).

Globalisation has increased the complexity with which organisations must battle with especially with regard to, amongst others, compensation for scarce skills. The implications could create competition for scarce skills through, amongst others, development of attractive salary packages, structuring benefits packages to be...
lucrative to attract and retain those skills. Such competition may sometimes create a vicious circle leading to job-hopping of employees from one employer to the other (NPC, 2011: 8). Within the complex environment, government organisations can use legislation pertaining to human resource management to ensure the proper retention of core, scarce skills employees.

In this chapter, the legislative framework and policies enabling and supporting human resource management and retention are discussed. Focus will first be placed on national legislation and policies enabling the human resource management function within the broader framework of the Constitution of the Republic of South Africa, 1996, and the National Development Plan, 2011, hereinafter referred to as NDP. Thereafter provincial policies and Departmental specific policies pertaining to human resource management and retention will be analysed. The study argues that creating an enabling framework through proper legislation and policy implementation could enhance the capability of the government to retain its core, scarce skills employees, as will become evident in the following sections.

3.2 NATIONAL LEGISLATION AND POLICY SUPPORTING HUMAN RESOURCE MANAGEMENT AND RETENTION

In terms of the Constitution of the Republic of South Africa, 1996, as the supreme law of the country, the executive function is divided into three spheres of government administration which include the national, provincial and local or municipal spheres of government. The national sphere of government determines the overarching policies which serve as the obligatory framework for the policies of the provincial and local spheres of government. For human resource related policies, the acts by Parliament and policies by the DPSA inform all policies for all public organisations at national and provincial spheres of government. Similarly, the objectives of the human resource plans within departments in the provinces are informed by and aligned to the strategic objectives of those departments within the frameworks of national legislation and policies (DPSA, 2008b: 11).

In addition, the Constitution of the Republic of South Africa, through the Bill of Rights as contained in chapter 2, upholds the rights of all the citizens in the country; be it the employer, the employees and ordinary people on the street. Chapter 2 (7) indicates that the Bill of Rights is the cornerstone of democracy in that enshrines the
rights of people in South Africa and affirms the democratic values of human dignity, equality and freedom. Further, in terms of chapter 2, section 7 of the Constitution of South Africa, 1996, the state must respect, protect, promote and fulfil the rights in the Bill of Rights (South Africa, 1996).

The study argues that the state will be in a position to promote the provisions indicated above through its human resource management function. To succeed in doing that, experienced, competent, skilled and knowledgeable employees with the right attitude are required. Such employees can only be available if the retention strategies are effective for such employees to continue providing high quality services. The study argues that the ability of the LPT to recruit and select, place, manage performance (both departmental and individual performance), develop and remunerate employees appropriately will determine its ability to retain the core, scarce skilled employees.

According to the basic values and the principles governing public administration which are contained in section 195 (1), of the Constitution of the Republic of South Africa, 1996, the public administration must be/must:

- development orientated and accountable;
- broadly representative of the South African people with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation;
- responsive to people’s needs and encourage the public to participate in policy making;
- cultivate good human resource and career development practices to maximise human potential;
- the promoter and maintainer of a high standard of professional ethics;
- the provider of impartial, fair and equitable services without bias; and
- foster transparency by providing the public with timely, accessible and accurate information.

The above principles attest to the need of public administration through human resource management to recruit, develop, and retain core employees who will sustain the services of government at the required level of performance and
professionalism to satisfy the needs of the citizens. Through section 195 an emphasis is placed on developing and maintaining sound human resource and career management practices (South Africa, 1996), which should also influence the ability of the state to retain scarce/core and competent employees. The study argues that retention is necessary to ensure develop proper and sound career management practices.

Nel et al. (2001: 95) assert that the Constitution of the Republic of South Africa, 1996, and government policies set the scene for the practice of employment relations in South Africa and that employment law should facilitate employee participation and decision making in the workplace. Employee participation stimulates employee engagement and attachment which in the long run create long lasting links between employees and their managers, leading to positive measures for retaining employees.

Section 195 (4) of the Constitution of the Republic of South Africa, 1996, allows for the development of human resource policies for appointments at various levels of public administration within government and that those policies must be regulated by the national regulations to manage the appointments in the Public Service. The Constitution of the Republic of South Africa, 1996, further provides for the structures which must be created at various levels of the Public Service and their roles, for example, national executive authority in chapter 5 (85) (1), provincial administration in chapter 6 (103) (1)) and local government in chapter 7 (151) (1) (South Africa, 1996). Furthermore, section 197 (2) of the Constitution indicates that the terms and conditions of employment in the Public Service is set out to be regulated by national legislation (South Africa, 1996). The above therefore requires effective human resource policies by government through initiatives and appropriate innovation from public administration and human resource management practices (Nel et al., 2001: 95). Innovative employees require management support through performance monitoring, coaching and mentoring to harness and enhance the innovation even further and the creation of exciting teams that would not want to be disbanded through turnover.

Section 197 (1) of the Constitution of the Republic of South Africa, 1996, establishes the Public Service and states that within the public administration, there is a Public
Service for the Republic of South Africa, which must function and be structured within the framework of national legislation and be loyal in executing policies of government (South Africa, 1996). The study argues that departments are given the responsibility for recruitment, appointment, promotion, transfer and dismissal of the employees within the scope of their administration. Fairness and loyalty of management in the execution of the above responsibilities will minimise employees’ complaints, grievances and disputes thereby encouraging employee retention.

The policies developed to manage retention as one of the human resource practice, must therefore, comply with the basic values and principles of the Constitution as referred to above. This therefore will require the management to ensure that the recruitment and human resource development starting from the induction through to disciplinary and exit policies must be aligned and implemented effectively to create a cadre of professionals worthy of retaining.

This study will verified whether the LPT staff retention policy, 2006, as one of the human resource policies is informed by the national policy framework and is implemented appropriately. Further the study investigated if the implementation is effective and yields the results as targeted by the policy objectives. Adherence of those policies to the basic values and principles of the Constitution of the Republic of South Africa, 1996, were also verified.

South Africa has since 2011 also formulated the National Development Plan (NDP) which will provide further impetus for the implementation of the Constitutional obligations of the state. The vision of the NDP is to ensure sustainable development and institutionalise it within all the sectors playing a role in the economy of the country, South Africa (NPC, 2011: 41- 48). The NDP is not just a vision but a long-term strategic plan that serves four broad objectives which are (NPC, 2011: 3).

• providing overarching goals to be achieved by 2030;
• building consensus on the key obstacles and specific actions to be undertaken;
• providing a common framework for detailed planning; and
• creating a basis for making choices about how best to use limited resources.
The study argues that the above supports the need to use scarce resources like core employees with the required skills and competencies effectively and the need to ensure that those resources are kept with the organisation. The six pillars upon which the NDP is built include the mobilisation of all South Africans, the active engagement of citizens in their own development, the expansion of the economy and making growth inclusive, the building of key capabilities (human, physical and institutional), the building a capable and developmental state; and the fostering of strong leadership throughout society (NPC, 2011: 5). From these six pillars it is evident that much emphasis is placed on creating a capable state through its employees and its leadership. Strong leadership in organisations are the key for success (NPC, 2011: 5). Leaders are the ones that are responsible for utilisation of resources including human resources. In most organisations, employees leave because they do not get support from the supervisors and managers. Strong leadership is required to develop good human resource policies and ensure that they are well implemented. Leaders are also responsible for recruitment, orientation and induction, managing employee performance and training and development in organisations. They are also responsible for creating the organisational culture for building the organisation’s reputation (South Africa, 1997b: Section 28). The entire list above is positively connected to retention. The study argues that the more the image of the organisation is reflective of its culture, the more the people would want to work for and stay in such organisation.

To implement the NDP, the government has developed the key outcomes and included them in the Medium Team Strategic Framework (MTSF) which is aligned to the terms of office of the Cabinet as informed by the electoral cycle in South Africa. The MTSF has 14 key objectives which are aligned to the work that is done by various government structures across all spheres of government. For the purpose of the study chapter 13, which details the “building of a capable state”, is appropriate. Chapter 13 links to outcome 12 of the MTSF and is further aligned to the work that is done by DPSA regarding the development and implementation of human resource policies. The objectives of outcome 12 of the MTSF for the period 2015 to 2019 are (NPC, 2011: 64):

- a state that is capable of playing a developmental and transformative role;
a Public Service immersed in the development agenda but insulated from undue political interference;

staff at all levels has the authority, experience, competence and support they need to do their jobs;

relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system; and

clear governance structures and stable leadership enable state-owned enterprises (SOEs) to achieve their developmental potential.

The study recognises the importance that is placed on creating a capable state through human resource management and development. The study argues that a capable state is further strengthened through the retention of its core, scarce skilled employees. Employees who are given authority to do their work feel recognised and will do their best to execute it properly.

The objectives of the NDP have been aligned to actions that will be taken to achieve them. The action steps specific to human resource management and retention include (NPC, 2011: 71):

- stabilising the political-administrative interface. The emphasis here is on the creation of organisations and structures like the National School of Government to facilitate capacity building of the administrative and political heads in the Public Service and the creation of harmony between them. Further, managing the career progression of heads of department and establishing criteria for the approach to top appointments that allows for the reconciliation of administrative and political priorities. Also enhance the role of the Public Service Commission to champion and monitor norms and standards to ensure that only competent and suitably experienced people are appointed to senior positions and amend the Public Service Act, 1994 (Proclamation 103 of 1994), to locate responsibility for human resource management with the head of department; and
- making the Public Service and local government careers of choice by establishing a formal graduate recruitment scheme for the Public Service with
provision for mentoring, training and reflection. Formulate long-term skills development strategies for senior managers, technical professionals and local government staff. Use placements and secondments to enable staff to develop experience of working in other spheres of government.

Recruitment that is not viewed as fair and objective discourages skilled, competent and experienced employees. Some of the challenges discovered by the National Planning Commission included uneven performance by Public Service due to amongst others, tensions in the political-administrative interface, instability of the administrative leadership, poor organisational designs, inappropriate staffing and low staff morale (NPC, 2011: 364). The study argues that such situations work against the retention of core, scarce skilled employees. The following section will describe the national legislation and policies supporting human resource planning and retention.

3.3 THE NATIONAL LEGISLATION SUPPORTING HUMAN RESOURCE PLANNING AND RETENTION

The Public Service Act (PSA), 1994 (Proclamation 103 of 1994), as amended, is enacted in compliance to the Section 197 (creation of a Public Service) of the Constitution of the Republic of South Africa, 1996. The PSA, 1994, provides for the organisation and administration of the Public Service of the Republic of South Africa (Section 7), the regulation of the conditions of employment (Section 9-10), terms of office (Section 3-6), discipline and grievances (Section 18-27 & 35), retirement (Section 16) and discharge of members of the Public Service (Section 17) (South Africa, 1994). The departments should, thus, have a policy which guide the way they deal with human resource practices which include retention.

The PSA, 1994, allows the executive authority to appoint in terms of Section 13 on probation, discipline in line with Section 16B, terminate as directed by Section 17 and retain employees on the basis of Section 16 in their departments. The executive authority is given the powers by chapter V (16) (7) to retain employees beyond their retirement age for a period not exceeding two years unless with Parliament’s approval (South Africa, 1994). To consider retaining an employee beyond the age of
retirement would be based on the competency and experience that such an employee has. Burke (2012), in Herholdt, (2012: 94) asserts that workplaces are not offering jobs but they are offering an experience.

The above shows the importance of experience in employee retention. Considering the investment that organisation makes through training and developing employees for the entire duration of their employment, particularly those that stay until retirement age, it becomes clear that those employees possess a wealth of relevant knowledge, skills and competencies needed by the organisation to achieve its objectives. Therefore, experience could justify retention beyond retirement age as supported by Section 16 of the Public Service Regulations (PSR), 2001.

The study argues that the challenge linked to the above is the implementation of the provisions of the PSR, 2001, by management. The attitude of management towards experienced, competent and skilful employees is very critical for successful retention of such categories of employees. The critical need is for organisations to ensure that the managers who are leaders in their organisations are developed themselves to realise those competent employees and support them to take advantage of their experience, skills, knowledge and competencies. Those managers should actually know the competencies required of their employees for various levels of posts. Managers are therefore responsible for the successful implementation of retention provisions in the PSA, 1994.

The departments are required by the provisions of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), Treasury Regulations (TR), 2003, PSA and PSR, 2001, to develop strategic plans as the product of their organisational planning function. Competent employees play a critical role in the strategy implementation process because of their commitment and competencies which largely determine whether a department will achieve its objectives and to what extent. A thorough and integrated human resource plan is therefore required to recruit, develop and retain the right employees for the right positions at the right time who will contribute to sustainable economic development (DPSA, 2002b: 3).

The PSR, 2001, as amended part 111, B.1, provides an executing authority with the powers to prepare a strategic plan for her or his department and the TR, 2003, in Section 5.1.1 requires the accounting officer of an organisation to prepare a strategic
plan for the multi term expenditure framework (MTEF) which must be approved by the executing authority. Both the PSR, 2001, and the TR, 2003, emphasise the importance of integrated strategic planning in the effective delivery of public services (DPSA, 2002b: 3). The principle of planning, work organisation and reporting implies that an executing authority shall comply with the following in order to provide services with the best value for money (South Africa, 2001b: Part 111. A):

- set measurable objectives for her or his department and optimally utilise the department’s human and other resources and apply fair labour practices; and
- plan to execute functions with an efficient and effective internal organisation and well developed human resources, within available funds and based on the department’s and the government’s service delivery objectives and mandates.

The PSR, 2001, has decentralised the human resource management powers to executive authorities and allowed them to apply efficient recruitment, selection and retention practices to meet their human resource requirements (DPSA, 2006a: 3). This allows the executive authority within departments both nationally and provincially the opportunity to develop policies, strategies and procedures that accommodate their specific contextual labour and human resource challenges. The departments are therefore enabled to develop their context specific retention policies to retain their competent core employees.

Integrated planning would ensure that the departments take a long term view of their operations at a strategic level. The plans would require a total overview of all the resources. Financial resources, human resources, assets and equipment should all be taken into account when plans are developed (South Africa, 2001b, Part 111 D.1 (c)). Planning for human resources is sometimes a challenge in the Public Service; where one finds that strategic plans and annual performance plans (APPs) are developed without serious consideration of the human and financial resources linking them. The provision for planning referred to above further requires that funds for the remaining period of the relevant medium-term expenditure framework, for the recruitment, retention, deployment and development of human resources according to the department’s determined requirements. However, such consideration is sometimes limited by of scarce financial resources, leading to the required resources not being fully provided. This poses a serious challenge to retention in that
departments cannot just start at retention but should be a streamlined process from recruitment to exiting the system (South Africa, 2001b: Part 111 D.1[c]).

The DPSA (2008b: 11) requires that the MTEF integrated human resource plans be developed and be aligned to the strategic plan and APPs of departments. This entails that the planning process must start from the external and internal environmental analysis with a work force analysis which must be included. All the human resource practices from the organisational structure development, recruitment and selection, performance management, training and development, discipline, grievance and disputes up to exit, must flow from the properly developed and integrated human resource plan. The WPHRM, 1997, indicates that national departments and provincial administrations will be required to develop human resource strategies which are integrated with their strategic and operational plans, in order to ensure that their future staffing needs are met. These strategies will include specific employment equity objectives and targets for achieving a representative workforce (South Africa, 1997b: Section 12).

Part 111, B.2 of the PSR, 2001, requires departments to determine their organisational structures informed by their departmental strategic plans. Consultation with the Minister of Public Service and Administration is organisational structures must be when departments are developing their organisational structures. The organisational structures must separate core and support functions. Therefore, the human resource practitioners as custodians of human resource policies must ensure that such policies facilitate efficiency and effectiveness both in managing human resources as well as retaining core employees for the successful functioning of the department. The study argues that departments that work efficiently and effectively may be considered as employers of choice, which positively influences the ability of the employer to retain its core employees. According to Gatherer and Graig (2012) in Herholdt, (2012: 77) there are the five greats elements to retention in organisations which include great employer, great roles, great leaders, great rewards and great culture. The great employer, both internally and externally, should communicate its reputation as an employer of choice which should be able to have a positive influence on the attracting and retaining of core employees.
In the above section a discussion of the relationship between retention and organisational as well as human resource management planning was provided. The study argues that retention is only possible if it is planned properly and if it is considered to be a priority in both organisational and human resource management planning (as will be determined through the semi-structured questionnaire). The section that follows focuses on the national legislation and policies supporting training and development as core components to retention.

3.4 THE NATIONAL LEGISLATION ENABLING TRAINING AND DEVELOPMENT

Training and development are components for retaining employees (as was conceptualised in the previous chapter), and organisations that focus on employee training and development in specifically the skills required by both the organisation and its employees enable those employees to improve their knowledge and skills. The study argues that employees with knowledge and skills of the work they are performing have confidence and are motivated to continue their work with their employer, while the employer can make use of training and development as tools in the retention of core, scarce skilled employees. Kumar, Dass and Topaloglu (2014: 4) confirm that training is one of the main drivers of job satisfaction.

Training and development in South Africa is legislated within the Skills Development Act (SDA), 1998 (Act 97 of 1998) and if the organisations take advantage of the provisions thereof, they are in a better position to succeed in the achievement of their objectives through skilled and competent employees. The SDA, 1998, brings in measures to sharpen the skills of employees and enhancing their competitiveness and chances for commitment to the organisation and long attachment to it, is enabled. The purposes for the SDA, 1998, are (Nel et al., 2001:123):

- to develop the skills of South African workforce;
- to improve the level of investment in education and training in the labour market and improve the return on investment;
- to create the environment of lifelong learning by using workplace as active learning place;
- to create opportunities for new skills and for new entrance to gain work experience and exposure;
• to employ persons who find it difficult to be employed, encourage works to participate in leadership, mentorship, coaching and other specialised training programmes;
• to improve employment prospects of previously disadvantaged persons and redress those imbalances through training and education; and
• to ensure quality of education and training in workplace and for the work-seekers and retrenched workers to find work, ensure that employers find qualified employees and to provide and regulate employment services.

Organisations will be in a position to meet the above indicated purposes if they have the right employees with the right skills, the right knowledge, the right numbers and the right attitude towards their work and organisation. Managers are required to ensure that they deepen their understanding of the external environment in which their organisations operate and the concomitant long term workforce challenges to be able to build successful retention strategies (Harvard Business School, 2006: 6). The above requires that managers participate actively in human resource training and development to ensure that the policies enable employee retention. Managers should not view human resource training and development as a responsibility for the human resource practitioner alone but view it also as their role as well (DPSA, 2006a: 13-14).

The PSA, 1994, in chapter 111 (7) (3) (a) and (b) indicates that each department shall have a head who shall be responsible for the effective utilisation and training of employees. The above sections all support retention in that effective utilisation and training of employees starts with managing performance, emphasising continuous performance monitoring, supporting employees in their performance and identifying the performance gaps. Closing the performance gaps will therefore require the identification of training needs and exposure of the employees to the required training to increase their knowledge and skills in their area of work and stimulate their interest in the work. If the training is aligned to the employees’ career development, then their chances of being retained are high.
The White Paper on Public Service Training and Education (WPPSTE), 1997, which was developed to lay a foundation for all training and development in the Public Service also supports the training and development of employees but focusses on the Public Service specifically. The main aim of the WPPSTE, 1997, is to establish a clear vision and policy framework to guide the introduction and implementation of new policies, procedures and legislation aimed at transforming public service training and education into a dynamic, needs-based and pro-active instrument, capable of playing an integral and strategic part in the processes of building a new Public Service for a new and democratic society in South Africa (DPSA, 1998c: 9).

The vision of the WPPSTE, 1997, is “the development of a dedicated, productive and people centred public service staffed by public servants whose performance is maximised and whose potential is fully developed via the provision of appropriate and adequate training and education at all levels” (South Africa, 1997: Section 3). The mission of the WPPSTE, 1997, is “the creation of a coordinated framework for ensuring the provision of appropriate and adequate public service training and education that will meet the current and future needs of public servant and contribute positively to the realisation of the vision” (DPSA, 1998b: 10). The study acknowledges that trained and developed employees contribute to the economic development of the country. Organisations that train and develop their employees benefit from their improved skills, knowledge, attitudes, behaviour and total understanding of work they do and what their contributions mean to the entire organisation. As will be described in the following chapter, the study argues that training and development is another incentive which could contribute to the retention of employees.

The Human Resource Development Strategy for South Africa (HRDS – SA), 1995, (South Africa, 2010: 7) defines human resource development as the formal and explicit activities that will enhance the ability of all individuals to reach their full potential. The HRDS – SA, 1995, further recognises that by enhancing the skills, knowledge and abilities of individuals the human resource development serves to improve the productivity of people in their areas of work – be it in a formal or an informal setting. Increased productivity and improvements to the skills base in a country supports economic as well as social development. The main concern of the
HRDS – SA, 1995, is to accelerate development so that there is a match between supply and demand for human resources. The HRDS – SA, 1995, also acknowledges that human resource development is about taking purposeful action to increase the aggregate levels of skills in the workforce for maximising individuals opportunities for the benefit all citizens of the country (South Africa, 2010: 7).

Based on the objectives and goals as reflected above, the HRDS – SA, 1995, is a positive measure enabling retention. Developing employees’ skills builds confidence in them and enables them to align their skills to their careers and those of the organisation. The HRDS – SA, 1995, asserts that the growing complexity of the work place – accelerated through the dynamic impact of globalisation on national economies, production and trade – has put the question of human resource development at the heart of contemporary public policy and development strategies (South Africa, 2010: 8). South Africa is a fast developing country and defines its economic competitiveness on the definition adopted by the international economy, where for economic competitiveness, and its human resource development over and above the aggregate skills of the country’s workforce, the flexibility of the workforce in adjusting to technological changes, production, work organisation and trade. The promotion of a flexible, adjustable and skilled workforce needs continuous emphasis on upskilling through refresher programmes, conferences, registration with relevant professional bodies and participation in symposiums and workshops where best practices and experiences are being shared. Employees may also benefit from local and international exchange programmes wherein they learn from each other while at the same time adding to their excitement, and feelings of recognition and being valued. By so doing, the chances of retaining them and their willingness to be retained will be enhanced. Employers must realise that employees must, just like employers, be motivated towards acceptance to be retained because retention must be beneficial to both and is about motivating both employer and employees (DPSA:, 2006: 9).

In his article “Do people want to work for you?” Loren Gary, (Harvard Business School, 2006: 8) identifies five fundamental competencies that enhance managers’ reputation to qualify as managers of choice. These competencies are talent searching which entails active participation by managers in selection and recruitment
instead of leaving it to the human resource department. The managers build a relationship and play an active role in orientation and induction of new employees to accept and introduce them to the organisational culture. Further, the managers build trust when they demonstrate their credibility by offering respect to their employees, showing pride in them and fostering a sense of team identity. Through skills building managers are allowing employees to polish their existing abilities through the acquisition of new ones and on-the-job exploring and exposure. Managers who take initiatives in building the brand of their organisations add to their organisational image and its reputation is enhanced while ownership is instilled in the entire organisation (Harvard Business School, 2006: 8).

A managerial competency is critical in identifying, recruiting, developing and retaining talent. Competent managers plan for the success that will sustain the organisation. Actually managers who are competent are good coaches and mentors for their employees. They guide their employees through the career path within the organisation. Competency in management ensures active participation in streamlining the recruitment process, orientation and induction, career path and development of employees within the organisation. The competency framework of the financial management (CFFM) (National Treasury, 2010: 4) indicates that competencies can be developed by experience or by training. Support from the supervisors ensures that employees gain the experience and exposure for doing tasks assigned to them with guidance by those supervisors. For employees to be at the level where they will be competent and experienced, managers must ensure that they build capacity in those employees from induction and orientation programmes and continuous development through on-the-job training with mentorship and coaching programmes.

In line with the above government through the DPSA has developed a compulsory induction programme (CIP) for newly appointed employees joining the Public Service. Government has also initiated the internship programme where graduates are provided with experience to prepare them for the world of work and make them employable. The Public Service Internship Programme (DPSA, 2006a) and the Public Service Mentorship Programme (DPSA, 2006(b)) are such initiatives by government and are important in orientating, inducting and exposing the new
employees or interns to the new work environment or the world of work. A proper welcome to work can stimulate interest in the employee to stay and is also part of the culture which provides first impressions about the organisation. This study argues that promoting induction, mentoring and coaching increases the employer’s prospects of retention.

Meyer et al. (2012: 276) assert that mentorship and coaching of employees contributes to employee retention. Further, Meyer et al. (2012: 276) show that 35% of employees who are not mentored within 12 months of being employed are actively looking for jobs as opposed to only 16% of those with good mentors who are expected to look for other employment. Training and development leads to higher possibilities of retaining employees.

Thus, the study argues that through national legislation opportunities have been created for the use of training and development as retention tools. The influence that training and development have on the ability of the LPT to manage retention is further described in the next chapter. Having discussed the national legislation and policies influencing training and development, the legislative framework governing compensation to support retention will be discussed in the next section.

3.5 THE NATIONAL LEGISLATION AND POLICIES SUPPORTING COMPENSATION MANAGEMENT AND RETENTION

Chapter VIII (37) (1) of the PSA, 1994, deals with the remuneration of employees and gives the powers to determine salaries and allowances in accordance with the salary scale and salary level of employees to the Minister of the Public Service and Administration (MPSA) in line with the provision of section 3 (5). Section 3 (5) of the PSA, 1994, allows the MPSA the discretion to make determinations regarding conditions of service for employees generally or categories of employees regarding their salary scales and allowances where such a need arises. However, subsection (2) of chapter 111 (37) of the PSA, 1994, provides an executive authority with the discretion only if it is allowed by the regulation and to the extent prescribed to grant salaries higher than the minimum amounts of the appropriate salary levels of the applicable salary scales, special advancement in salaries within the salary level of the salary scale applicable to them; and special advancement in salary within the salary level of the salary scale applicable to him or her or grant him or her a salary in
accordance with a higher salary level or any other reward, if he or she has exceptional ability or special qualifications or has rendered meritorious service that is in the public interest. Special recognition for employees who have proven to be competent is essential to stimulate job satisfaction. Such employees go an extra mile in contributing to the success of the organisation. They feel valued especially when they see that their contribution is rewarded as compared to their counterparts. Therefore, it can be argued that special recognition of competencies is positively linked to retention. High competency leads to high compensation and ultimately to more chances to retain employees in such categories.

Part V of the PSR, 2001, as amended, provides for compensation of employees and chapter 1, part V. (A.1) indicates that the Public Service remuneration must aim at supporting efficient and effective service delivery by providing appropriate incentives for employees within fiscal constraints. Section A.2 (e) stipulates that in determining the salary of an employee, an executing authority shall take into account the need to recruit and retain personnel with the appropriate competencies. This therefore shows that recruitment and retention must be aimed at bringing in the right employees with the right competencies and ensuring that they are retained in those organisations. The challenge is the ability of the organisation to merge the level of satisfaction of the individual employees to be retained with the level of remuneration offered in return and the meaningful of their responsibilities. The individual’s needs and their level of intensity differ as and when the lower level needs are satisfied. Therefore retaining employees may sometimes be short term if it is only based on monetary incentives. The study acknowledges that given the limited resources and the complexity of the Public Service which operates in a political environment, creating a stable retention environment could be difficult.

The PSR, 2001, part V.C.1, requires normal remuneration of employees on appointment and promotion to start from the minimum salary of the salary package of the relevant level at which they are appointed. Part V of the PSR, 2001, provides for the compensation of employees and chapter 1, part V. A.1, indicates that the Public Service remuneration must aim at supporting efficient and effective service delivery by providing appropriate incentives for employees within fiscal constraints. Section A.2 (e) stipulates that in determining the salary of an employee, an executing
authority shall take into account the need to recruit and retain personnel with the appropriate competencies (South Africa, 2001b: part V. A.1). This therefore shows that recruitment and retention must be aimed at bringing in the right employees with the right competencies and ensuring that they are retained in those departments. Deliberate efforts must therefore be put in place to ensure that departments recruit correct for long term retention.

The PSR, 2001, chapter 1, part V. (C.3) (a) further gives the power to the executing authority the option to set the salary for the post or an employee above the minimum notch of the salary range indicated by the job weight if she or he has evaluated the job, but cannot recruit or retain an employee with the necessary competencies at the salary indicated by the job weight. This provision is a positive measure to retain employees with the right competencies in organisations. The remuneration practice in the Public Service is strictly regulated and all appointed employees are remunerated on the minimum notch of the relevant salary scale for the post in which they are appointed. In line with the provision of the PSR, 2001, chapter 1, part V. (C.3) (a) the executing authorities are given the flexibility to recognise employees with exceptional competencies and to reward them appropriately. The task is therefore put on the managers to identify core skills and competencies that require distinction from general ones. Those skills and competencies will obviously be those which are contributing to the achievement of the department’s objectives and mandates. The departments will have to ensure that the employees in those categories feel valued and ensure that they do not lose them.

To conclude all the above provisions imply that remuneration forms part of the incentives that have elements of motivating and retaining employees within organisations. The study argues that although monetary incentives are not the sole motivators to all employees at all times, money still forms part of the incentives that would contribute to retaining employees in organisations. Furthermore, organisations should put measures in place to retain employees with the required competencies that are core and critical for the achievement of organisational objectives. The study recognises that although organisations do not necessarily assign financial resources to retaining employees, retention should be a strategic issue for sustainable service delivery at the required standards. This study will also determine the effect that
remuneration and the manner in which remuneration is managed have on the retention of core employees within the LPT. The section that follows looks at the legislation pertaining to the functional competencies of financial employees.

3.6 NATIONAL LEGISLATION PERTAINING TO FUNCTIONAL COMPETENCIES OF FINANCIAL EMPLOYEES

The main legislation governing public sector finance in South Africa is the PFMA, 1999. The PFMA, 1999, was enacted for the purpose of regulating financial management in the national and provincial governments; ensuring that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively (Section 5); providing for the responsibilities of persons entrusted with financial management in those governments (Section 6); and providing for matters connected therewith (Section 10) (South Africa, 1999).

Public servants are required in terms of the provisions of chapter 5, parts I, II and III of the PFMA, 1999, to be responsible, accountable and adhere to the basic principles as enshrined in the Constitution of the Republic of South Africa, 1996, Section 195 (a & f) when performing their public service responsibilities. A cadre of financial professionals, with high moral and ethical values is therefore required to provide and maintain a high quality of public services to the citizen of the country.

Chapter 2 part I (5) (1) and (2) of the PFMA, 1999, establishes the National Treasury with the Minister of Finance as the head of the national department or departments responsible for financial and fiscal matters. The Minister is accountable to the citizen on the performance of her or his department (South Africa, 1999). Although through delegation the human resource responsibilities may have been delegated to levels below, the Minister remains answerable for ensuring the existence of good human resource policies, systems and processes in her or his organisation.

Chapter 2 part I (6) outlines the functions and powers of the National Treasury which amongst others must (South Africa, 1999):

- promote the national government’s fiscal policy and co-ordinate macro-economic policy;
- co-ordinate inter-governmental financial and fiscal relations;
- manage the budget preparation process and monitor the implementation; and
• promote and enforce transparency and effective management of revenue, expenditure, assets and liability of departments, public entities and constitutional institutions.

The competencies to perform the above functions are required by the LPT. Core employees in the LPT must match the responsibilities cited above. Chapter 2 part II of the PFMA, 1999, establishes the National Revenue Fund and assigns the National Treasury responsibility of being in charge of it. The National Revenue Fund receives all money deposited by national departments and all national departments are compelled to deposit all money they receive into the fund. Money from the National Revenue Fund can only be withdrawn from the fund through an appropriation act of Parliament or as a direct charge against the Fund (South Africa, 1999 section 11.1 (a-b). Dealing with the public finances requires loyalty and honesty, commitment and trustworthiness from both managers and employees. These competencies are required across all the different categories of functional/technical functionaries and SMS in the LPT (National Treasury, 2010: 23 & 28). Managers should be able to engage their employees in such a way that they understand flexible ways of dealing with different needs of their good performers. Knowing what the employees need to be able to perform at their best and allowing them space to contribute to ways of improving their works makes them feel valued and trusted leading to them committing themselves to giving their best at all times for the benefit of the organisation while being more attached to the organisation (Harvard Business School, 2006: 4).

 Provincial treasuries are established by chapter 3 part I (17) of the PFMA, 1999, which indicates that there is a provincial treasury for each province consisting of the Member of Executive Council (MEC) for finance who is the head of the provincial treasury and the provincial department responsible for financial matters. This provision places a huge responsibility on the officials of treasury in the provinces. Section 18 of the PFMA, 1999, outlines the functions of provincial treasury and assigns various responsibilities to it. Some of these functions are mandatory while others are optional (South Africa, 1999). The mandatory functions relating to budget, expenditure, revenue and asset and liability management include preparation and exercising control over the implementation of the provincial budget (Section 18.1[a &
b]), promotion and enforcement of transparency and effective management of assets and liabilities in both provincial departments and public entities (Section 18.1[c]), ensuring that fiscal policies are compatible with national economic policies (Section 18.1[d]), issue provincial treasury instruction consistent with the provisions of the PFMA, 1999 (Section 18.2 [a]), ensure compliance with the PFMA (Section 18), comply with the annual Division of Revenue Act (DORA) (Section 18.2 [c]) and monitor its implementation by the public entities (Section 18.2 [c]). Further, the PFMA, 1999, provides that the provincial treasury may assist in building capacity (Section 18.2[e]), investigating any system of financial management (Section 18.2 [f]) and internal control for transparent and effective management in the provincial departments and public entities (South Africa, 1999).

The above provisions require that a provincial treasury must have employees with the relevant skills, knowledge, competencies and the right attitude to implement those responsibilities appropriately. The competencies must also be at the required levels as per the financial competency levels provided in the CFFM, 2010 developed by the National Treasury. The CFFM is underpinning all the human resources operations within the organisation including recruitment and selection, performance management, training and development, career planning, and succession management and retention management (National Treasury, 2010: 3). The alignment fits well with the integration of all the plans and initiatives as contained in both the NDP (NPC, 2011: 64) and purpose 2 in the LDP (LPA, 2015: 57) which call for integration of systems and coordination of resources to achieve economic development within resource constraints.

According to the CFFM (National Treasury, 2010: 4), the competency is defined as a “mix of skills, related knowledge and attributes to produce a job/task to a defined standard; competence, however, relates to the outcomes which would define effective performance, i.e. aspects of the job at which a person is competent, e.g., conducting an internal audit engagement. People demonstrate competence when they apply their competencies within the work setting”. The Strategic Human Resource Plan Guide and Toolkit (DPSA, 2008c: 35) defines competencies as "the blend of knowledge, skills, behaviour and aptitude that a person can apply in the work environment, which indicates a person’s ability to meet the requirements of a
specific post”. The CFFM (National Treasury, 2010: 4) further defines skills (also sometimes called a talent) as the innate or learned capacity to achieve predetermined results consistently with the minimum outlay of time, energy, or both; knowledge as the theoretical and/or practical understanding of a subject; facts and information and attributes as the desired attributes identify the qualities of character required to be an effective and successful performer in a specific job.

These competencies have three categories which are behavioural, core and technical competencies. Behavioural competencies are defined as competencies which reflect the desired attributes across all occupational levels and roles; core competencies as competencies that are shared across all financial management roles (including enterprise risk management (ERM), supply chain management and internal audit) and technical competencies as functional/technical competencies that provide for different levels of complexity described in accordance with occupational levels (National Treasury, 2010: 12).

The financial management competencies are based on the eight Batho Pele principles and the seven core values. The Batho Pele principles on which the financial management competencies are based include consultation, service standard, access, courtesy, information, openness and transparency, redress and value for money. The seven core values referred to above are justice, fairness, responsibility, openness, accountability, stewardship and competence (National Treasury, 2010: 3). The competencies were developed to cover the following functional areas (National Treasury, 2010: 9):-

- management accounting (planning and budgeting);
- asset management;
- revenue management;
- expenditure management;
- financial accounting;
- supply chain management;
- internal audit;
- enterprise risk management; and
- internal control.
The competencies aligned to the behavioural category are ideal personal attributes or characteristics required of an employee when performing his duties. They are reflected in Table 3.2 hereunder.

Table 3.1 Behavioural Competencies

<table>
<thead>
<tr>
<th>Category</th>
<th>Competency Cluster</th>
<th>Competency Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Competencies</td>
<td>Self-Awareness</td>
<td>Emotional self-awareness</td>
</tr>
<tr>
<td></td>
<td>Self-Management</td>
<td>Self confidence</td>
</tr>
<tr>
<td></td>
<td>Social and cultural awareness</td>
<td>Emotional self-control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trustworthiness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conscientiousness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adaptability/ flexibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achievement drive</td>
</tr>
<tr>
<td></td>
<td>Relationship management</td>
<td>Initiative</td>
</tr>
<tr>
<td>Professional conduct</td>
<td>People skills</td>
<td>Empathy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisational Awareness</td>
</tr>
<tr>
<td></td>
<td>Professional ethics</td>
<td>Service Orientation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Developing Others</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conflict Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Teamwork and Collaboration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communication</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Influencing Others</td>
</tr>
<tr>
<td></td>
<td>People orientation</td>
<td>Honesty</td>
</tr>
<tr>
<td></td>
<td>Valuing diversity</td>
<td>Punctuality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsiveness</td>
</tr>
</tbody>
</table>

(Source, National Treasury, 2010)

The behavioural competencies are sub-categorised into two main categories called emotional competencies and professional conduct as shown in the first column of Table 3.2. Each sub-category has a competency cluster as reflected in the second column of Table 3.2, which further comprises competency titles as depicted in the third column. The behavioural competencies are considered essential for all positions in an organisation irrespective of the function. They are therefore transversal to all functions in an organisation (National Treasury, 2010: 13).

The core competencies are competencies that are for the SMS members in the Public Service. They are further subdivided into two competency clusters namely the core and generic as reflected in the Table 3.2 below.
Table 3.2 Core Competencies

<table>
<thead>
<tr>
<th>Category</th>
<th>Competency Cluster</th>
<th>Competency Title</th>
</tr>
</thead>
</table>
| Core Competencies      | Senior Management Service (SMS) | Service delivery innovation  
|                        |                     | Client orientation and customer focus  
|                        |                     | Change management  
|                        |                     | Communication  
|                        |                     | Knowledge management  
|                        |                     | Problem solving and analysis  
|                        |                     | Strategic capability and leadership  
|                        |                     | Programme and project management  
|                        |                     | Financial management  
|                        |                     | People management and empowerment  
|                        |                     | Honesty and integrity  
| Generic                | Management Skills   | Communication Skills  
|                        |                     | Computer Skills  
|                        |                     | Customer Service Skills |

(Source, National Treasury, 2010)

The technical competencies are applicable to all financial management functions performed by the chief financial officer’s (CFO’s) office in organisations. In the case of the LPT, which is dealing with the financial management of the Province, these technical/functional competencies are not applicable to them as their role is different from the one performed by the CFO’s office. The CFFM was designed to cover technical/functional competencies as reflected in Table 3.3. The example given in Table 3.3 below is for Internal Control Practitioner just to show how the competencies for the functional/technical positions have been designed. The knowledge expectation of each position has been aligned to roles categorised into roles one to four, each with its own level of expected knowledge to be attained. Thus an Internal Control Practitioner at entry level would for example have the basic knowledge of legislation governing her/his area of work and at supervisory level the complexity of the level of knowledge in responsibilities increases. The same example of legislation governing the area of work in the case of a supervisor, the level of policy understanding and interpretation becomes higher.
Table 3.3 Functional/Technical Competencies

<table>
<thead>
<tr>
<th>Function</th>
<th>Competency cluster</th>
<th>Associated Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Control</td>
<td>Legislative Environment</td>
<td>Legislative regulatory framework</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Departmental policies and procedures</td>
</tr>
<tr>
<td></td>
<td>Internal Control System</td>
<td>Establishment of an integrated internal control system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delegations framework</td>
</tr>
<tr>
<td></td>
<td>Oversight and other related committees</td>
<td>Departmental oversight and other related committees</td>
</tr>
<tr>
<td></td>
<td>Governance Frameworks</td>
<td>Departmental governance frameworks</td>
</tr>
<tr>
<td></td>
<td>Financial Information</td>
<td>Manage financial information retention</td>
</tr>
<tr>
<td></td>
<td>Fraud Prevention</td>
<td>Departmental fraud prevention</td>
</tr>
<tr>
<td></td>
<td>Loss Control</td>
<td>Manage the departmental loss control system</td>
</tr>
<tr>
<td></td>
<td>Financial and financial related</td>
<td>Inspect effectiveness of</td>
</tr>
</tbody>
</table>

(Source, National Treasury, 2010)

The competencies reflected above will be required to manifest itself within an integrated human resource planning system starting from recruitment and selection, performance management, training and development, career planning to succession planning for a specific post. The study acknowledges that relevancy, correctness and the appropriateness of the skills, knowledge and competencies are the criteria for identification of those employees who should be retained.

Provincial revenue funds are provided for in part 2 section 21 (1) of the PFMA, 1999, and places provincial treasuries in charge of receiving all moneys paid into it by all provincial departments. All money paid into it can only be withdrawn in terms of an appropriation act of the Province (South Africa, 1999). This places a huge responsibility on provincial treasuries and their employees.

To retain core employees that would give effective sustainable services to the national and provincial public finance management functions, departments, through their managers must understand those required relevant skills, knowledge and competencies and identify them beforehand.

The next section focus on the national legislation enabling performance management and retention.

**3.7 NATIONAL LEGISLATION AND POLICIES ENABLING PERFORMANCE MANAGEMENT AND RETENTION**

The legislation and policies enabling retention management cover the Labour Relations Act, 1995 (Act 66 of 1995), the Basic Conditions of Employment Act, 1997

The Labour Relations Act, 1995 (Act 66 of 1995) (LRA) was enacted to advance economic development, social justice, labour peace and the democratisation of the workplace in fulfilment of the primary objective the Act, which is to realise and regulate the fundamental rights of employees and employers as outlined in section 23 of the Constitution of the Republic of South Africa, 1996. Good working relations between employers and employees are positive measures for retention. The culture of employee engagement can be nurtured in environments where communication between the employer and employee open. The obstacles for performance are therefore removed when continuous communication and feedback exist and chances for retention of employees are high (Nel et al., 2001:103).

The LRA, 1995, establishes the bargaining councils for the Public Service (Section 36), the workplace forums (Section 80), the Commission for Conciliation, Mediation and Arbitration (CCMA) (Section 112) and the Code of Good Practice for Dismissal (Section 118) which assist human resource practitioners to reduce labour related and legal battles (Section 27) (South Africa, 1995). The structures referred to above are responsible for resolving disputes between employees and employers with the aim of maintaining labour peace and stability. Organisations that are compliant to the good practice as required by the LRA, 1995, have more stability and are able to maintain a good employer reputation which positively contributes to the retention of their employees. The structures established by the LRA, 1995, encourage good human resource management practices and therefore ensure that employees are treated in a fair manner (South Africa, 1997b: Section 28).

Since the relationship between organised labour as representatives of employees and management is governed by the LRA, 1995, for purposes of retention, a good relationship between the employer and employee is crucial because a poor relationship may result in costly and stressful organisational conflict. No employee would want to work in an unstable and stressful workplace. Of importance is for the employer to ensure that complaints are dealt with prior to them becoming grievances as the two may cause decline in performance and also caused by dissatisfaction of
employees (Grobler et al., 2011: 246). Section 135 of the LRA, 1995, requires that disputes referred to the CCMA must be resolved within 30 days and a certificate must be issued to indicate whether the dispute was resolved or not. The Commission must first try to mediate on the dispute through fact finding exercise, advice and making a recommendation. The LRA, 1995, refers the responsibilities for dealing with complaints, grievances, and discipline in the Public Service to the internal process with workplace forums and recognised labour unions. Furthermore, in terms of Section 5.11.6 of the WPHRM, discipline must be corrective and also progressive and be done within specified timeframes (South Africa, 1997b).

Grobler et al. (2011: 517) differentiate between complaint and a grievance and indicate that a complaint is the expression of dissatisfaction by an employee without activating the formal procedure while a grievance is a formal complaint by an employee concerning a problem in the work environment or relating to the employment relationship. To stimulate a positive attitude towards retention, employers must deal with complaints swiftly before they become grievances or disputes. A dispute is a continued disagreement between employers and employees or unions as regard any matter of common interest, any work related factor affecting their relationship or any process and structures established to maintain such relationship (Grobler et al., 2011: 518).

For the purpose of this study, the LRA, 1995, is a positive measure in assisting the policy on retention to achieve its intended outcomes as it protects both the interests of the employers and the employees. The LPT must comply with the provisions of the LRA, 1995, to create a working environment that is free from grievances by ensuring that complaints as addressed as soon as they are raised. The study argues that employees experience attachment when working in environments that are peaceful and value employers that address their performance related issues promptly.

The Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997) was enacted for purposes of ensuring that the conditions of unorganised and vulnerable workers meet the minimum standards that are socially acceptable in relation to the level of development in the country and to remove rigidities and inefficiencies from
the regulation of minimum conditions of employment and to promote flexibility (Nel et al., 2001: 98). For retention, organisations that properly implement the provisions of the BCEA, 1997, are meeting the minimum conditions of employment and are creating a better workplace for all employees. The conditions of the BCEA, 1997, support the retention of employees in that the basic conditions ensuring workers protection from exploitation and therefore employee performance is enhanced.

The BCEA, 1997, prescribes resting periods (Section 13-14), defines night work (Section 17 (2) [a]) and requires that transport must be provided to ensure the safety of workers (Section 17 (2) [b]), defines public holidays in relation to overtime and related payments (Section 18) and all types of leaves and how employees qualify for them (Section 19-27). All the provisions highlighted above are endeavours by the Act to protect the interests of both the employees and employers (South Africa, 1997b). The contracts of employment are expected to outline the minimum conditions in order to create conducive working conditions for the employees who in turn must commit and perform to the best of their abilities to ensure quality services for sustainable development. Employee commitment is encouraged if they are of the view that the employer is fair in implementing their conditions of employment. Happy workers are normally satisfied and would ensure that they stay longer in an organisation (Armstrong & Taylor, 2014: 62). The above facilitates the chances of retention and enhances performance in an organisation. The study acknowledges that when employees consider their employers as caring for their wellbeing, retention is positively affected. Thus, retention is enhanced by these minimum conditions provided for in the BCEA, 1997.

The WPHRM, 1997, seeks to transform the way the Public Service has been conducting its services from the personnel management perspective to the human resource management perspective (Section1.3). The vision for human resource management in the Public Service is to promote practices that result in “a diverse, competent and well managed workforce; capable of and committed to delivering high quality services” to the people of South Africa. The above vision will be achieved through a mission of human resource management which is to ensure that the Public Service becomes a model of excellence, in which employees serves on the basis of
commitment rather than compliance. The management of people should be regarded as a significant task for those who have been charged with the responsibility and should be conducted in professional manner. The values underpinning the human resource management are derived from the Constitution of the Republic of South Africa, 1996 and include fairness; equity; accessibility; transparency; accountability; participation and professionalism (South Africa, 1997b: Section, 2.1, 2.2 & 2.3).

The approach of the WPHRM, 1997, was preparing South African human resource management and managers for change management in line with the changing nature of the workforce. All organisations in South Africa had to adjust to a multicultural environment with a diverse population. The human resource policies and practices have to change to attract and retain this diverse workforce (Robbins, et al, 2009: 480). For organisations to thrive and continue to be sustainable, they have to adjust their human resource practices. Retention within a changing environment would require change management programmes for the management and the employees. The WPHRM, 1997, was promulgated to ensure that departments prepare themselves for change which includes retaining the employees who would survive those changes.

Part VIII A of the PSR, 2001, provides that the department must manage performance in a consultative manner and that performance must be developmental. During the consultation process, the employee gets an opportunity to obtain clarity on issues to enhance understanding regarding his or her performance. Performance expectations are discussed, misconceptions cleared and discussions are held in such a way that all the communication obstacles are dealt with. The nature and extend of the discussion forms the basis for and foundation of using performance management as a retention tool. The role played by the supervisor and the employee in those discussions, can build or destroy relationships. Good employer and employee relationships may be the basis for long-term relationships (South Africa, 2001b).

Part VIII B of the PSR, 2001, gives the executing authority the powers to determine the system of performance for employees in her or his department with the exception of the members of the Senior Management Services (SMS) which must be
implemented starting from the 1\textsuperscript{st} April 2001. Management, be it SMS or supervisors below them, are mandated to discuss the objectives of their components with the employees and indicate the roles that those employees must play for achievement or failure of those objectives. The above provision emphasises the importance that communication should play in the process of developing and managing the performance of employees in a department. Communication should be done to clarify the objectives, explain the expectations from the employees in performance of their duties, the procedure and criteria for assessment, feedback on the outcome of performance assessment, procedure for dealing with dissatisfaction about the results of performance, appeal procedure and representation by the employee or trade union in the appeal process (South Africa, 2001b: Part VIII, B.3). The supervisors are again empowered by the PSR, 2001, to manage unsatisfactory performance through systematic remedial options (Part VIII, B.3), developmental support (Part VIII, E (a)) and where need be, dismissal after all endeavours to support, assist and remedy have failed (Part VIII, E (b)) (South Africa, 2001b). The provisions referred to above, are the basis for good performance management where identification of performing and non-performing employees through regular performance monitoring and review could be done. The above could serve as a process through which competent employees are identified and those requiring further development are also identified through the performance monitoring and review process (South Africa, 2001b: Part VIII, B.3-4).

The performance legislative environment discussed herein focusses on the need to manage performance through regular monitoring of performance, communicating effectively in giving feedback, support and development of remedial action on unacceptable levels of performance and rewarding good performance as required by the PSR, 2001. Further, focus was on the need to change the conditions of employment, relations between employer and employee and to transform the culture of performance as derived from the BCEA, 1997, LRA, 1995, WPHRM, 1997 and the PSR, 2001.

The study argues that the national frameworks contained in the acts and policies provide directives on how organisations should manage and implement employee retention. The organisations, like the LPT should utilise those provisions to retain
their core employees. The research aims to compare the intent of the acts and policies with the real retention management in the LPT in a quest to understand why the LPT is losing the core employees despite the existence of the retention policy, 2006. The section that follows will discuss the provincial legislation and policies enabling retention.

3.8 PROVINCIAL POLICIES ENABLING RETENTION

The provincial policies enabling retention discussed below are the Limpopo Development Plan (2015) and the Provincial Human Resource Development Policy (2007).

3.8.1 Limpopo Development Plan (LDP)

The LPG adopted the LDP in March 2015. The LDP is informed by the NDP, MTSF, New Growth Path (NGP), the Limpopo Provincial Growth and Development Strategy (LPGDS) 2004-2008 and the Limpopo Economic Growth and Development Plan (LEGDP) 2009-2014. The LDP is aligned to all the national and provincial plans and is focussed at integrating all the development initiatives to direct the provincial economic growth to create sustainable employment (LPG, 2015: 7).

The LDP has the following purposes (LPG, 2015: 57):

- outline the contribution to the NDP and the national MTSF for 2015 to 2019;
- provide a framework for provincial government departments’ strategic plans and integrated development plans and sector plans for district and local municipalities;
- create a structure for the constructive participation of private sector business and organised labour for achievement of provincial growth and development objectives; and
- encourage citizens to be active in promoting higher standards of living in their communities.

The LDP is developed on the foundation of the 14 development outcomes contained in the national MTSF 2015-2019. The alignment makes it easy to focus development outcomes for all the departments in a joint effort to achieve the objectives of LDP as reflected above. The vision of the Province is “to fulfil the potential for prosperity in a socially cohesive manner” and it will be achieved through its mission which is
“participatory leadership aimed at promoting excellence and entrepreneurial spirit, improved service delivery, facilitation of decent job creation and systematic poverty reduction” (LPA, 2015: 9).

The emphasis is put on the alignment of the LDP to the NDP, 2011 and MTSF, 2015 which should enable the LPT to implement its programmes through its core employees. The LPT is responsible for the allocation, implementation and monitoring of expenditure aligned to the LDP, 2015 and MTSF, 2015. Competent, skilled, knowledgeable and experienced core employees with technical skills should be retained for such roles to be executed properly (NPC, 2011: 365).

South Africa, generally, and the Limpopo Province specifically are characterised by low skilled workforce. There is a growing need for a highly skilled workforce due to the shift and decrease from demand for unskilled labour intensive workforce to increased demand for skilled workforce in response to technological changes (LPA, 2015: 53).

The LDP recognises that employment contributes to self-esteem and self-actualisation and meaningful employment in the context of human resource and career development is a key consideration throughout the LDP (LPA, 2015: 3). Leadership is required to drive the LDP for successful implementation and achievement of the objectives of LDP. Work and education are viewed as key components to improvement of people’s lives. In 2030, the Province anticipates being at full employment, with diverse concentration of productive asset ownership, long term benefits and skilled people of the Province (LPA, 2015:74).

The LDP, 2015 highlights the shortage of competent staff as one of the reasons for the inability of the Province to spend on conditional grants leading to the Province spending less than 50% on municipal infrastructure grants (MIG). The education system must be geared at producing highly skilled individuals who will be able to satisfy the current and future economic and societal needs (LPA, 2015:10).

Paragraph 4.14.3 of the LDP requires that sufficient technical and specialised professional skills must be developed. Government is therein required to focus on developing, reproducing and retaining the required skills. Long term measures must
be put in place to create dedicated career paths for technical specialists. The LDP therefore enables retention of employees.

The study argues that the continuous loss of core employees by the LPT impacts on its ability to execute its mandate and attain the objectives it has set for itself, despite the existence and implementation of the LPT staff retention policy, 2006. An investigation is therefore required to assess the ability of the LPT staff retention policy, 2006, to retain the core employees.

3.8.2 The Provincial Human Resource Development Policy, 2006

The Limpopo Province Human Resource Development Policy (LPHRDP), 2006, was developed for the purpose of guiding and giving a transformational framework for training, development and education of employees in the Provincial Administration. Furthermore, the LPHRDP, 2006, aims at aligning development strategies to the LDP, provincial departments’ strategic plans and human resource plans (LPA, 2006: 2).

The objectives of the LPHRDP are to (LPA, 2006: 2):

- to create a skills base necessary for the achievement of the strategic objectives of the departments and that of the Province;
- to create a culture of lifelong learning which will assist officials as well as learners and interns to have the capacity needed to enable the Province to achieve its objectives;
- to provide a framework for the personal development plans for employees and accelerated development programmes for employees with great potential; and
- to facilitate development of career path for all employees in the departments.

Based on the purpose and the objectives above, the Province wants to ensure the integrated development of its employees that is focussed and aimed at achieving the LDP and departmental strategic plans and objectives. This is so because all the strategic plans are informed by the LDP’s objectives and it is only through the effective use of the employees that those objectives would be achieved. The LPHRDP, 2006, monitors that the implementation of the policy on monthly basis through the reporting by departments. The progress reports are further presented to
the Provincial Executive Council through the Heads of the Department Forum where each department is required through it accounting officer to account. The development of employees in the Province is taken seriously and is put at the center of the socio-economic development (LPA, 2005: 7).

The LPHRDP, 2006, makes provisions for the bursary programme to support employees who are identified by their supervisors or apply to be developed to study on a part or full time basis to improve their education. To this effect, the Province also ensures that adequate financial resources for training which includes the bursary programme is made available and integrated into the programmes of the department and monitored (LPA, 2006: 3). The directive by the DPSA which emphasises that 1.5% of the department compensation of employee budget be allocated to for the training and development of employees is also put as a policy directive in the LPHRDP (LPA, 2006: 6). The provision is made in order to support the development of the skills, knowledge and competencies of all employees within the province and ensure that all employees get the required opportunity to be developed. To support this further, the LPHRDP has specified the minimum times that each employee should receive training aligned to their job (LPA 2006: 6).

The above provisions enable the departments within the Province to train and develop its employees in order to improve their skills thereby making retention possible. The Province through the LPHRDP, 2006, is therefore investing in the training and development creating the required skills in the Province which supports retention. Through the LPHRDP, 2006, the Province has created a good basis for employee retention. Having discussed the LPHRDP, the departmental policies supporting retention are discussed in the next section.

3.9 DEPARTMENTAL POLICIES ENABLING RETENTION

The LPT has aligned the policies that are enabling retention of employees to ensure that it succeed in retaining the core and competent employees for sustainability in achieving its objectives. They are the recruitment and selection policy, 2013, bursary policy, 2007, wellness management policy, 2014 and the LPT staff retention policy, 2006. The first three policies are complementary to the LPT Staff Retention Policy, 2006, and facilitate its management and implementation.
3.9.1 Limpopo Provincial Treasury staff retention policy

In performing its functions, the LPT has to have skilled and competent employees who are prepared to achieve the vision and mission as well as its strategic objectives. The vision of LPT is “excellence in public resource management for socio-economic development” (LPT, 2015: 9) and its mission is “empowering provincial and local government for sustainable service delivery through good governance and sound public resource management” (LPT, 2015: 9).

In order for the LPT to execute its mandate effectively, it requires core employees who are skilled, knowledgeable and competent. The LPT has the following strategic objectives (LPT, 2015: 18):

- to enable the Department to deliver in line with the mandate by improving management practices related to human resources, strategic management and financial management to level 4 of the Management Performance Assessment Tool (MPAT) standards by 2018/19;
- achieve annual improvements in audit outcomes in 30 municipalities and three municipal entities by 2019/20;
- achieve annual improvements in audit outcomes in 12 votes and five public entities by 2019/20; and
- provide policy direction and support to 13 votes and five public entities on assets, liabilities, supply chain management and financial systems to ensure improvement of audit outcomes by 2019/20.

To achieve the above LPT must be in a position to recruit the appropriate skilled employee and develop them further creating a pool of competence to achieve its vision and mandates as assigned to it by the PFMA, 1999. As discussed in chapter one, there are retention challenges that LPT is facing particularly in its Internal Audit Branch. Added to the above challenges, the LPT has a vacancy rate of 36.6%, is failing to attract the right skills, has serious delays in filling vacant positions and has been reviewing the organisational structure for the past five years without finalising it and obtaining the approval thereof. The Annual Report of LPT for 2013/14 (2014: 86) reflects a total staff turnover of 10.7%, which is showing an increase in staff turnover compared to the figures of 9.4% in 2011/12 and 7.4% in 2012/13 financial years respectively.
The skills challenges has contributed to the situation where the LPT together with other four departments have been placed under section 100 (1) (b) of the Constitution of the Republic of South Africa, 1996, administration between December 2011 and March 2015. The above reflect the failure by LPT to fulfill its mandate. The LPT has been reviewing its retention policy, consulted with all its stakeholders and the policy is currently at the approval stage. The following retention strategies have been included in the newly drafted policy, namely (LPT, 2015: 6-9):

- reward and recognition systems (other than direct financial rewards);
- employee wellness programme;
- morale building through flexible working hours;
- introduction of special programmes;
- communication;
- succession planning;
- staff development and training;
- counter offer (limited to critical scarce skills as identified by LPT); and
- granting of additional working tools.

The Staff Retention Policy, 2006, further identifies role players for retention as the Human Resource Management, Human Resource Development, Transformation Services and Communication Services directorates. The other role players like line managers and labour unions are omitted from the LPT Staff Retention Policy, 2006. The investigation in this study will reveal perceptions regarding the ability of the LPT to retain its core, scarce skilled employees. The section that follows discusses the other policies that are aligned to the employee retention in the LPT.

3.9.2 The Limpopo Provincial Treasury recruitment and selection policy

The LPT recruitment and selection policy, 2013 was developed for the purpose of providing policy direction on recruitment and selection so as to comply with the Constitution of the Republic of South Africa, 1996, the PSA, 1994, LRA, 1995, the PSR, 2001, and any other relevant legislation (LPT, 2013: 3). The objectives of the recruitment and selection policy, 2013, are (LPT, 2013: 3):-
• provide directives on the management of recruitment and selection;
• assist managers in managing generic activities with regard to recruitment and selection in such a way that typical pitfalls that managers succumb to are avoided;
• serve as self-monitoring instrument to enhance the quality of recruitment and selection and a checklist to ensure that all important facets are covered; and
• ensure effective and accountable selection processes.

The recruitment and selection policy, 2013, provides for the appointment of candidates based on the candidate meeting the minimum requirements of the advertisement and fairness and objectivity in the appointment of qualifying candidates (LPT, 2013: 5). However, nowhere in the policy is mention made of the alignment to the employee retention. The alignment of the recruitment and selection policy, 2013, to retention efforts is a very critical measure which would ensure that managers in their selection and recruitment always keep to it. The WPHRM (South Africa, 1997: Section 12) calls for the integration of all human resource practices through an integrated human resource plan. The provision of the DPSA cited above implies that all the policies should indicate the linkages to related policies.

3.9.3 The Limpopo Provincial Treasury human resource development policy

The LPT human resource development policy, 2007, provides clear guidelines and a transformational framework for the training, development and education of employees in the Limpopo Provincial Treasury (LPT). The policy is further aimed at assisting the LPT in producing skilled, competent, dedicated and responsive professionals committed towards achieving its strategic objectives. Furthermore, the LPT human resource development policy, 2007, is supported by and should be read in conjunction with the succession planning policy, performance management policy, bursary policy, internship policy, learnerships policy and the employment equity policy of the LPT as part of the integrated human resource planning function.

The LPT human resource development policy, 2007, has the following objectives (LPT, 2007):-
to support national imperatives on skills development and, more specifically, the LDP;

- to build a peaceful, prosperous, united, dynamic and transformed Province by creating an enabling environment for economic development, social justice and improved quality of life; and

- to contribute towards improving the organisational efficiency and effectiveness rating of LPT through the improvement of customer satisfaction.

The policy is however being reviewed, as is the case with other policies like the selection and recruitment policy, 2006. The study acknowledges that the LPT has made an effort to promote human resource management and development through its policies, but argues that the fragmented manner in which these policies are developed contribute to the inability of the LPT to retain its core, scarce skilled employees.

3.10 CONCLUSION

Retention as one of human resource functions is governed by various legislative frameworks and policies. Those legislative frameworks and policies were discussed in this chapter. The Constitution of the Republic of South Africa, 1996, protects the rights of all the citizens in the country and gives rise to acts and policies which are dealing with retention or influencing it. The basic values as contained in the Constitution of the Republic of South Africa, 1996, require policies that will ensure that public services are delivered impartially, with dignity and respect. Highly skilled and professional public servants are required to develop and implement quality human resource management policies and services to effect the provisions of all the Acts.

The national legislation and policies enabling retention management from the national sphere include those related to human resource planning, training and development, financial competencies, performance management and compensation management. Such legislation includes the PSA, 1994, the PSR, 2001, the SDA, 1998, which provide for the organisation, administration and development of the Public Service together with the PSR, 2001, the PSA, 1994, provides for special recognition when dealing with remuneration and retention of employees with scarce
skills or who have proven themselves to be falling within categories of high performers. The PFMA, 1999, requires that public service resources be utilised effectively, efficiently and economically. The emphasis of the PFMA, 1999, is on integration of plans to ensure maximum benefits from resources which are always scarce.

The provincial policies and departmental policies were also analysed to determine their ability to enable retention management. The legislative framework and policies for retention are put in place to address the retention challenges. The challenges facing the implementation of those policies in the LPT are subject to the investigation that will be undertaken and revealed in the following chapter. The next chapter will analyse these challenges thematically as identified through analyses both structured and semi-structured questionnaire survey and supported by a further literature.
CHAPTER 4

THE CHALLENGES IN THE IMPLEMENTATION OF RETENTION MANAGEMENT BY THE LIMPOPO PROVINCIAL TREASURY

4.1 INTRODUCTION

The previous chapters provided a theoretical overview of retention and analysed the legislative and policy frameworks enabling the management of retention. The legislative and policy frameworks enabling retention management focussed on analysing the extent to which relevant acts and policies have supported departments in their efforts to retain scarce skills, specifically financial management practitioners in the LPT.

Chapter four addresses the objective three of this study which outlines the problems/challenges emerging from the implementation of the retention policy in the LPT. The chapter discusses the research results and provides an analysis thereof. The analysis starts with the demographic information proceeding to the analysis on the basis of the relevant themes in comparison to the literature review and legislative framework discussions in chapters two and three respectively. The research population included core employees of the LPT in various technical and professional categories and the SMS members. The LPT employs 65 internal auditors, one economist, eight budget analysts, 13 asset managers, 33 supply chain management practitioners, ten accountants, 15 information technology specialists (inclusive of systems administrators), four revenue management practitioners, nine financial management practitioners, five internal control practitioners and six risk management practitioners (LPT, 2015: 46) from which respondents to the study were purposively selected. Quantitative data were analysed using he descriptive statistics in the SPSS software packages. The specific demographic profiles of respondents are described in the following section.

4.2 DEMOGRAPHIC PROFILE OF RESPONDENTS

The analysis of the research results herein is discussed starting from the demographic profile of respondents illustrated through simple proportions, graphs, bar and pie charts. The questionnaire required that the respondents indicate their
profiles in terms of gender, age, population group, current position, current salary level, years of service in LPT and highest qualification. In total 60 questionnaires were distributed to selected respondents of all core employees in the LPT using purposive sampling, as described in chapter one. Out of the 60 questionnaires, 45 (75%) respondents representing all the identified and selected core employees participated in this research and returned their completed questionnaires for analysis.

4.2.1 Profile of respondents by gender

Figure 4.1 below reflects that out of a total of 45 respondents, 30 (67%) are males and 15 (33%) are females. The results are a fair proportional representation of the gender composition of the LPT. The above picture correlates with the LPT gender representation where males account for 54% versus 46% females out of 427 employees. The gender representation at SMS level in LPT follows the same trend where males constitute 57% of all employees while females represent 43% (LPT AR 2013/14: 72).

![Figure 4.1: Profile of respondents by gender](image)

The status reflected above correlate with the history of South Africa where the majority of males were employed and occupied senior positions. Statistically, the general population of South Africa shows that out of a total population of 53.7m people, females are in majority at 52% as against 48% males (Stats SA, 2014: 72). However the economically active population of the country shows that 46% females are employed as against 54% of males. The Limpopo Province has a population of 5,6million people of which 47% of females and 53% of males are economically active (Stats SA, 2014: 72).
4.2.2 Profile of respondents by age

Figure 4.2 illustrates the profiles of respondents in LPT by age. The ages of the respondents range from 18 to 59 years old. The results reveal that out of the 45 respondents, 11% are between the ages of 18 and 29, 22% between 30 and 39, 20% between 40 and 49, 46% were between 50 and 59 and that none of the respondents were 60 years and above. Cumulatively, majority of respondents (66.67%) were 40 years and above.

The above results compares with the actual situation in LPT where the 46% of the employees are in the age group of 50 and above (LTP, 2015: 22). This shows that the workforce in the LPT is ageing which places an additional burden on ensuring the retention of specifically younger core employees.

![Figure 4.2: Profile of respondents by age](image)

4.2.3 Profile of respondents by population group

Figure 4.3 reflects the profile of respondents by population group. The results depict that 91% are Blacks, 7% are White and 2% is Coloured. No Indians are reflected in the respondents. The above population correlates with the trend of the population status of the LPT where the Human Resource Plan 2015-2018 (LPT, 2015: 86) shows the status as 96% Black, 2% White, 1% Coloured and 0, 2% Indian. The figures from Statistics South Africa (Stats SA) (2014: 72) reflect that the various populations within the Province are 80% Black, 9% Coloured, 8% White and 2% Indian.
4.2.4 Profile of respondents by current position

Figure 4.4 shows the responses in terms of current positions in the LPT. The sample used in this study, focused on core employees hence the positions reflect the technical, professional and SMS members in the LPT. The SMS members and internal auditors represented 24% and 22%, respectively. The argument is that the SMS members as the drivers and implementers of the retention strategies are particularly interested in addressing the retention challenges, hence their active participation and involvement in the research. The internal auditor positions are specifically affected by retention challenges with statistics from the LPT Human Resource Plan indicating their positions as most affected by turnover (LPT, 2015: 110; LPT, 2014: 29). Other positions reflected in the analyses include 9% for both financial management practitioners and internal control practitioners; 7% for budget analysts, asset managers and supply chain management practitioners respectively; 4% for both accountants and information technology specialists respectively and 2% reflect economists, revenue management practitioners and risk management practitioners respectively.
4.2.5 Profile of respondents by current salary level

Figure 4.5 reflects the profiles of respondents by current salary level. The question required respondents to indicate their current salary levels with the aim of obtaining the views from the operational (levels one to six), supervisory (levels seven to ten), middle management service (MMS) (levels 11-12) and SMS (levels 13 and above) levels represented in the survey. Figure 4.5 indicates that 33% of the respondents were at salary level 13 which is senior management (directors). The next highest category is the managers appointed at salary level 12 (18%), followed by the deputy managers appointed at salary level ten (16%), salary level eight (13%), with appointments at salary levels six, 11, 14 and 15 reflecting 4% respectively and finally 2% appointed at salary level 9.

Grouped differently in terms of categories of levels referred to above, the SMS members in total represent 42.21%, MMS 22.22%, supervisory respondents 31.11% and operational respondents 4.44%. The LPT has a total population of 36 directors.
and the above represent 41% of them. All respondents from salary level 13 to 15 are SMS members and the total respondents in that category are 19 which account for 42.21% of the total sample. Their interest in this research reflects that they accept that retention of scarce skills in LPT is a serious challenge and they have a desire to contribute to its improvement.

Figure 4.5: Profile of respondents by salary level

### 4.2.6 Profile of respondents by years of service

In terms of profile of respondents by years of service, Figure 4.6 depicts that 48.89% of respondents have over 11 years of service in the LPT, correlating with the age profile of respondents. The above depicts a stable workforce of almost half of the respondents. The above is followed by 17.78% indicating one to two years of service, 11.11% indicating seven to eight years of service, 11.11% indicating nine to ten years of service, 8.89% indicating three to four years of service and 2.22% indicating five to six years of service.
According to the LPT (2015c: 15) employees appointed at the supervisory level ten are mainly employees who have been employed for 11 years and longer and are less qualified i.e. matric plus short term certificates. The next section depicts the qualifications of respondents.

4.2.7 Profile of respondents by highest qualification

Figure 4.7 shows the profiles of respondents by highest qualification, indicating that 31.11% of respondents have a Bachelor’s Degree/National Diploma which is the minimum entry requirement for technical and professional categories in the LPT. The next highest category is employees with an Honours Degree/Post Graduate Diploma (26.67%), followed by Masters’ Degree (24.44%), matric (11.11%) and 6.67% with a post matric certificate (non-formal short course certificates).

The above implies that the LPT recruits qualified employees that meet minimum requirements and focus on employee training and development both of which provide a good basis for employee retention. Therefore the LPT aligns itself with the argument by Werner et al. (2012: 4) who argues that attracting and retaining superior talent stimulate employees to perform at their best.
The above demographic analyses provide an overview of the profile of respondents who participated in the research. The rest of the chapter will describe the qualitative and quantitative research results. The close ended questions (Annexure A) based on the Likert point scale are quantitatively analysed and the descriptive opinions related to open ended questions are qualitatively analysed. The themes that have been identified through the literature review presented in the previous chapters include legislative and policy framework enabling retention, training and development as retention strategy, organisational values and culture, growth opportunities and retention management, compensation management and retention, motivation and retention, communication and retention, staff turnover and retention, job embeddedness, engagement and attachment and resource availability and retention. Each of these themes will be conceptualised and analysed in the following sections.

4.3 **THE LEGISLATIVE AND POLICY FRAMEWORK ENABLING RETENTION**

Retention management exists within the human resource policy environment and must be developed and integrated with other human resource policies with all relevant stakeholders’ participation, as was described in chapter one. This is supported by Armstrong and Taylor (2014: 5) who indicate that human resource management is a strategic, integrated and coherent function. Stakeholder involvement stimulates ownership. The Harvard Business School (2006: 1, 6, 19)
advises that managers who require success in retaining their employees must make retention a core strategy of their business. As a core business strategy, it means that retention policies and plans should be developed with inputs from all stakeholders inclusive of employees, labour unions, management and all relevant structures. According to chapter 10, section 195 (1) of the Constitution of the Republic of South Africa, 1996, public administration must be responsive to people’s needs and encourage public participation in policy making. Participation in policy making should start from inside the organisation. Through such participation employees become aware of the policy and related strategies.

There are six questions asked in the semi-structured questionnaire related to this theme which are analysed separately below.

4.3.1 The availability of the retention policy

The question was asked to determine if respondents knew about the existence of the LPT retention policy. Figure 4.8 represents the views of the respondents with regard the availability of the retention policy in the LPT. The results show that 22.22% respondents agree that the LPT has a retention policy and 11.11% strongly agree. On the contrary 17.78% respondents disagrees while 17.78% strongly disagrees. A total of 31.11% remained neutral to the statement, indicating that they were neither aware nor unaware of the existence of a retention policy.

The fact that a total of 35% of the respondents tend to disagree and a further 31.11% of the respondents did not want to comment on the existence of the retention policy shows that the LPT lacks in creating awareness for the formal management of retention. The results also indicate that the LPT Human Resource Department does not seek inputs from staff in drafting the retention policy. LexisNexis (2015: 2) suggests that organisations should have a retention policy which must be actively enforced and audited.

Furthermore, the DPSA (2006: 14) highlights that employee retention is not a responsibility of human resource practitioner alone and advises departments to work together with employees, labour unions and management through human resource component to develop and implement policies.
The Department of Planning, Monitoring and Evaluation (DPME), through the MPAT annually assesses the departments on the existence and effectiveness of human resources policies and benchmark them against the best practice models across government. The results of this question depict that the LPT needs to consider that review and improvement is essential in the policy development process. The lack of awareness regarding the retention policy has a negative consequence for the overall management of retention by the LPT.

### 4.3.2 The effectiveness of the retention policy

Figure 4.9 depicts the views of the respondents with regard to the effectiveness of the retention policy used by LPT. The results show that 9.09% agree with the statement while 2.27% strongly agree however 31.82% disagrees, 27.27% strongly disagrees and 29.95% are neutral to the statement.

In total 59.09% of the respondents disagree with the statement that says “the retention policy used by LPT is effective in retaining scarce skills in the Department” as opposed to 11.36% who agree. This coupled with 29.95% who remained neutral again indicate a lack of awareness of the existence of the policy. There is a clear correlation between Figure 4.8 and 4.9 because staff will not know if the retention policy is effective when they have not seen the policy. The results also confirm that employees do not participate in the development of the retention policy in the LPT.
The above reflection calls for a review of the procedure and process for policy development in the LPT. Armstrong and Taylor (2014: 409) call for the development of fair human resource management policies and procedures and implementing them consistently in an organisation. The challenge facing organisations is that despite retention being ranked top in the human resources initiatives, about 75% of the organisations do not have a strategy and the budget for employee retention management (Fallaw & Kantrowitz, 2013: 8 & 15). The LPT is also one such organisation as reflected by the responses analysed above. Employee retention is negatively influenced by the lack of awareness for the implementation of the retention policy.

4.3.3 The understanding of how the retention policy works
The question required respondents to indicate their understanding of how the retention policy in the LPT works and results are depicted in Figure 4.10. The question aims at addressing the training and awareness campaigns held by the Human Resource Department in promoting the LPT retention policy. The employees are required to know that the retention policy exists and what strategies are there to ensure that they are retained. In actual fact, the employees are supposed to be active participants in the development of the policy giving inputs on what strategies will ensure their stay in LPT.
The picture in Figure 4.10 reflects that 33.33% of respondents confirm that they understand how the retention policy works as they agree with the statement. The figure also reflects that 6.67% strongly agree with the statement, making the cumulative percentage of those who agree 40%. However, 18% of the respondents are neutral, 28.89% strongly disagree with the statement while 13.33% disagree producing a cumulative percentage of 42.22% of respondents who disagree.

The final results in this statement support the outcome of the question B.1.2 (Annexure B) represented by Figure 4.9, which is about the effectiveness of the LPT retention policy, supporting the notion that the LPT retention policy is not effective as mechanism to retain scarce skilled core employees. The overall results by the majority depicted in Figure 4.10 suggest that the LPT retention policy is not made known and understood by employees of the LPT, hence its ineffectiveness. The DPSA (2008: 11) advocates for active participation by all stakeholders in the development, communication and implementation of policies and human resource plans and strategies. Therefore communication through workshops, training and marketing the human resource policies is of critical importance.

4.3.4 The attendance of the retention management awareness campaigns

The next question supplements the previous one and determines whether employees are given training or attend awareness sessions on the retention policy. The results depict that 46.67% and 31.11% strongly disagree and disagree
respectively. Their cumulative responses reflect that majority (77.78%) have not attended any awareness campaign while 8.89% remain neutral on this statement. Only 13.33% have attended the awareness campaigns about the retention policy of the LPT.

![Bar chart showing opinions on awareness campaigns attendance](figure4_11.png)

**Figure 4.11 Attendance of awareness campaigns organised by the LPT regarding the retention policy**

Section 7.1 of the LPT Policy Development Framework (2010: 4) outlines the principles of policy development as consultation, information and compliance to the *Batho Pele* principles. The Framework (LPT, 2010) should be used for all policies developed in the LPT and be streamlined for effective communication of the employee retention policy. Furthermore, Swanepoel *et al.* (2005: 31) assign the responsibility for educating employees on their benefits, integration and streamlining various aspects of human resource practices, including employee retention policy, into the departmental programmes, to the human resource department.

Based on the responses from all the close ended questions about the existence, effectiveness, understanding and training of employees in the LPT on the retention policy the majority of the respondents do not have any knowledge about the retention policy in LPT, did not attend any training on the policy, no communication was received and that the policy is ineffective. There are serious gaps between the development, participation and sharing of information regarding the retention policy in the LPT. The high number of neutral responses depicted in Figures 4.8 and 4.9
with 31.11% and 29.55% respectively are also a cause for concern as the assumption is that those could be coming from respondents who have not seen or heard anything about the retention policy of the LPT.

4.3.5 The strategies for making the retention policy effective

The last two questions in the category of legislative framework and knowledge of the retention policy are identified as questions B1.5 and B.1.6 in Annexure A. Firstly B.1.5 requires respondents to give their suggestions and views on additional strategies that could be included into the retention policy to make it more effective. Secondly, in terms of B.1.6, the respondents are required to express their opinions and views on what are the reasons for poor retention in LPT. The questions required qualitative responses which are about opinions of respondents. Such responses cannot be quantified like was done in the preceding responses.

Out of the 39 qualitative responses were received, sixteen respondents (41.02%) suggested that the department should recognise employees in varying ways. Those views included recognition of employees who make a difference through their skills, knowledge and competencies by implementing a specialised reward strategy, pre-identification of posts which are critical for retention, objective identification of employees who deserve recognition and recognising them, preference being given to internal candidates when posts are advertised and simple verbal praises for work well done.

The respondents indicated that “the department must have a policy that ensures that people who have been capacitated using department’s funds are appreciated and given space to apply their knowledge”; that they “must be given more challenging responsibility and space for innovation”; that “if a person is more qualified and continues to do same level of work than before it will become boring for them”; that “recognition of their inputs will make them to enjoy what they are doing”; that “when opportunities arise within the LPT, such employees should be allowed to do what they do best”; that “they occupy higher positions which commensurate with their knowledge and that they must be given opportunity to implement their innovation”. The respondents further indicated that “personal growth constitutes a very strong driver in today’s workforce, particularly with the younger generation and it is the basic requirement to entice the young generation”.

117
The preceding views give the indication that, while there is training and development in the LPT, there are no opportunities given to implement the lessons learned from training and development programmes. Based on the view as expressed above, one understands that retention is negatively affected by the behaviour, attitude and practice of management within the LPT towards employee skills utilisation. In support of employee retention, McCauley and Wakefield (2006: 4) posit that the human resource department is responsible for setting a scene for success by recruiting and training capable employees. The study argues that including training and development as retention components are important, but that when employees have been trained they also need to have the ability to display their increased knowledge and skills and then be recognised for their contributions.

4.3.6 The reasons for poor retention in the LPT

The responses for B.1.6 (Annexure B) on the reasons for poor retention in the LPT were received from 41 respondents (91.11%) with four respondents (8.89%) who did not offer any qualitative insight. The majority of the respondents are of the view that poor work culture, ineffective implementation of the performance management and development system, absence of a succession policy, non-identification of posts for critical skills, non-communication of the retention policy to employees, lack of commitment and will from top management, inconsistencies in implementing the policy and retention strategies, non-strengthening of the internship programme, an organisational culture which does not value people, non-provision of growth opportunities and development by the structure, non-engagement with resigning employees and lack of counter offers and promotions are causes for poor employee retention in the LPT.

The respondents further indicated that “poor monitoring and administration of exit interviews and the lack of conducting employee satisfaction surveys” are the reasons for poor retention of employee in the LPT. The statement reflects that the LPT conducts exit interviews but management does not utilise the results effectively to improve the situation. In line with the above, the DPSA (2008: 20) supports that both the job satisfactory and exit surveys must be conducted to provide proactive and remedial solutions to current and future retention challenges.
4.4 TRAINING AND DEVELOPMENT AS A RETENTION STRATEGY

Section B.2 (Annexure B) of the semi-structured questionnaire focusses on training and development as a driver for retention within the LPT. The aim of the section is to assess the ability of LPT to utilise training and development to improve the skills level, align the career development of its workforce to its strategic objectives and ensure that the development prepares the employees for promotional posts. Robinson and Rousseau (1994: 247) assert that personal growth and development opportunities affect decisions to stay or leave organisations. Organisations developing employees are investing in them with the intention to retain them. Hence, Nel et al. (2011: 359) define training as a tool to develop the full effectiveness of employees and development as the formal education, job experiences, relationship and assessment of personality and abilities that helps employees prepare for the future. The analyses of the three questions pertaining to this theme are provided below.

4.4.1 Opportunities for employee career development

Figure 4.12 indicates the responses on the career development opportunities provided by the LPT. This question tests whether the LPT takes employee career development serious. Career development positively stimulates retention of employees and where there is conflict and misalignment between personal career development and organisational commitment, the employee would follow their career and leave (George, 2009: 107).

Figure 4.12 below indicate that 52.27% of respondents are agreeing with the statement and 18.18% strongly agree, making it a cumulative positive of 68.88%. On the contrary only 9.09% disagree and 9.09% strongly disagree giving a cumulative proportion of 18.18% negating the statement. The picture depicts a very good support for employee career development by the LPT and therefore a good base for employee retention. The respondents who are neutral represented 11.36% with minimal impact on the results.
Kumar *et al.* (2014: 4) assert that training is one of the main drivers of job satisfaction. The results are also supported by the training and development initiatives aimed at career development within the LPT specifically focusing on management and leadership development programmes (LPT, 2014: 89, 99-100). Section 195 of the Constitution of the Republic of South Africa, 1996, provides that public administration must cultivate good human resource and career development practices to maximise human potential. The above results show that the LPT uses training and development effectively as tools in the management of retention. The results herein are also supported by the levels of qualification reflected under figure 4.7 which shows that the majority, above 80%, of employees in the LPT are in possession of the National Diploma and above.

### 4.4.2 Employee skills training in their current positions

The question B.2.2 (Annexure B) assesses the ability of the LPT to ensure that the employees attend training that develops their skills in their current positions. The responses are reflected in Figure 4.13 which indicates that 56.82 agree with the statement and 13.64% strongly agree. Only 6.82% of respondents are neutral to the statement, while 9.09% of the respondents strongly disagree and 13.64% disagree.
Given the above picture, it means that the human resource development initiatives in the LPT are on the right track in terms of developing the skills of its employees in line with the work that they do. This could be interpreted to be a positive step towards employee retention and therefore the LPT should emphasise training and development as tools in the management of retention. The actual challenge facing the LPT (as will be confirmed with subsequent results) is the organisational structure and its ability to accommodate the employees that deserve the promotion to higher levels. The LPT (2014: 29) presents an organisational structure which still needs approval and as such may have a negative influence on retention management.

**4.4.3 Employee training for higher positions**

The last quantitative question in this section is B.2.3 (Annexure B) which assesses whether the employees are also trained to prepare them for promotion opportunities. The question is aimed at assessing whether training is properly planned in line with succession planning within the LPT. The responses to the above question are reflected in Figure 4.14 below.
The results reflect that 41.86% of respondents agree while 20.93% strongly agree with the statement. Thus, cumulatively 62.79% of the respondents support the statement that the LPT trains them to equip them for higher positions. Conversely, 9.30% of the respondents are neutral, 13.95% disagree and 13.95% strongly disagree. The above therefore reflects the ability of the LPT to prepare its employees for opportunities to apply for higher positions through training and development.

The study argues that the LPT complies with the provisions of section 195 of the Constitution of the Republic South Africa, 1996, which requires public administration to be development orientated and accountable. Through developing its employees, the LPT is on the right track to professionalise and instil accountability in its workforce. Part of the development of employees is aimed at the development of leadership which requires a strong mentorship, coaching and leadership development programmes to be implemented.

The figures depicted above indicate LPT’s success in ensuring that training and development not only serve current positions, but prepare employees for future career opportunities. As such, the study confirms that training and development are used as important tools in the retaining of scarce skilled core employees.

4.5 ORGANISATIONAL VALUES AND CULTURE
The section that follows assesses the organisational culture and values. Three questions required qualitative responses because of the nature of values and culture which necessitate a more in-depth understanding. The responses to these questions are given in descriptive forms as they express the individual respondents’ opinions
and views which are based on their interpretation of their different experiences in relation to those questions asked.

Organisational values and culture align also with the questions of identification, embeddedness and engagement since they also manifest through ethical conduct. To this end, employees choose the organisations they prefer working for through applying for posts in those organisation. Those decisions are mainly influenced by the profile and image of the organisation. Nel et al. (2001: 226) accept that those decisions are also based on what the organisations are doing to attract and retain scarce and core skills. Image building is the responsibility of the leadership (senior management) through being exemplary in implementing organisational values and creating a reputable organisational culture. The organisational values and culture are analysed below on the basis of the relevant questions asked.

4.5.1 The conditions that will make employees stay in the LPT

The first question in this section is B.3.1 (Annexure B) and requests information about the working conditions which would make employees stay with the LPT. In other words it refers to working conditions that would ensure that employees are retained by the LPT. The responses to this question were received from 42 out of 45 respondents.

The open ended responses reflected by the majority of the respondents suggest that the employees need to be provided with adequate resources to enable them to do the work. A total of 10 respondents which is 23.81% of the responses referred to proper resources as working conditions that would make them stay with the LPT. Some of those responses are “access to resources”; “proper working tools and resources”; “arrangement of after care for kids”; “working conditions such as proper offices, necessary resources and equipment”; “provision of adequate resources such as car and cell phone allowances and 3G as well as ensuring that focus is given on work performance where all tools and skills are provided”. Lack of working resources can lead to stress for the employee. Respondents indicate that there is a need for more support by providing onsite day care centres and flexible working hours. Spector (2012: 287 & 288) refers to family-work conflict as an extra role which could work against employee retention due to too much stress if not attended to. Such measures include the provision of on-site child care facilities and flexible working
conditions. The argument made here is that availability of resources alone is not enough but effective utilisation of resources is also an important factor. If employees and other resources are provided but employees have to travel to arrange for day care, their job concentration and, thus, job satisfaction may be affected. The inconvenience becomes too much and productivity is also affected.

Some of the responses to the question related to which conditions will make employees stay in the LPT, included consultation on issues relating to the employees’ work and transparency, recognition of work well done and incentives, change of management style, excellence in working relations with other employees, promotion, recognition of good work, more delegation from supervisors, monetary and non-monetary incentives, job rotation, appreciation of the value of employee experience and good working relationships with supervisors. Respondents were also of the view that they need to be recognised as employees, they need favourable working conditions, employee engagement and health and safety (employee wellness) to be prioritised as the conditions that could lead to staying in the LPT. They further indicated that “if I am allowed to have space to be creative, innovative and apply prescripts as they are supposed to be and provide valuable input” I can stay. The statement above indicates that employees value being valued. In support of the last statement, Armstrong and Taylor (2014: 107) assert that employees are motivated by the feeling that their work is valuable, challenging and getting the autonomy to initiate and also being allowed to be innovative in their work.

The above shows that the provision of resources supports retention. Employees who are not given the required resources to perform their work are frustrated and ultimately decide to leave, as will also be confirmed in subsequent sections. The working resource provision is repeatedly in question when staying, leaving, or additional strategies to improve employee retention and the influence of resources on employee retention are described. This means that resources are a serious challenge for the LPT and should be urgently attended to. A further challenge of inadequate resource provision is indicated by George (2009: 108-110) as their impact to the employee well-being. The argument here is that inadequate resources like a shortage of employees, places pressure on the existing employees and their health is then affected. Such employees while retained opt to exchange their roles to less demanding work.
4.5.2 The conditions that would make employees leave the LPT

The second question in this theme is B.3.2 (Annexure B) and is about working condition that would make employees leave the LPT. The responses were received from 44 out 45 responses. The responses are in most instances similar to the ones given above. The lack of working resources is still a priority and is indicated by the majority of respondents followed by unfair treatment. Some of the responses highlighted “being trained and skilled but not allowed to use your skills effectively”; “nepotism and selective judgement”, “tribalism”, “leadership that does not accommodate ideas from officials”, “political interference in decision making” and “a lack of recognition of good performance” as reasons for leaving the LPT.

Hereunder follows some of the direct responses indicated for this question:-

- “All the aspects are a knock off at varying degrees, and the only way to survive is to develop a thick skin which includes failure to meet targets and grilling by the audit committees on situations you don’t have control over”. The statement above reflects frustration which if not attended to, could lead to the affected employee leaving.
- “Lack of visionary leadership, lack of recognition and achievements, poor coordination of HR activities, unhealthy relationships with supervisors”.
- “Interference to perform my work in an unethical manner”.
- “None application of prescripts that allow employees not to account for their actions”.
- “Non-consideration of internal incumbents or skilled incumbents when they appoint for higher positions”.
- “Cuts of benefits (cell phone, telephones limit), work environment (parking), appointment of human resources is only done for posts of SMS levels at the expense of operational levels, crisis management style of leadership, official being on maximum notch without compensation, training interns without absorbing them even if the skills are needed”.

These responses require that the LPT must conduct “stay” surveys as opposed to only doing the exit interviews when employees have decided to leave. Masibigiri and Nienaber (2011: 2) confirm that traditionally the response to retention is reactive
rather than proactive. The above suggests a need for a different pro-active approach where stay and job satisfaction surveys are considered.

4.5.3 The considerations by employees to return to the LPT

The third and final question in this section is B.3.3 (Annexure B) which was asked to determine whether respondents would consider coming back after having left the LPT. The question tested whether respondents would consider returning if working conditions changed or whether those conditions are so serious as to scare them forever and stop them from considering returning to the LPT when such opportunities arise.

A total of 17 out of the 45 respondents which accounts for 37.78% suggested that they would not consider returning to the LPT, while 18 respondents which account for 40% of the respondents indicated their willingness to come back, with 11 respondents (22.22%) identifying specific conditions that would make them consider coming back to LPT after having left. The assumption is that they are not satisfied and this is also a cause for concern. Considering the 22.22% neutral respondents coupled with the 37.78% who would not return to the LPT after leaving, the picture becomes negative and it suggests a perceived negative or unsupportive organisational culture.

Based on the above scenario, the study argues that the organisational culture of LPT is largely influenced by the perception of support in terms of resources and flexible working conditions. The study further acknowledges that an unsupportive organisational culture is an important reason for employees to consider leaving the organisation. The following section elaborates on the ability of the LPT to promote growth as part of retention management.

4.6 Growth Opportunities and Retention Management in LPT

Employees follow their passion and choose a career that will ensure their growth and development by the employer of their choice. Should growth opportunities not prevail, they start looking elsewhere for such growth. Growth comes through promotion coupled with more responsibilities and authority which also commensurate with higher positions in the hierarchy and higher compensation. The organisational
structure as well as the job design and remuneration strategy of the organisation must support its growth initiatives, as will be analysed in the following sections.

4.6.1 Provision of growth opportunities within the LPT

This section deals with growth opportunities which assess the ability of LPT to provide the employees with opportunities for promotion. The aim of the question in B.4.1 (Annexure B) was to verify whether LPT supports retention of employees through provision of growth opportunities. The results are presented in Figure 4.15 below. According to these results, 37.78% tend to disagree with the statement against the 35.55% who agree with the statement. There are 26.67% of respondents who chose to remain neutral with the statement.

![Figure 4.15: LPT provides opportunity for promotion](image)

The results under this question do not support those given under training and development. These suggest a misalignment of policies and processes in the LPT where training and development does not lead to internal employee promotion. There should be a correlation between the results in this question and the ones for the development. The study argues that even though employees indicate the willingness of the employer to train and develop their skills, the inability of the employer to then make use of those skills and knowledge at higher levels influence employees’ decisions to leave. Growth coupled with compensation is considered to be important components in the retention of scarce skilled core employees, as will be described in the next section.
4.7 COMPENSATION MANAGEMENT AS RETENTION IN THE LPT

The Guide to Staff Retention (DPSA, 2006: 1) indicates that employers are applying innovative and creative solutions to retain staff through, amongst others, offering competitive compensation. The above endeavours are efforts to win the competition for core and scare skills in the labour market. Although compensation is not the only incentive that employees are looking for in employment, it is part of the motivation that satisfies them. Further, chapter 1, part 1 (A.1) of the PSR, 2001, as amended, allows that Public Service remuneration must support effective and efficient service delivery through the provision of appropriate incentives for employees within fiscal constraints. The questions herein assess the level of satisfaction of the LPT employees with their compensation.

4.7.1 The LPT compensation in relation to the market-related remuneration

The section that follows deals with remuneration and assesses whether LPT’s compensation is in line with market-related remuneration. The aim of this question is to assess the ability of LPT to retain its employees through market-related compensation measures. As was argued in chapter two, Erasmus et al. (2009: 345) stated that there must be equal pay for equal work of same value. Compensation is a retention factor that ensures employee satisfaction. Compensation that is below market-related rates will encourage turnover of employees which is expensive for organisations.

The results of question B.5.1 (Annexure B) are reflected in Figure 4.16 below. The picture depicts that 42.22% agree and 11.11% strongly agree giving with a cumulative percentage of 53.33% agreeing to the importance of compensation in retention management. Conversely, 22.22% do not support the statement while 24.44% remained neutral about the importance of market-related compensation to retention.
The remuneration of employees in the LPT supports retention and is backed up by the provisions of section A.2 (e) of the PSR, 2001, as amended. Section A.2 (e) stipulates that the executing authority should take into account the need to attract and retain employees with the appropriate competencies when determining salaries for employees. The fairness and correctness in the implementation of those provisions makes it possible for the LPT to succeed in retaining employees with the needed competencies. Grobler et al. (2011: 403) have found that perception of inequity is short term in nature but perception of unfair treatment may cause the employees to leave the organisation. The greatest cause of dissatisfaction at work is employee compensation. Employees like comparing their work and the compensation they receive against those of their colleagues. Robbins et al. (2009: 133) support the above and agree that employees judge issues like fair remuneration, amongst others, and react in line with their own interpretation.

The respondents have shown that the LPT compensates its employees in line with the market-related rates and therefore, the study argues that remuneration in the LPT supports the management of retention for specifically scarce skilled core employees. As compensation is deemed to be important motivational factors, additional motivation to retain employees will be discussed hereunder.

4.8 MOTIVATION OF EMPLOYEES AS RETENTION IN THE LPT

The section that follows is B.6 and deals with the motivation which is one of the most determinant factors of employee retention. Motivated employees contribute positively to the achievement of organisational objectives. Employees are motivated by a
mixture of factors at the workplace, as was described in chapter two. For employees to be fully motivated, the individual performance must always fit the organisational performance requirements (Grobler et al., 2011: 293). This can only happen when the performance management system is tied to the organisational objectives resulting in a holistic approach to performance (Nel et al., 2011: 516). Employee morale as a motivational indicator will be described in the following section.

4.8.1 The morale level assessment of LPT employees

The question about motivation is captured under B.6.1 (Annexure B) and assesses the morale level of the employees. The results are presented in Figure 4.17 and shows that 6.67% strongly disagree and 33.33% disagree thus not supporting the statement. Moreover, 28.89% are neutral, while 28.89% agree and 2.22% strongly agree.

![Figure 4.17: Morale is high working for the LPT](image)

The above results correlate with the results under growth opportunities and support the assertion that was made that there are limited growth opportunities in LPT and therefore the morale of staff is low. A further comparison can be made with results describing reasons why employees leave the LPT. The majority of the responses identified the lack of resources, poor implementation of incentives and the attitude of management in handling human resource issues, unfairness and policy implementation as factors against retention. These results, coupled with those of the organisational values and culture are indicative of challenges which reflect negatively on employee retention. There is need for the LPT to concentrate on these areas in
order to improve employee retention. As was highlighted in all previous sections the lack of awareness regarding retention management affects employees negatively. The following section addresses the issue of communication in relation to retention management.

4.9 COMMUNICATION AS A RETENTION MANAGEMENT STRATEGY IN THE LPT

The section that follows assesses the communication within LPT as it relates to retention. Communication is one of the critical factors influencing employee retention. Informed employees are able to effectively participate in departmental projects and in the implementation of departmental programmes. Two questions are asked in this section. The first one focuses on effectiveness of communication between the employees and LPT as the employer. This entails the communication of decisions regarding strategic plans and the implementation of human resource policies. The second question focuses on the relationship between the employee and the supervisor which may cause employees to leave because of the kind of supervision and support received from supervisors.

4.9.1 The effectiveness of employer/employee communication in the LPT

The results of responses for the first question (B.7.1) are presented in Figure 4.18 below. According to the results, 37.78% agree with the statement that communication between employer and employee is effective, 4.44% strongly agree giving a cumulative of 42.22% supporting the statement. However, 35.56% were neutral about the statement which implies that communication seems to have no effect on their work. The respondents that disagree and strongly disagree include 8.89% and 13.33% respectively, resulting in a cumulative of 22.22%. Thus only 42.22% of respondents thus identify communication to be effective, while the rest believed that communication may still be a challenge, specifically if employees perceive communication to be neither effective nor ineffective.

Based on the results the extent to whether employees are informed or not cannot be conclusively determined. The above results may have been influenced by the majority of the participants in the questionnaire who are at management levels and SMS levels (42.21% as in Figure 4.5) combined.
Management and SMS members are in most cases participating in strategic meetings where decisions are taken and that on its own indicate an active participation in the communication process. Irrespective of the above, the study acknowledges the importance that communication plays in the retention of scarce skilled core employees in the LPT.

### 4.9.2 The effectiveness of employee/supervisor relationship in the LPT

The second question (B.7.2) relates to the relationship between the employee and his/her supervisor. The relationship between the two determines success in the implementation of organisation’s plans. The results are presented in Figure 4.19 below indicating that majority (71.11%) are supportive of the statement while 11.11% disagree, and 17.78% neither agrees nor disagrees. This means that core employees in LPT relate well with their supervisor. Good employee supervisor relations promote retention and LPT should benefit from this relationship.

Noteworthy is that there seems to be a correlation between Figures 4.18 and 4.19. According to Figure 4.18, the 42.22% of respondents confirm that LPT’s communication with employees is effective while Figure 4.19 confirms that there is a positive and effective communication relationship between the supervisor and his/her employees. The picture depicts a positive environment for the retention of scarce skilled core employees in the LPT.
In most cases, as Prewitt (2006: 8) indicates, a bad manager is one of the common reasons for the departure of top performers. The relationship between an employee and a direct supervisor is more important than money (RDM, 2006: 48). The relationship between the two, as supported by the results is supportive and enables an environment healthy for employee retention in the LPT.

4.10 THE STAFF TURNOVER AND RETENTION IN THE LPT

Section B.8 (Annexure B) presented in the semi-structured questionnaire assesses turnover in the LPT through two questions requiring qualitative responses. Although turnover is costly to organisations, the Public Service Commission (PSC) Research Report on turnover of Heads of Departments (2008: 10) asserts that turnover is sometimes healthy as it reduces complacency and brings about change and innovation as well as displacing poor performers. The aims of this section is to assess the extent to which work conditions which would make employees stay and leave respectively influence retention. The responses are discussed separately below.

4.10.1 The respondents views on the reasons for employees leaving the LPT

The first question in this section requires the respondents’ opinions on what are the reasons why employees leave the LPT. The views of the majority of respondents on why employees leave the LPT were related to greener pastures and career advancement or promotion. The respondents were also of the view that “there are no opportunities to grow career wise internally, there are such opportunities outside and
that the LPT is doing nothing to compete with the market”. The other reasons indicated for this question include low morale, unfair treatment, unresolved grievances, being overlooked for promotions, less motivation, lack of turnover strategies, lower salaries, lack of resources, lack of technical support for career development, disgruntled employees, retention policies not being correctly implemented, favouritism in terms of recruitment, no growth and training for employees and employees feel they don’t add value anymore.

Unresolved grievances relate to promotion opportunities in the LPT and delayed responses lead to disgruntled and demotivated employees. The LRA, 1995, (South Africa, 1995, Section 35, provides for bargaining councils in the public service which would conclude agreements of dealing with grievances. One such collective agreement addressing promptness in dealing with grievances in the public service is Resolution no 14 of 2002 (Grievance rules for the Public Service). The promptness, with which supervisors and managers are able to pick up employees’ dissatisfaction, depends on how they effectively and consistently engage employees and give quick feedback. The DPSA (2006: 10) posits that leaders require the leadership style that would enable them to detect complaints quickly and resolve them before they become issues. The views of the respondents reflect that the LPT is unable to keep employees if they decide to leave.

According to the shock and unfolding model by Mitchell et al. (2001: 96) (as described in chapter two), employees’ decisions to leave are based on their assessment of the environment and the changes in the work environment. Job satisfaction is evaluated against the salary, supervision and chances of promotion, work environment and the job tasks performed. Mitchell et al. (2001: 96) indicate that the reasons to stay in organisations which also add to job satisfaction include job enrichment, good supervision, clear roles and met expectations while job dissatisfaction is linked to job stress, repetitive work, role ambiguity and role overload. The model further asserts that economic factors like compensation, benefits and other rewards influence job satisfaction and that turnover is initiated by job dissatisfaction.

The opinions of respondents in this question support the results of figure 4.15 where the results also indicate that there are no growth opportunities in the LPT. The study
acknowledges that it is disconcerting that in the Department where training and career development and preparing employees for higher positions are done, the responses still indicate that growth and promotion opportunities are not evident. This is indicative of serious challenges related to integrated human resource planning and the alignment of strategic planning and annual performance planning.

4.10.2 The strategies that the LPT should put in place to reduce turnover

The second question asks about what strategies LPT should put in place to reduce employee turnover. The responses to the second question on strategies to reduce turnover included “releasing of all employee above 55 years old”, “job rotation within a period of each year”, “approval of the structure and ensuring that there is professionalism in the LPT”, “creation of opportunities for internal promotions”, “increase better career growth”, “provide more training”, “acknowledge good performance from employees”, “open dialogue between management and employees” and “implement retention strategies”. Respondents also suggest that they be “given productive work to do, challenging work and removal of obstacles and barriers to getting the job done”.

The scenarios painted by the above responses are reflective of a need for intensive integration of the strategic plan, human resource plan and operational plan (DPSA, 2008: 19). The views above are indicative of the feeling that older employees are taking the positions of younger ones, hence the call for the early retirement of employees 55 years and above coupled with the need for the approval of the structure. A department where the majority employees have long service records and are above the age of 50 years imply that fewer younger employees perceive a career within the organisation. This correlates with the results that all employees identify the LPT’s training and development as strength, but that employees are unable to implement their new skills in current or future positions.

The above is also based on the practical situation where younger employees are very mobile as opposed to older ones as indicated earlier in this study. The fact that needs and expectations changes with age is backed up by the Nel et al. (2001: 36-37) as they assert that newly appointed and young employees have far different needs and expectations than aged employees who have been with the organisation for longer. The above is also true of the mobility of the two groups.
The LPT should therefore, when developing policies, consider the ages of the employees that are overrepresented and those that are less represented. Having discussed turnover in relation to employee retention in the LPT, the following section focus on job embeddedness, employee engagement and attachment as retention measures in the LPT.

4.11 JOB EMBEDDEDNESS, ENGAGEMENT AND ATTACHMENT AS RETENTION IN THE LPT

The section B.9 (Annexure B) assesses employee embeddedness, engagement and attachment through five questions with each question represented in Figures 4.20 to 4.24. The aims of the questions are to assess the intensity of the links between the employees in LPT and their department and each other as a team. The research which was done by Mitchell et al. (2001: 103) argue that job embeddedness is a positive factor to retention of employees. The questions further assess the effectiveness with which LPT engages its employees. Each of the questions is discussed hereunder.

4.11.1 The employee identification with the LPT as an employer of choice

Figure 4.20 presents the results of identification with the LPT as an employer of choice. All the 45 respondents answered this question. The results illustrate that an overall majority of 80% agree with the statement while 2.22% disagree, 17.78% are neutral and none strongly disagree. The above picture depicts very strong core employees who identify with the LPT as an employer. The implication is that prospects of retention in LPT are high.

The shock model developed by Mitchell et al. (2001: 104) assert that employees’ decision to stay and leave organisations are informed by the attachment, embeddedness and how effectively they are engaged by those organisations. Individual embeddedness to organisations originates from the alignment of their individual values and culture to those of the organisations.

The alignment starts from recruitment where if the right people are attracted and matched to the right positions, then there are possibilities of the right fit. Hence, Robbins et al. (2009: 107) confirm that a person-job fit is the ability to match the job
requirements to the personality characteristics of an individual and that it leads to person-organisation fit.

Figure 4.20: Identification with the LPT as my employer.

Should the recruitment and matching of correct skills with core employees be successful, identification and embeddedness, coupled with the correct engagement could lead to high employee retention. On the basis of the results above, the LPT employees identify very well with their employer and retention is therefore positively influenced.

Emanating from the above study results and comparing all the results from Figure 4.16 through to Figure 4.20; there is correlation in the trends with the majority of positive results with good bases for employee retention in the LPT. Furthermore, training and developing core employees produce professionals aligned to the mandate of the organisation. The approach aligns with the argument of George (2009: 37) who states that professionals in organisations should be socialised with its culture. Professional socialisation is about organisational identity and internalisation of group values and norms which then become the basis for psychological contract. Supporting the above argument, Nel et al. (2001: 37-39) posit that individual goals of employees integrate with the organisational goals and its culture through attachment and involvement to create what is called organisational membership. To seal this relationship and membership, the individual performance must always fit into the organisational performance. This can only happen when the performance management system is tied to the organisational
objectives. Armstrong and Taylor (2014: 62) posit that when employees feel part of the organisation, they are likely to stay in that organisation.

The employees in the LPT have a strong identity which anchored them to their department. The above results are a positive environment for employee retention.

4.11.2 The strength of the employee attachment to the LPT as an employer

Figure 4.21 reflects the results of question B.9.2 responding to the employees having the strong attachment to the LPT as their employer. The results show that the majority at 57.78% tend to agree and strongly agree with the statement, 13.33% disagree and 28.89% are neutral.

![Figure 4.21: Strong attachment with the LPT as my employer](image)

The fact that 57.78% respondents agree that they are attached to the LPT as their employer correlates with Figure 4.2 which shows that 46.67% are in the age category of 50 to 59 years old, which suggests that older employees are loyal to one employer as opposed to the younger employees. Sue, Lu and Cooper (1999), Clark, Oswald and Warr (1996) and Birdi, Warr and Oswald (1995) as cited by Spector (2012: 223-224) have shown that older employees are more stable compared to the younger ones who change jobs easily as they are still exploring.

Attachment to an organisation is also influenced by the links with team members, either internal or external to the organisation. Nel et al. (2001: 37) refer to the concepts attachment, embeddedness and organisational membership which together with involvement must co-exist for the employee and the organisation to
attain their mutual goals for continued and sustainable membership of employees in the organisation. Attachment is linked to job satisfaction and other attitudes like positive feelings, organisational commitment and perceived organisational support. The above means the majority of LPT’s employees, particularly the core scarce skills employees, will not easily leave the LPT.

4.11.3 The effectiveness of the employee engagement by the LPT

The question B.9.3 (Annexure B) assesses the effectiveness of employee engagement in the LPT. This question also relates to effective communication and the results should be compared to see if there is any correlation. The results of this question are captured in Figure 4.22. The results show that 37.78% of respondents tend to agree and strongly agree with the statement, while 28.89% disagree and 33.33% are neutral. The neutral responses are second highest and are a cause for concern. On further scrutinising the results, particularly looking at the 33.33% of respondents who are neutral, coupled with the 28.89% who disagree, it can be concluded that there is a problem with employee engagement in the LPT. That could be a sign that the LPT does not effectively engage its employee hence the ineffectiveness of the retention policy.

![Figure 4.22: LPT effectively engages me as an employee](image)

Although these results correlate well with figure 4.18 on effective communication with both having 37.78% of respondents respectively supporting the statements, indicating that both communication and employee engagement in LPT are effective, there is cause for concern when consideration of the neutral figure comes into the
fore. Nevertheless, on their own the results provide a good basis for employee retention within the LPT.

4.11.4 The strength of employee attachment to colleagues in the LPT

Figure 4.23 presents the results for question B.9.4 (Annexure B) on employees’ strong attachment to their colleagues in the LPT. The aim of the question is to assess the links of employees towards each other in the LPT. The links between employees both within and outside the work environment are some of the factors that positively influence retention.

The results as depicted in Figure 4.23 below reveals that 73.33% of respondents agree with the statement as opposed to 15.56% that disagree and 11.11% remain neutral on this statement. These results depict a very strongly bonded team in the LPT which implies that turnover is discouraged and retention encouraged.

![Figure 4.23: Strong attachment to my colleagues](image)

Figure 4.23: Strong attachment to my colleagues

Spector (2012: 297) differentiate between work groups versus work teams and argues that a work team is a type of a workgroup and cite West, Borill & Unsworth (1998) who indicate that teams have three specific properties:-

- interdependent and coordinated individual actions;
- each member has specific role; and
- existence of common task goals and objectives.
Spector (2012: 297) continues to indicate that a group is made up of people working together but do not depend on one another for performance of their jobs. Team commitment is based on emphasise of team goals. There are many variables that cause team detachment like conflicts and clicks in teams. Spector (2012: 301) further indicates that high team commitment would be associated with high team performance, low turnover and team satisfaction. The implication is therefore that attachment of team members in the LPT is indication of commitment to team goals and objectives and therefore retention is highly probable.

4.11.5 The effectiveness of employees working within a team in the LPT

The question on effectiveness of employees working within a team was asked to obtain an assessment of respondents on whether employees in the LPT work effectively as team members or prefer to work in silos as depicted in Figure 4.24. The results below reveal that 62.22% of the respondents agree with the statement, with 24.44% strongly agreeing, thus cumulatively producing a majority of 86.66% that support the statement. There are no respondents who strongly disagree and these results just like those for attachment to colleagues above depict a very effective and strongly bonded team in the LPT where turnover is discouraged and retention encouraged.

![Figure 4.24: I work effectively within my team](image)

The literature review presented in chapter two indicated through the psychological contract that relations between employers and employees are at the centre of employee retention. To this effect, Lee (2000: 4) refers to the contract sensitive retention model which emphasises the nature of the contract and how they influence
employee retention. Organisations that emphasise relational contracts focus on valuing employees more and put efforts in building winning teams aimed at long term retention. On the contrary, organisations that emphasise transactional relations, place emphasis on getting the work done through service providers and are not focused on employee retention.

Spector (2012: 302) asserts that team performance is superior to individual performance in certain jobs but groups as differentiated from teams, may destruct one another’s progress and become ineffective. There are also actions that are required to stimulate team performance like teambuilding and brainstorming exercises, group problem solving and group decision making and group innovations which assist teams and groups to perform (Spector, 2012: 305-316).

The results from the study above depict a strongly bonded team with good relationships between colleagues in the LPT. With 86.66% effectiveness of working within a team, it means that there exists strong team membership which implies the delivery of effective results in the LPT. The analyses provide a good basis for employee retention in the LPT. The study acknowledges that positive influences on retention should be considered important when developing strategies to address retention challenges.

4.11.6 Measures that LPT must do to encourage teamwork

Teamwork stimulates togetherness and bonding of employees through team innovation and enhancement through teambuilding (Spector, 2012:310 & 315). The question requires respondents’ opinions on what the LPT must do to encourage teamwork. Respondents are of the view that communication must be improved, team building exercises be organised, training on workings of teams be done, continuous meetings, both formal and informal, be instituted and rotation of leadership amongst team members be encouraged. Some responses specifically mentioned the following:

- “Reward team work e.g. best team of the quarter or of the year; provide team building training, train officials to understand how they contribute to the organisation”.

142
• “Quarterly outing for all the staff, provide adequate training, hold monthly meetings with all staff for the entire directorate”.
• “Training of the SMS members on management skills, specifically soft issues”.
• “Give people whose work complement each other projects that will be done and let them choose project leaders amongst themselves instead of imposing a team leader on the team”.
• “Motivation, encourage individual innovativeness and discourage silo syndrome”.
• “Adequate provision of tools of trade, career pathing, training and development”.
• "Institutionalise project management approach where individual strong skills sets are used in projects other than their normal routine work, develop managers on how to manage teams there by creating a conducive environment for teams when the manager is able to deal with team dynamics in an efficient manner”.
• “The breaking of the barriers that exists between core and support functionaries”.

The above are some of the strategies that would help LPT to retain employees. Emanating from the results of the assessment of whether employees work effectively in a team shown in Figure 4.24 above, the study argues that there are strong foundations laid already as employees are very effective within their teams and as such a strong foundation for retention management is formed.

4.12 THE WORKING RESOURCES AS RETENTION IN THE LPT
The question regarding the provision of resources assesses the ability of the LPT to enable employees to work effectively with adequate and appropriate resources. Resource provision makes it possible for employees to implement work programmes as planned. Reference to resources includes human resources, financial, equipment and fixed as well as movable assets (Swanepoel et al., 2013: 7). The two questions herein supplement each other and are confirming the adequacy, influence, role played by and effect of resource provisioning on the employee retention.
4.12.1 The adequacy of working resources provision for effective functioning in the LPT

The question asked was “I am provided with adequate resources to enable me to do my work effectively”. The results are shown in Figure 4.25 which reflects that 32.56% disagree, 25.58% strongly disagree, which is a cumulative frequency of 58.15% negating the statement and accounting for the majority of the respondents.

![Figure 4.25: Provision of adequate resources for effective work](image)

The results further indicate that a total of 11.63% remained neutral, 25.58% agree with the statement while 4.65% strongly agree with the statement. The above picture shows that the LPT is not adequately providing working resources for employees as was already established and argued in 4.4.1 and 4.4.2 respectively.

According to Berning et al. (2010: 16) managers get things done through people. People form part of the resources required to implement programmes and projects. Werner et al. (2012: 10) assert that organisations must be resourced with the right employees doing the right things, at the right time and place, and under the right conditions. Resources should be planned alongside the strategic and other related plans and Erasmus et al. (2009: 125) support this when they argued in defining the human resource planning urging organisations to systematically review their human resource needs to ensure that the required number of employees with required skills and competencies are available when needed. Therefore organisations should always have required resources over and above employees.
The results of the study reveal that the LPT does not provide enough working resources to enable its employees to be effective in their work. The LPT quarterly reports and annual report for 2013/14 show that some of the targets where not achieved due to non-filling of vacancies (LPT, 2014: 76). Inadequate resources are another factor that causes low staff morale in the LPT and, thus, negatively affect employee retention.

4.12.2 The opinions on the influence of access to resources on retention

The question B.10.2 (Annexure B) assesses the influence of access to resources on retention. The opinions of the respondents were required to support the statistical responses of B. 10.1 above. Descriptive responses were required giving qualitative response based on the views of the respondents. The responses from the study reveal that 35 (77.77%) of the 45 respondent who answered this question, agree that access to resources influence retention and motivated their views. Seven respondents (15.55%) did not respond and three (6.66%) indicated that there is no influence of resources to retention. The responses from those who responded in support of this question emphasise that performance will suffer and the targets and objectives will not be achieved. Over and above they highlighted the frustrations that the employees will face working without access to the resources. Here are some of the responses from some of the respondents:

- “If one is unable to perform due to lack of resources, it remains a bad reflection on the person as everyone looking sees that person not performing, LPT will remain with older employees as younger once will leave if they are not given resources to work”.
- “There is a direct correction between resources and effective working which would result in retention of critical skills. Adequate resource would enable employees to be innovative, dependent and initiative”.
- “Staff get frustrated when the cant do their job in time then they decide to look for other options elsewhere”.
- “Been provided with adequate resources will reduce stress level and frustration”.
- “If you battle too long to get resources one becomes negative and the employees leave”.

145
• “The impact is beyond measure, it is like a doctor who witnesses a dying patient because the hospital does not have requisite equipment's, it is an ethical issue and its impact is very emotional and potentially affect your self-worth and esteem due to the feeling of helplessness”.

• “Happy employees in a conducive employment environment result in better productivity and retention”.

The results therefore reveal that access to resources indeed influence the retention of employees. The results herein indicate that resources are critical for achievement of targets and are also equated to the ethical issues affecting emotions. Resources are also equated to happiness where indications are that together with appropriate working resources, happiness brings out better productivity and retention.

The legislative and policy environment of retention in the LPT has revealed that there is a gap between policy development processes through to application of the Batho Pele principle of consultation. The retention policy of the LPT is not known by employees who are supposed to be retained through its implementation. The key gaps which were revealed include inadequate working resources for LPT employees and lack of growth opportunities even though employees are trained and developed. To sum it all up, the LPT experiences challenges in its ability to retain its scarce skilled core employees. Irrespective of the LPT retention policy, the lack of cohesion among different retention components (such as was illustrated between training, development and promotion) exacerbates the inability of the LPT to retain specifically its financially skilled employees.

4.13 CONCLUSION

The chapter analysed and discussed the results of the study done to determine the challenges experienced during the implementation of the retention policy in the LPT. This study focuses on core, scarce skilled employees, including internal auditors, budget analysts, asset managers, supply chain management practitioners, accountants, information technology specialists, financial management practitioners, internal control practitioners, risk management practitioners and SMS members in the LPT. A total of 60 questionnaires were distributed to representatives of the core employees in the LPT. The responses were received from the 45 respondents.
across the core employees referred to above and the responses received represented each of those technical, professional and SMS members within LPT.

The analysis was done on demographic information, legislative and policy framework and factors impacting the retention policy which included development, organisational values and culture, growth opportunities, remuneration, motivation, communication, turnover, job embeddedness, engagement and attachment and working resources.

The analysis of the implementation of retention policy and the factors that influence it generally indicates that the employees are not aware of the availability of the retention policy and have not attended any training about it although they understand how the retention policy works. The results further show that the LPT pays its employees well in line with market-related rates, employees are developed in the work they do, provided with career development opportunities, are trained in preparation for higher positions and are provided with opportunities for promotion. On the contrary, there is a challenge with the morale of the LPT employees as it does not correlate with the above opportunities. Looking at other factors like relationships of employees with the LPT as an employer, supervisors and with teammates, the attachment, engagement and embeddedness the results are all positive. A further challenge related to resource provisioning which correlates with the morale of the employees is presented. These specific areas together with communication as retention tool necessitate specific attention.

In the next chapter, specific conclusions and recommendations emanating from the described findings will be presented.
CHAPTER 5
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION
Employee retention has been defined by Ryder (2008: 27) as an organisation’s ability to keep employees who are valued contributors to organisational success as long as it is mutually beneficial. Furthermore, the Guide on Staff Retention (DPSA, 2006: 9) defines retention as keeping your best employees or most talented employees. As indicated in Chapter Two, section 2.2.2, both the organisation and the employee should benefit from retention in order for it to succeed and be sustained.

The research results indicated that the study population (sample) had more male employees than female employees in line with the demographics of the LPT. The composition in terms of population groups revealed that there were more blacks than all the other population groups. On the basis of equity and population representations, the LPT does not seem to comply with the chapter 10, section 195 of the Constitution of the Republic of South Africa, 1996, which requires the public administration to be representative of the demographics of the country. Based on the research results, the dominant age was 50 years and above which is also comparable with the age status in the LPT where the majority of the employees fall above 50 years of age.

The demographic profile further revealed that all management levels were represented and that the LPT has well qualified employees with the majority in possession of National Diplomas and Bachelor’s Degrees. The study argues that there is a positive relationship between retention and employee skills development, which is also, represented in the qualification levels of employees. The length of service revealed that the LPT has a stable workforce with most respondents serving for 11 years and more.

The objectives of this research were to determine the implementation challenges that the LPT faces in retaining core employees with financial management skills. The
summaries are presented by addressing the research objectives and questions and subsequently explaining the findings pertaining to the factors or components in retention which are the themes used for the analysis of the data.

5.2 CHAPTER SUMMARIES

Chapter 1 provided for the general overview of the research focusing on the implementation of the retention policy in the LPT. The chapter focussed on the background and the rationale behind the poor retention of the core employees with scarce skills, knowledge and competencies in financial management. The orientation and the problem statement were given; the research objectives and questions were developed; the central theoretical arguments proposed; research methodology explained; the significance of the study highlighted; and the provisional chapter layout was presented. The chapter provided proof that there is poor retention of core employees in the LPT. The above statement is supported by the empirical research presented in subsequent chapters which showed that there is no integration of the human resource function in the LPT. Training and development is done but the promotion, the morale of the employees and adequate working resources are not provided to employees in the LPT. The purpose of the chapter was to provide an outline for the study and introduce both the theoretical understanding of the topic as well as delineating the methodology which was used in the empirical gathering of data. As an introductory chapter, chapter 1 provides proper background and motivation to illustrate the need for the study.

Chapter 2 provided a theoretical overview of the retention. The objective linked to this chapter is “to determine the relevant theories and best practice models pertaining to employee retention”. The chapter further responded to the research question which is “What are the relevant theories and best practice models pertaining to employee retention?” Emanating from the relevant literature perused and an analysis done on the literature, the concepts of public administration, human resource management and core employees were defined within the context of employee retention.

The location of retention is found within the concepts public administration, generally and specifically within the human resource management field of study. Therefore the related concepts that were defined in the chapter are public administration which
was defined as the collective work of public servants (as human resources) in the executive branch, developing, coordinating and implementing government policy within a political framework. The politicians and executives are different role players of the same process of formulating and implementing policies within the Public Service. The human resource management has been defined as involving the productive use of people in achieving the organisation’s strategic objectives and the satisfaction of individual employee needs (Nel et al., 2013: 6). Focusing on employees’ abilities to strengthen the strategic objectives of the organisation places an emphasis on retention, specifically of those who are considered to exhibit scarce skills. The concept core employees was also defined as those employees that are key and crucial assets playing a very critical role in the organisational success due to the key knowledge, skills, experience or abilities they hold. The conceptual definitions placed the topic within the broader practice of public administration and as such contribute to an enhanced understanding of the discipline of Public Administration’s body of knowledge.

The focus in the chapter has further presented the theory of the psychological contract as a foundation for retention and the retention models. The models focussed on are the shock and the unfolding model, job embeddedness and stay model and the contract sensitive retention model. The models are considered best practices because of their emphasis on the different factors that influence retention and the fact that retention has implications for planning, execution and evaluation of the use of human resources. Following the models, specific components which are also evident in the models are analysed. The influence of the components of retention which include human resource planning, training and development, motivation, performance management and compensation management and work life balance was analysed. Then the role players in retention which are human resource departments, the supervisors and managers, the employees and labour unions were presented and their role in retention was discussed.

The chapter argues that on the basis of the theories, models, retention factors and role players analysed, employee retention is facilitated when relations between the employer and employer are beneficial to both; the human resource policies with specific reference to retention in this case is developed with inputs from all the stakeholders and role players and is made known to all employees. The findings
reveal good relations between employees and the LPT as the employer, good relations between supervisors and employees, good relations between employees themselves and good teamwork amongst employees. However, some of the gaps that have been identified are in employee morale, inadequate resource provision and the lack of promotion opportunities as described in chapter 4.

Chapter 3 provided for the legislative and policy frameworks supporting the management of retention within the Public Service. The national, provincial and departmental legislation and policies and their influence on retention were discussed. The chapter addressed the research objective which is “to determine the legislative and policy framework pertaining to employee retention” and answered the question which was aligned to this objective namely “what are the relevant legislation and policies supporting employee retention?”

The national legislation and policies supporting employee retention were discussed. The legislative framework and policies included the Constitution of the Republic of South Africa, 1996, the NDP, 2011, the PSA, 1994, the LRA, 1995, the HRD-SA, 1995, the BCEA, 1997, the WPHRM, 1997, the SDA, 1998, the WPPSTE, 1998, the PFMA, 1999 the PSR, 2001 and the CFFM, 2010. The provincial legislative framework and policies analysed included the LDP, 2015 and the departmental policies supporting retention included the LPT Staff Retention Policy, 2006. The study acknowledges that the human resource management policies are specific in its intentions to ensure that capable public servants are identified, developed, utilised and managed. In the discussions emphasis was placed on the manner in which legislation promotes retention by focusing on specific components important in the management of retention, including human resource planning, training and development, performance management and compensation management. However, although retention is enabled through human resource management legislation and policies, it is hampered by the fact that each of the components of retention are dealt with in isolation and not specifically framed as part of an integrated human resource management function.

Chapter 4 presented the empirical research analyses of the challenges in the implementation of the retention policy according to themes identified in previous literature chapters. The chapter addressed the research objective which stated “to
explain the problems/challenges emerging from the implementation of the Staff Retention Policy, 2006 of the LPT with specific reference to the retention of financially skilled employees”. The research questions addressed by this chapter were “what are the current employee retention strategies in the LPT?” and “what are the problems/challenges emerging from the implementation of the Retention Policy in the LPT?”

The above objective and the questions were addressed through a questionnaire survey targeting core employees of the LPT. Both quantitative (deductive) and qualitative (inductive) data analysis were done while results were discussed in comparison with the literature review and legislative and policy framework information. All findings were thematically addressed and yielded the following:

- The legislative framework and policy environment for retention revealed that the existence, effectiveness, understanding and training of employees in the LPT on the retention policy yield mixed results. The majority of the respondents do not have any knowledge of the retention policy in LPT, they have not attended any training on the policy or on retention in general and no communication was received regarding retention. The study concluded that the implementation of the policy is ineffective. There are challenges in the development of the retention policy, participation by managers in retention policy development and sharing of information of the retention policy in the LPT. The results further indicated a high number of neutral responses on questions about the policy existence and its effectiveness. These findings are a cause for concern as the assumption is that the neutral responses could be coming from respondents who have not seen, experienced or heard anything about the manner in which retention is managed through the retention policy developed by the LPT.

- Training and development is implemented in the LPT as depicted from the results, however growth opportunities lack. This finding is also pointing to the lack of integrated planning especially within the human resource management function. Opportunities for training and development are high in the LPT; respondents indicated that development is not only aimed at functioning in current position, but also development for future position. However, since respondents indicated that opportunities for growth through promotion lack,
training and development on its own cannot be considered successful in the retention of scarce skilled core employees.

- The findings on analysing organisational values and culture revealed that the leadership and management in the LPT are not leading by example. Respondents perceive leaders and managers as not caring about them as employees. This is particularly evident in the responses given by respondents that identify biasness, tribalism, political interference and delays in responding to grievances as indicative of the organisational culture. The LPT’s organisational culture does not support a positive reputation. Image is one of the key considerations for attracting and retaining scarce skills from the labour market. The LPT is compensating its employees in line with the market related rates and therefore remuneration in the LPT supports retention. The respondents are satisfied with the compensation of the LPT. Yet, alone, on its own, compensation will not retain the scarce skilled core employees of the LPT.

- The morale level of the employees in the LPT is low. The findings are also supported by the finding on growth opportunities where the LPT is also found lacking. While morale seems to be low, communication seems to be effective, which highlights a contradiction in terms of components supporting retention. However, given the amount of neutral responses regarding effectiveness of communication, there may be some doubt as to how communication really strengthens retention in the LPT. Supervisor and employee relationships seem to be good, with over 70% of respondents indicated that there exist positive relationships between themselves and their managers. This, again, highlights some discrepancies in the findings. The same respondents also indicated that managers show behaviour related to favouritism and tribalism, they also indicate that their own promotion possibilities are limited. The good relationships identified as existing between employees and their managers are not translating into management offering opportunities for growth for employee retention.

- The findings with regard to employee turnover revealed that there is dissatisfaction with issues related to offering promotions, recognising qualified employees as well as management’s attitude in managing human resource
issues within the LPT. These findings are supported by the responses provided on the questions about reasons why the employees would leave the LPT and what strategies should be put in place to reduce turnover. Suggestions like open dialogue between management and employees and to implement retention strategies are indicative of employees being disgruntled. Based on the above findings, the LPT is at a high risk for staff turnover. The dominant factors in response to the reasons that will make employees stay were found to be related to the provision of resources for work performance; recognition of skills, competence and work well done and change of management style. The findings presented here confirm the discrepancies identified previously, which is that although employees would seem happy at work and happy with how they relate to their co-workers their happiness does not translate into actual retention. Recognition has to be given to the fact that should retention be successful it needs to comprise an integrated effort towards ensuring that all components related to retention management are included.

- The findings on job embeddedness, engagement and attachment as retention components in the LPT depict largely positive results. Employees identify with the organisation; they express an attachment to the LPT, to colleagues and their managers. However, recognition should be given to the number of neutral responses identified in this theme. Again, this confirms discrepancies in terms of actual functioning and the willingness to stay with the LPT should nothing change. However, generally the LPT is doing well in this theme and this retention component is highly supported.

- Finally the findings describing access to resources show that the LPT experiences serious challenges in using resources as a component in retention. The LPT does not provide adequate working resources to its employees. The answers provided to the questions indicated that the majority of respondents are frustrated by the lack of working resources and that this is the major reason for staff turnover in the LPT. The results support that should one component in retention not be integrated with all other components, it could lead to the inability of an organisation to retain its scarce skilled core employees.
• In summing up this section, the findings on legislative and policy framework, growth opportunities, employee morale and resource provision place the LPT at risk of losing more employees. The findings on communications and employee engagement though positive for employee retention, are not convincing given the levels of neutral responses in those questions. The findings on training and development, compensation, job embeddedness, teamwork, identification with the LPT, attachment to the LPT as an employer of choice and to the colleagues and working relationships with supervisors are good and must be maintained as components in an integrated retention management strategy.

Ultimately, chapter 4 confirmed that there is no integration and streamlining of the human resource management function in the LPT and therefore there are indications of working in silos which means that retention management is also dealt with in isolation to the rest of human resource management functions.

Chapter 5 presents the research findings, conclusions and recommendation. The chapter also provides the chapters’ summaries as well as an evaluation of the LPT retention policy’s ability to retain core employees with financial management skills. The Staff Retention Policy of the LPT is not able to retain the core employee within the LPT. The reason for the policy’s failure is because it is not known to the employees of the LPT. The policy was not developed with inputs from the relevant stakeholders and role-players and it has not been published or made accessible to all employees. Training on the policy was not given to the employees of the LPT, which implies that managers will not be able to manage retention effectively.

5.3 RECOMMENDATIONS
The following are the recommendations based on the findings from the research conducted on the implementation of the LPT retention policy. They are based on the themes identified through the literature review, including the legislative and policy framework analysis and the findings reflected through the empirical research described in chapter 4.

5.3.1 The Human Resource Management Plan
The research results indicated that employee retention management is not reflected or integrated in a human resource management plan for the LPT. Therefore, the
recommendation is that the existing HRP (described in previous chapters) should be reviewed in conjunction with the departmental strategic review process. Emphasis should be placed on aligning all the human resource management plans and monitoring the implementation process thoroughly on a quarterly basis with monitoring reports developed and recommendations thereof enforced by the Strategic Operations and Policy Coordination Directorate. The process should comply with the LPT Policy Development Framework, 2006, and the policy development principles as outlined therein i.e. consultation of all relevant stakeholders, providing information to all stakeholders and promoting the Batho Pele principles to ensure acceptance for the implementation of such a plan. Specific importance should be placed on addressing succession planning, aligning it with retention and knowledge management which would enable the LPT to address the ageing and long serving workforce challenges.

5.3.2 Training and development
The study argues and recognises that should the first recommendation of a policy review not be accepted, the following recommendations may be adversely affected. The Human Resource Directorate should ensure that all the managers and employees are trained in the use and implementation of an integrated human resource management plan. The study recommends that any retention initiatives as part of an integrated human resource management plan should be made part of the Compulsory Induction Programme (CIP) package for sharing and raising awareness for the new employees. This will ensure that all employees are aware of the policy and the strategies available to retain them.

5.3.3 Motivation
The study acknowledges that the morale and motivation of employees are adversely affected by the lack of work resources which may lead to increased employee turnover. The study recommends that the LPT should review its resource allocation strategy and intensify the implementation thereof. The lack of resources frustrates employees and is argued to be one of leading reasons for employees leaving the LPT. The study recognises that as part of this recommendation the LPT should conduct a resource need analysis in order to determine the needs of employees regarding work resources. The priority list of the key resources must be part of the
integrated human resource management plan considering the availability of the funds to cover those required resources.

5.3.4 Performance Management
The study confirmed that there are performance issues related to promotion, recognition and use of knowledge and skills in current jobs. The study recommends that the LPT performance management policy and system should be reviewed in line with the integrated human resource management plan to ensure that it recognises the importance of offering growth opportunities and providing recognition for the skills, knowledge and competencies possessed and applied. Inherent in the recommendation is the alignment between an integrated human resource management plan recognising performance with the service excellence awards system which may further be used as a tool to address issues related to motivation, morale and employee attachment.

5.3.5 Compensation Management
Although the findings on compensation support it as a component in retention management, the LPT should recognise the link between compensation and employee motivation and attachment. Should employees not be able to identify themselves as a valued member of the LPT, their high salaries will not be enough to retain them. Therefore, the study recommends that compensation as component in retention also be reflected in the integrated human resource management plan. Opinions like the LPT not being people centred are a cause for concern. Employees who do not feel their efforts are recognised; who do not perceive opportunities for promotion being available to them will not be retained no matter how good the compensation is. The study recognises that inherent in this recommendation is the promotion of both formal and informal management and employees meetings to discuss issues that create the divide between management and the employees as highlighted in the opinion related questions and responses.

5.3.6 Work-life balance
The study has revealed that promoting a work-life balance is important to employees. Therefore, the study recommends that an integrated human resource management plan recognises the possible benefits to be derived from flexible work conditions, specifically for scarce skilled core employees. Respondents indicated
that access to child care and access to more flexible working hours may positively affect their reasons to stay within the LPT. The study recognises the importance of maintaining a work-life balance as an important factor in maintaining good employer employee relationships.

5.3.7 Communication
The research results identified communication in the LPT to be effective. The study recommends that in order to ensure the further effectiveness in communication, specifically as it relates to retention, the LPT should commit itself and its management to communicating the integrated human resource management plan for increased ownership and acceptance during implementation.

The recommendations made by the study, thus, include:

- developing an integrated human resource management plan with monitoring and evaluation driven by Strategic Operations and Policy Coordination Directorate;
- train and develop all managers and all employees in the use and implementation of the integrated human resource management plan;
- the integrated human resource management plan recognises the importance of a comprehensive resource allocation strategy;
- the integrated human resource management plan includes a performance plan that ensures employees are recognised for their efforts and awarded through its link with the excellence awards offered by the LPA;
- compensation as component in retention be included in an integrated human resource management plan;
- work-life balance be recognised in the integrated human resource management plan through flexible working conditions; and
- the LPT should commit itself and its management to communicating the integrated human resource management plan to build a solid foundation for the retention of their scarce skilled core employees.

5.4 CONCLUSION
On the basis of the problem statement that necessitated the research to focus on the implementation of retention policy in the LPT, it is hereby concluded that the current
retention policy of the LPT is not implemented to ensure the retention management of core employees with financial management skills. Furthermore, the LPT retention policy is not known by the employees because they have not been part of its development, they were not trained in the use and implementation thereof and they were never part of any campaigns for the popularisation of the policy.

This chapter provided summaries of all preceding chapters focusing on the manner in which each chapter addressed a research objective and a research question. In each summary specific attention was given to arguments which were made in each of the chapters. The study revealed the importance of establishing good working relationships between the employer and employees in an organisation. Furthermore, the study confirmed that the participation of stakeholders and role players in employee retention policy development is crucial in ensuring the effectiveness of the employee retention. There is a need to take the research further by including all employees of the LPT and by expanding the population to ensure that the views of all occupational employees on employee retention are obtained. Retention is a key human resource management function, but it cannot be managed in isolation. Identifying the important components which need to be integrated for retention management, is a first step in understanding the complexities involved in the management of scarce skilled core employees.
BIBLIOGRAPHY


Barnard, A.C. 2009. Retention strategy for the geosciences department in a gold mining company. Potchefstroom: North-West University. (Thesis - PhD.)


South Africa. Department of Public Service and Administration. 2006(b). The public service internship programme. Pretoria: DPSA.

South Africa. Department of Public Service and Administration. 2006(c). The public service mentorship programme. Pretoria: DPSA.

South Africa. Department of Public Service and Administration. 2007. Employee performance management and development system. Pretoria: DPSA.
South Africa. Department of Public Service and Administration. 2008(a). Directive to institutionalise the practice of exit interviews in the Public Service Departments. Pretoria: DPSA.


South Africa. Department of Public Service and Administration. 2015(a). Determination on leave of absence in the public service. Pretoria: DPSA.

South Africa. Department of Public Service and Administration. 2015(b). Guideline for mentoring, peer support and coaching for the senior management service. Pretoria: DPSA.


Annexure A: Organisational structure: Limpopo Provincial Treasury
ANNEXURE B
RETENTION IMPLEMENTATION QUESTIONNAIRE

Dear Sir/Madam

My name is Mashika Rahab Ramatswi, and I am a student of North-West University, Potchefstroom Campus, doing research to fulfil the requirements for the Master’s Degree in Public Administration. My research topic is: “The implementation of a retention policy in the Limpopo Provincial Treasury: an evaluation”.

The objectives of my research entail investigating the extent to which the different components of retention are implemented within the LPT and to identify which challenges may exist in ensuring the retention of scarce skills within the LPT. Towards this end the research seeks to solicit your assistance in completing the questionnaire below. Please note the following:

- Participation is voluntary.
- All answers are confidential and will be used for research purposes only.
- Participants will remain anonymous. Your gender, age and position within department is only required for academic purposes, in order to ease the process of data analysis.
- The questionnaire will take you 20 to 30 minutes to complete.

Once again, thank you for your willingness to participate in this research project.

Please indicate your willingness to participate by ticking the following box:

| I hereby give my consent to participate voluntarily in this academic research. I understand that my participation is anonymous and that results will be used for research purposes only. |

173
**SECTION A: DEMOGRAPHIC INFORMATION**

The following personal information is necessary for statistical purposes only and will not be used to identify any individual working within the Limpopo Provincial Government.

Please tick in the relevant space.

A.1 GENDER

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

A.2 AGE

<table>
<thead>
<tr>
<th>18-29 years</th>
<th>30-39 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>40-49 years</td>
<td>50-59 years</td>
</tr>
<tr>
<td>60+ years</td>
<td></td>
</tr>
</tbody>
</table>

A.3 POPULATION GROUP

<table>
<thead>
<tr>
<th>Black</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coloured</td>
<td>Indian/Asian</td>
</tr>
</tbody>
</table>

Other (please specify):

A.4 CURRENT POSITION

<table>
<thead>
<tr>
<th>Internal Auditor</th>
<th>Economist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Analyst</td>
<td>Asset Manager</td>
</tr>
<tr>
<td>SCM Practitioner</td>
<td>Accountants</td>
</tr>
<tr>
<td>IT Specialists</td>
<td>Revenue Management Practitioner</td>
</tr>
<tr>
<td>Financial Management Practitioner</td>
<td>Internal Control Practitioner</td>
</tr>
<tr>
<td>Risk Management practitioner</td>
<td>Senior Management Service</td>
</tr>
</tbody>
</table>
A.5 CURRENT SALARY LEVEL (TICK ONE ONLY)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>14</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

A.6 INDICATE YOUR YEARS OF SERVICE IN LPT

<table>
<thead>
<tr>
<th>Years</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-10</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A.7 INDICATE YOUR HIGHEST QUALIFICATION (TICK ONLY ONE)

<table>
<thead>
<tr>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 12/Matric/Std 10</td>
</tr>
<tr>
<td>Post Matric Certificate</td>
</tr>
<tr>
<td>Bachelor's Degree / National Diploma</td>
</tr>
<tr>
<td>Hons Degree / Postgraduate Diploma</td>
</tr>
<tr>
<td>Masters’ Degree</td>
</tr>
<tr>
<td>PhD / Doctoral degree.</td>
</tr>
</tbody>
</table>

SECTION B: CLOSED AND OPEN ENDED QUESTIONS

Please rate the questions below using the following Likert point scale where:-

SD = Strongly Disagree, D= Disagree, N= Neutral, A= Agree and SA= Strongly Agree
B.1: KNOWLEDGE REGARDING THE RETENTION POLICY

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.1.1</td>
<td>The LPT has a retention policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1.2</td>
<td>The retention policy used by the LPT is effective in retaining scarce skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1.3</td>
<td>I understand how the retention policy works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1.4</td>
<td>I have attended awareness campaigns organised by the LPT for its retention policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.1.5 What strategies should be included in LPT retention policy to make it more effective in retaining employees with financial skills?

................................................................................................................................................................................
................................................................................................................................................................................
................................................................................................................................................................................

B.1.6 What in your view are the reasons for poor retention in LPT?

................................................................................................................................................................................
................................................................................................................................................................................
................................................................................................................................................................................

B.2 DEVELOPMENT

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.2.1</td>
<td>The LPT has provided me with opportunities for employee career development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.2.2</td>
<td>I have attended training to develop my skills in my current position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.2.3</td>
<td>I have attended training that would enable me to apply for a higher post</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.3 THE ORGANISATIONAL VALUES AND CULTURE

C.3.1 Which working conditions would make you stay in the LPT?
B.3.2 Which working conditions would make you leave the LPT?

B.3.3 If you leave the LPT would you consider coming back and why?

B.4 GROWTH OPPORTUNITIES

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.4.1</td>
<td>The LPT provides me with opportunities for promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.5 REMUNERATION

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.5.1</td>
<td>The LPT’s compensation is in line with market-related remuneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.6. MOTIVATION
**B.6.1** My morale is high working for the LPT

**B.7 COMMUNICATION**

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.7.1</td>
<td>The communication between myself and the LPT as employer is effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.7.2</td>
<td>The relationship between myself and my supervisor is effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**B.8 TURNOVER**

**B.8.1** What in your view are the reasons why employees leave the LPT?

What in your view are the reasons why employees leave the LPT?

What in your view are the reasons why employees leave the LPT?

What in your view are the reasons why employees leave the LPT?

What in your view are the reasons why employees leave the LPT?

**B.8.2** What strategies should LPT put in place to reduce employee turnover?

What strategies should LPT put in place to reduce employee turnover?

What strategies should LPT put in place to reduce employee turnover?

What strategies should LPT put in place to reduce employee turnover?

What strategies should LPT put in place to reduce employee turnover?

**B.9 JOB EMBEDDEDNESS, ENGAGEMENT AND ATTACHMENT**

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.9.1</td>
<td>I identify with the LPT as my employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.9.2</td>
<td>I have a strong attachment to the LPT as my</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B.9.3 The LPT effectively engages me as employee

B.9.4 I have strong attachment to my work colleagues

B.9.5 I work effectively within my team

B.9.6 What must LPT do to encourage effective teamwork?

………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………

B.10 WORKING RESOURCES

<table>
<thead>
<tr>
<th>Nr</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I am provided with adequate resources to enable me to do my work effectively</td>
</tr>
</tbody>
</table>

B.10.2 How does access to resource influence retention, in your opinion?

………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………

END OF QUESTIONNAIRE