Factors influencing employee retention in South African national government departments

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Introduction

Official employment data from Statistics South Africa's Quarterly Employment Statistics (QES) (2009) survey show that the government is the largest employer in the South African formal sector. To quantify this, the numbers of employees in the national and provincial departments alone comprise approximately twenty percent of the total formal sector workforce. These employees are contracted to the Department of Public Service and Administration (DPSA).One of the major challenges facing policy makers involves the effective management and reduction of the high employee turnover in government. Within this context, it is crucial for government to design and implement innovative ways to manage its human resources and make the public service more effective than it presently is.

No study to date has analyzed practices of employee retention in the South African public service according to organisational size. This study will fill a research gap by identifying organisational variables (as opposed to individual characteristics) that influence employee retention and contribute to better understanding of employee retention at the organisation level.

Literature review

According to Campion (1991:201), the need for organisations to measure employee turnover is substantial. Turnover is an index of organisational effectiveness (Vandenberg and Nelson, 1999), and as such it warrants attention and some understanding per se. The message for organisational leaders is that they must develop clear strategies for attracting and retaining good employees (Holthom, Mitchell, Lee and Inderrieden, 2005:337).

From a managerial perspective, the analysis of employee turnover as an organisational attribute has a number of advantages. Conceptualizing and measuring employee turnover at the organisation level allows for the monitoring and assessment of employee turnover and thus opens the way for administrative intervention through changes in organisational design and staffing arrangements. It is also one aspect of human resources management that is commonly monitored for both intervention and for making personnel policy projections (Alexander, Bloom and Nichols, 1991:4).

Detailed analysis of employee turnover statistics, particularly the magnitude and profile of voluntary turnover across different groups and in contrast to other organisations, can play an important role in evaluating the functioning of organisations. Benchmarking turnover statistics with other organisations provides the opportunity to view how an organisations turnover rates compare with rates in similar agencies. Reviewing characteristics of the turnover profile within an organisation allows particular demographic groups and/or areas in need of attention to be recognized and explored. In this way, a comprehensive examination of turnover statistics can assist in isolating turnover hot spots within an organisation and, in turn, guide the development of appropriate interventions to assist in minimizing voluntary turnover (Lynch and Tuckey, 2008:8).

Methodology

The research was conducted in three phases.

Phase one

Firstly, data from the QES (2009) survey was used to classify 33 national departments into three different subgroups. To this end, the employment and earnings data was analysed and the departments were classified into small, medium and large subgroups based on employment size (Table 1).

Phase two

Thereafter the average turnover rates for each department and the benchmark rates for the small, medium and large subgroups were determined (. During this phase data was collected from the government personnel and salary administrative system over a 12 month period and analysed. The analyses provided statistics on employee turnover rates for each department and benchmark rates for each of the three subgroups. The turnover rate was calculated by measuring the number of leavers in a period as a percentage of the number employed during the same period. The turnover rate was computed for the voluntary separations for a period of twelve months. The average number employed was taken to be the number working at the start of the period added to the number working at the end, divided by two. This index was calculated for each national department and an overall index (benchmark) was calculated for each of the small, medium and large subgroups (Table 2).

Phase three

After the turnover rates and respective benchmark rates were determined for each subgroup, the multiple cases were selected (*phase three*). The aim of this was to determine the factors influencing employee retention in the selected national government departments. To ensure a representative sample, a pair of good performers and a pair of poor performers were selected from each subgroup as cases. This was done relative to the benchmark of the subgroup. The 12 selected national departments participated in a cross-sectional survey.

The aim of the survey was to determine the factors that influenced the government's ability to attract and retain employees. These factors should identify the top drivers of attraction and the top drivers of retention. Therefore, the questionnaire focussed on current practices in areas related to resourcing strategies, recruitment difficulties, attracting and selecting candidates, diversity, employee turnover, and employee

retention. The questionnaire consisted of 32 questions and reliability analysis was conducted using Cronbach's α. For all 32 questions, answers to closed questions were sought. The closed questions were designed to collect data for quantitative analysis and contained free-standing (not dependent on other questions) multiple choice questions with two possible answers, "yes" or "no". Each of the 32 questions were equally weighted and designed such that a "yes" response reflected a favourable outcome. Each yes/no given a score of 1.These scores were then summed up for each category(Table 3). The responses were then summed for each category using. Statistical analysis involving 2x2 contingency tables were applied to assess the relationship between employee turnover and the cumulative responses. These analyses were done firstly for the entire group of all the national departments surveyed and then for each of the three subgroups. The hypothesis was centred on whether there is a relationship between employee turnover and responses for each of the categories. Acceptance of the null hypothesis implies that employee turnover in national departments is not associated to the responses. Rejection of the null hypothesis shows a probable association.

The next step of the analysis was to determine which items (from the questionnaire) contributed mainly to this relationship. This involved comparing the cumulative yes/no scores (for each question/item) for the above and below the benchmark categories. Each question with a score of 3 or more from the category below the benchmark was compared to the corresponding score in the category above the benchmark. If the difference (cumulative score for category below the benchmark minus the cumulative score for category above the benchmark) between the scores were greater than or equal to 2 then the corresponding items were selected for further analysis. These selected items were considered to be the main factors influencing employee retention in small, medium and large national departments.

Findings and interpretation

Departments (units) were classified into three subgroups, small from 0 to 1000 employees, medium from 1001 to 5000 employees and large with employment above 5000. The percentage differences in employment between each of the 33 ranked departments was analysed in order to stratify the departments into three subgroups.The tables below show the size group classification for each department. The total number of employees in the 33 national government departments is approximately 237 000 with the total gross earnings for December 2009 approximately R3.3 billion (Table1).

Table 1: Distribution of national departments by size

Department	No. of empl.	No. of units	salaries R'm	% of total empl.	% of total salaries
Small (S)	6 375	14	153.6	2.7	4.6
Medium (M)	22 946	10	433.3	9.7	13.0
Large (L)	207 557	9	2 742.3	87.6	82.4
Total	**236 878**	**33**	**3 329.2**	**100.0**	**100.0**

The summary information (Table 2) shows that the benchmark turnover rates for each of the three subgroups vary considerably, with 2.6 percent for small departments, 1.9 percent for medium departments, and 0.8 percent for large departments. These benchmarks were used as as a guide for the selection of cases.

Table 2: Turnover benchmarks according to subgroup

Dept	Employees	No.	Total Employees	%	Total Turnover	%	Annual rate	Monthly rate
Small	<1000	14	6 603	2.8	2 079	7.9	31.5	2.6
Medium	1001-5000	10	22 943	9.6	5 169	19.6	22.5	1.9
Large	>5001	9	209 018	87.6	19 176	72.5	9.2	0.8
Total		**33**	**238 564**	**100**	**26 424**	**100**	**11.1**	**0.9**

The criteria for selection for the survey were based on their average employee turnover rate relative to the benchmark rate of the respective subgroup. From the subgroup of small departments pair S1 and S2, below the benchmark, and pair S3 and S4, above the benchmark were selected. Similarly, departments M1 and M2, M3 and M4, L1 and L2 and, L3 and L7 were selected relative to the benchmarks (Table 3).This selection ensured a mix of both good performers and poor performers.

Table 3: Departments selected for survey

Department	Average annual employment	Average monthly turnover rate	Benchmark turnover rate
S1	834	1.7	2.6
S2	334	1.9	2.6
S3	213	3.2	2.6
S4	509	3.3	2.6
M1	1207	0.8	1.9
M2	1826	1.0	1.9
M3	1716	2.3	1.9
M4	3592	3.8	1.9
L1	7818	0.4	0.8
L2	15342	0.4	0.8
L3	15528	1.3	0.8
L4	24664	2.9	0.8

The reliability analysis (Cronbach's α) showed internal consistency reliability for both the instrument and each item in the instrument. The statistical categorical analysis based on the totals (Table 4) showed an extremely significant relationship between the responses and turnover for the group of 12 selected departments (Table 5-6). The analysis also showed extremely significant relationships existed in the small and large subgroups whilst no relationship between the responses and turnover was found in the subgroup of medium departments.

Table 4: Summary of cumulative responses of 12 selected departments

Category	Cumulative (Yes) responses				Cumulative (No) responses			
	Large	**Medium**	**Small**	**TOTAL**	**Large**	**Medium**	**Small**	**TOTAL**
Above BM	27	39	28	94	37	25	36	98
Below BM	41	45	48	134	23	19	16	58
TOTAL	68	84	76	228	60	44	52	156

Table 5 Contingency table for turnover by response for all national departments

Count Total % Col % Row %	No	Yes	
Category Above BM	98 25,52 62,82 51,04	94 24,48 41,23 48,96	192 50,00
Category Below BM	58 15,10 37,18 30,21	134 34,90 58,77 69,79	192 50,00
	156 40,63	228 59,38	384

Table6: Tests table for 12 selected departments

Responses(N)	Degrees of freedom(DF)	-LogLike	RSquare (U)
384	1	8,7129271	0,0336
Test		**ChiSquare**	**Prob>ChiSq**
Likelihood Ratio		17,426	<,0001*
Pearson		17,274	<,0001*
Fisher's Exact Test			**Probability**
Left			1,0000
Right			<,0001*
2-Tail			<,0001*

Determining the factors

To determine the important factors influencing employee retention involved comparing the "yes" counts (for each question) for the above and below the benchmark categories. The average "yes" count for the category above the benchmark was computed to approximately 3. Each question with a count of 3 or more from the category below the benchmark was compared to the corresponding score in the category above the benchmark. If the difference between the scores were greater than or equal to 2 then the corresponding items were selected for further analysis. Twelve factors with a Cronbach's alpha (α) greater than 0.7 were determined (Table 7).

Conclusion

The turnover rates for each department and the benchmarks for each subgroup facilitated the selection of multiple cases for the case study. It also enabled the isolation of extreme cases and the pairing of similar cases (Table 3).Future research based on the important factors that were found to influence employee retention in the selected departments is recommend.

Table7: Factors influencing employee retention in the 12 selected departments

Factors	Cronbach's α
Counter-offer policy	0.7298
Up-to-date workforce plan	0.7593
Monitoring of employee turnover	0.7298
Alternate career paths and skills development	0.7580
Identification of talent pools	0.7658
Succession planning policy for key positions	0.7580
Job re-designs to reflect the diversity of skills and capabilities required	0.7510
Performance system to evaluate staff competencies	0.7704
Employee performance plans	0.7551
Evaluation of employees performance	0.7551
Equitable job grading	0.7551
Accessibility to senior management	0.7656

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