

Retention and the psychological contract

The case of financial practitioners within the Limpopo Provincial Treasury

H G van Dijk

North-West University

M R Ramatswi

North-West University

South Africa

ABSTRACT

The retention of scarce skilled employees is one of the major challenges affecting public service delivery. Retaining scarce skilled employees in organisations is not always strategically prioritised, despite the cost of turnover to the employer. The article is the product of research which describes the nature of the psychological contract and analyses the extent to which the Limpopo Provincial Treasury (LPT) is able to retain financial practitioners (scarce skilled employees) by focusing upon issues such as career development, motivation and attachment. The LPT faces serious staff turnover rates in scarce skilled employees, specifically pertaining to young internal auditors, which has resulted in unmet targets over the past 10 years. In this research, a questionnaire survey was used to collect data. The questionnaire comprised both closed- and open-ended questions designed to determine employee perceptions regarding the retention of scarce skilled employees. 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.

The results revealed that the employee morale, the lack of promotion opportunities and inadequate resource allocations were the main causes for retention failure. The research resulted in recommendations put forward for the development of an integrated human resource management policy aligned to retention through an intensive resource allocation strategy.



INTRODUCTION

The retention of core skilled and knowledgeable employees forms one of the organisation's truly sustainable competitive advantages (Lee 2001:1). Benson (1995) as quoted by Lee (2001:1) argues that a stable core of key employees plays a vital role in organisational success, due to the knowledge, skills, experience and abilities that it holds. 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. Globally, employee turnover rates are approximately 25% per annum, but in South Africa, specifically at the skilled and specialist levels, this is reported to have increased, in some instances, to up to 40% (Ryder 2008:1).

The article presents the psychological contract as theoretical departure point as it pertains to retention issues such as career development, motivation, morale and attachment. The article continues to describe the research methodology used in the research and provides analyses of findings pertaining to the issues raised. The article concludes with specific recommendations to strengthen the ability of the LPT in retaining its scarce skilled employees.

RETENTION AND THE PSYCHOLOGICAL CONTRACT

Any organisation's most valuable assets are its skilled people. However, a skilled workforce is not always easy to retain as a result of competition. There is always war for talent, both in public and private sectors (Department of Public Service and Administration (DPSA) 2006:1). 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 centre of retaining employees in organisations. While organisations are putting retention strategies in place, the employees' acceptance of those strategies is important.

The *Guide on Staff Retention* (DPSA 2006:9) acknowledges that even though writers on the retention topic differ, they all agree that retention focuses upon 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 2006:9) 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 upon almost all human resource management practices.

Roehling (1997:204) explains that the concept *psychological work contract* was first introduced in 1960 by Argyris. 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 2001:1). 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.

Grobler, Warnich, Carrell, Elbert and Hatfield (2011:242) define the psychological contract as the 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 belief 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. The nature of the psychological contract has since the 1960s evolved and the differences between old and new contracts are explained in Table 1.

Table 1 shows that the management should understand the changes that come with new developments and establish retention strategies aligned to those developments. These contracts are in the main categorised into transactional and relational contracts (George 2009:11; McDonald & Makin 2000:85). 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). Nel, Gerber, Van Dyk, Haasbroek, Schultz, Sono and Werner (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

Table 1: Comparison between the old and new psychological contracts

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

Source: Grobler et al. (2011:245)



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 leave less room for flexibility and could limit engagement with employees. Relational or cooperative contracts 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, Judge, Odendaal and Roodt 2009:133).

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 with their own individual goals, while the organisation also has its own organisational goals. 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)

POLICY CONSIDERATIONS FOR THE RETENTION OF SCARCE SKILLS

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 spheres of government. For human resource related policies, the acts by Parliament and policies by the Department of Public Service and Administration (DPSA) inform all policies for all public organisations in the 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 2008:11).

According to the basic values and the principles governing public administration contained in Section 195(1), of the *Constitution of the Republic of South Africa, 1996*, the public administration must, *inter alia*:

- be development orientated and accountable; and
- cultivate good human resource and career development practices to maximise human potential.

Nel *et al.* (2001:95) assert that the Constitution, 1996, and government policies set the scene for the practice of employment relations in South Africa, and that employment law should facilitate employee participation in 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.

South Africa has, since 2011, 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 (National Planning Commission (NPC), 2011:41-48). 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 of 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).

To implement the NDP, the government has developed the key outcomes and included them in the *Medium Term 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 research 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 have 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 article recognises the importance that is placed upon creating a capable state through human resource management and development. To enable the above, the Limpopo Provincial Government (LPG) adopted the *Limpopo Development Plan* (LDP) in 2015. South Africa, in general, and the Limpopo Province in particular are characterised by a low skilled workforce. There is a growing need for a highly skilled workforce, due to the shift and decrease from demand for an unskilled labour intensive workforce, to increased demand for a skilled workforce in response to technological changes (LPA 2015:53). The *Limpopo Provincial Administration Corporate Identity Manual* (Limpopo Provincial



Administration (LPA 2005:7) indicates that the province places people at the centre of socio-economic development; hence its slogan of “The heartland of Southern Africa–development is about people”. The LPT was established in 2004 in line with Chapter 3, Section 18 of the *Public Finance Management Act* (PFMA), 1 of 1999, as amended. The role of the 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 2015:9). The LPT provides services to 13 departments, 30 municipalities and eight public entities (LPT 2015:55) 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 2015:26). The LPT Medium Term Expenditure Framework (MTEF) Human Resource Plan (HRP) (LPT 2015:30), 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 LPT has aligned the policies that are enabling retention of employees, to ensure that it succeeds in retaining the core and competent employees for sustainability in achieving its objectives. The LPT in 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 *Draft Staff Retention Policy*, 2015, identifies role players for retention as practitioners working in the Human Resource Management, Human Resource Development, Transformation Services and Communication Services directorates. While adequate attention is given through the legislative and policy frameworks, retention of scarce skilled employees is still considered a challenge. In the following section the methodology used for the article, is described.

RESEARCH METHODOLOGY

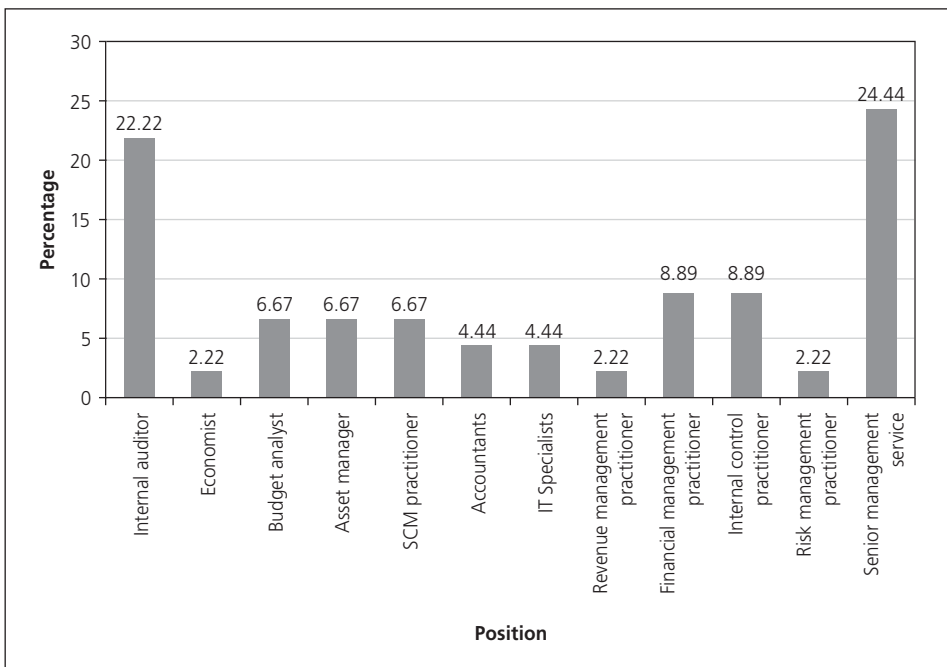
When dealing with retention, one is confronted with various soft issues such as perceptions, viewpoints, values and norms. Based upon the above theoretical discussions, the article

details the research that made use of a mixed method approach comprising a semi-structured questionnaire. The five point Likert scale was developed for closed ended, structured quantitative questions, ranging from one denoting strong disagreement with a statement, to five indicating strong agreement. Qualitative responses were solicited through open ended questions which required participants to give their own views in responding to the questions.

The population for the research is the LPT, consisting 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 2015:80). Sixty semi-structured questionnaires were distributed amongst the 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 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 SMS members and internal auditors represented 24% and 22% of the respondents, 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 are presented in Figure 1 hereunder.

Figure 1: Profile of respondents by position



FINDINGS AND DISCUSSION

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. 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 organisation. As a core 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. From the literature, specific themes related to retention were identified and analyses provided, according to these themes. These include retention and career development; retention, motivation and employee morale; and retention and attachment.

Retention and career development

The aim of this 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.

Figure 2 indicates the responses on the career development opportunities provided by the LPT. This question assesses whether the LPT takes employee career development seriously. 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 2: Opportunities for employee career development

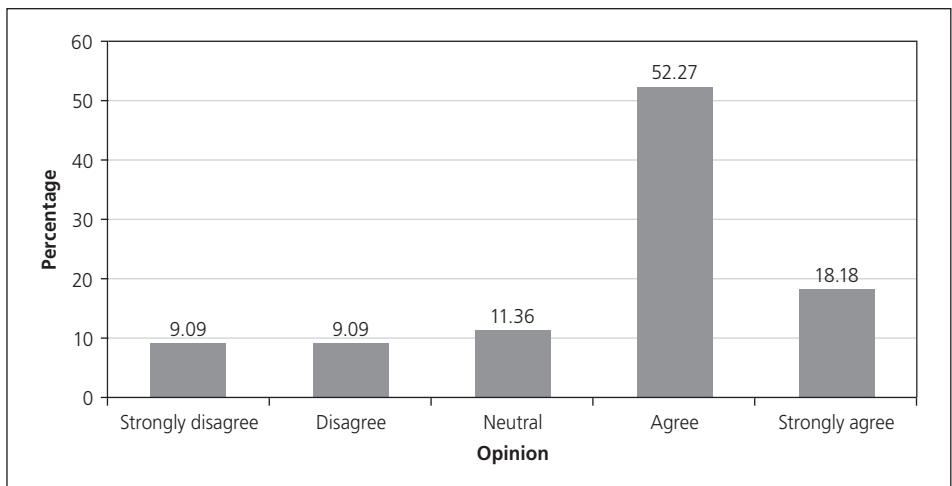
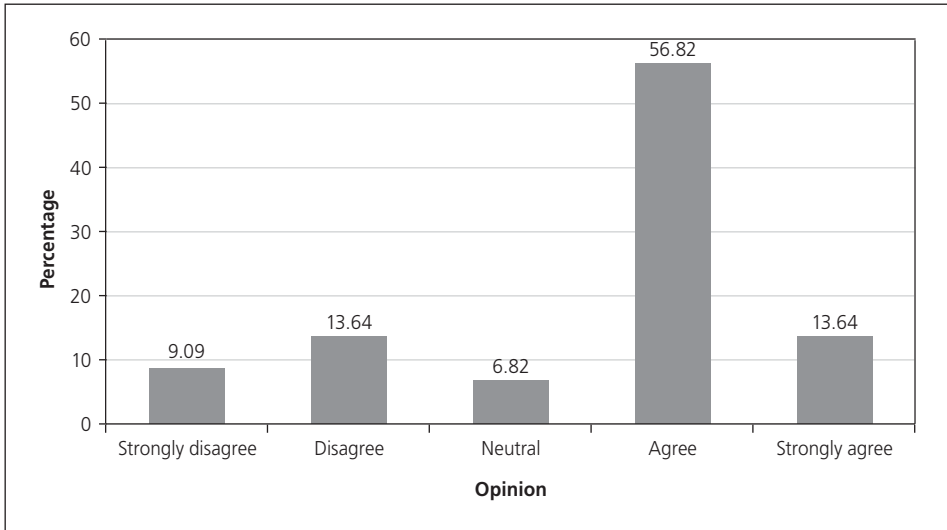


Figure 3: Training attended to develop skills in current position



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). Figure 2 indicates that 52.27% of respondents are agreeing with the statement and 18.18% strongly agree, making it a cumulative positive of 68,88%. The figure depicts very good support for employee career development by the LPT and therefore a good base for employee retention.

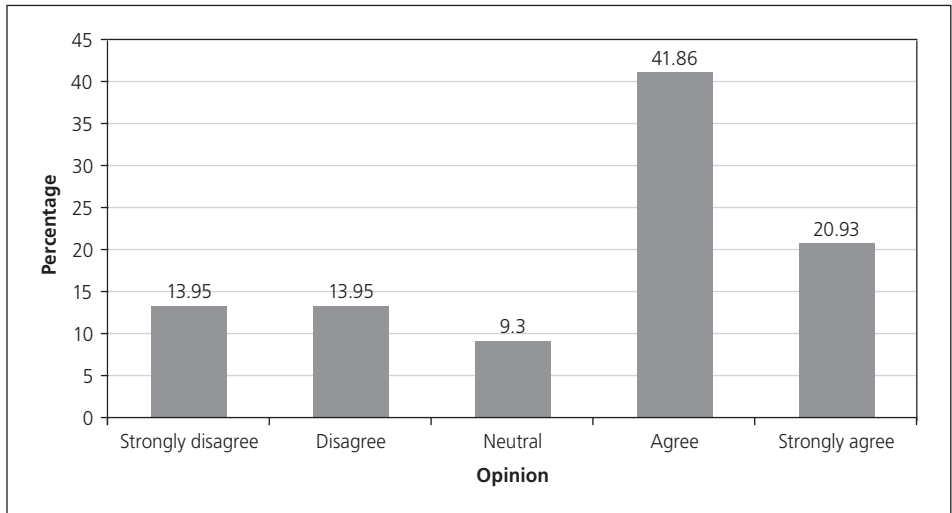
Figure 3 assesses the ability of the LPT to ensure that the employees attend training that develops their skills in their current positions.

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 inability 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 upon retention management.

Figure 4 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.

The results reflect that 41.86% of respondents agree and 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. The article argues that the LPT complies with the provisions of Section 195 of the Constitution, 1996, which requires public administration to be development orientated and accountable. Through developing

Figure 4: Training attendance that enable employees to apply for higher positions



its employees, the LPT is on the right track to professionalise and instil accountability in its workforce.

The above is presented against the question on whether the LPT offers opportunities for growth, as depicted in Figure 5.

The results do not correlate with previous results pertaining to training and development. These suggest a misalignment of policies and processes in the LPT, where training and development do not lead to employee promotion or growth. The article 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, influences employees' decisions to leave.

Figure 5: LPT provides opportunity for promotion

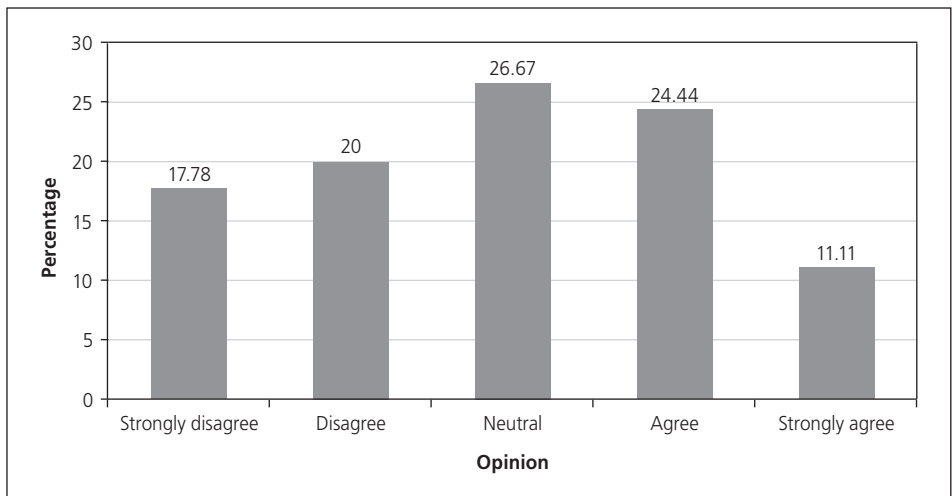
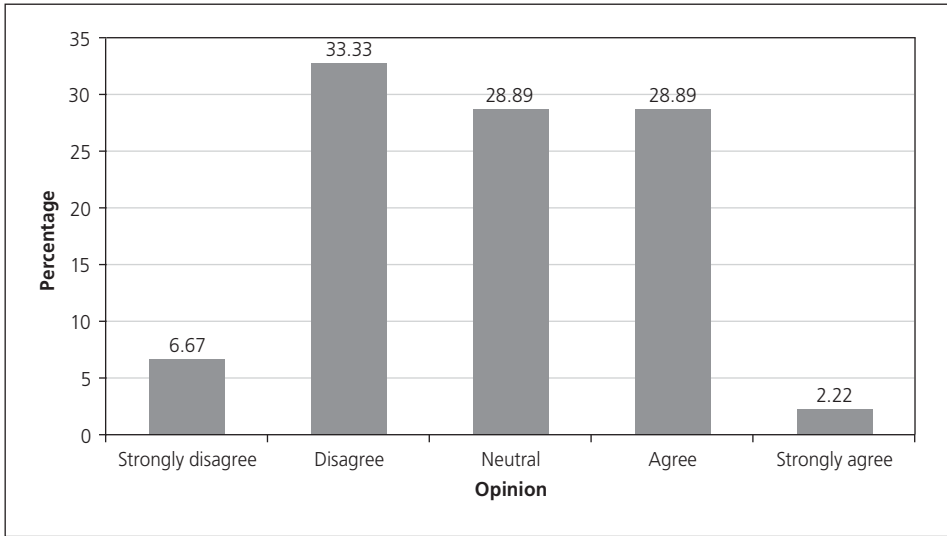


Figure 6: Morale is high working for the LPT



Retention and motivation and employee morale

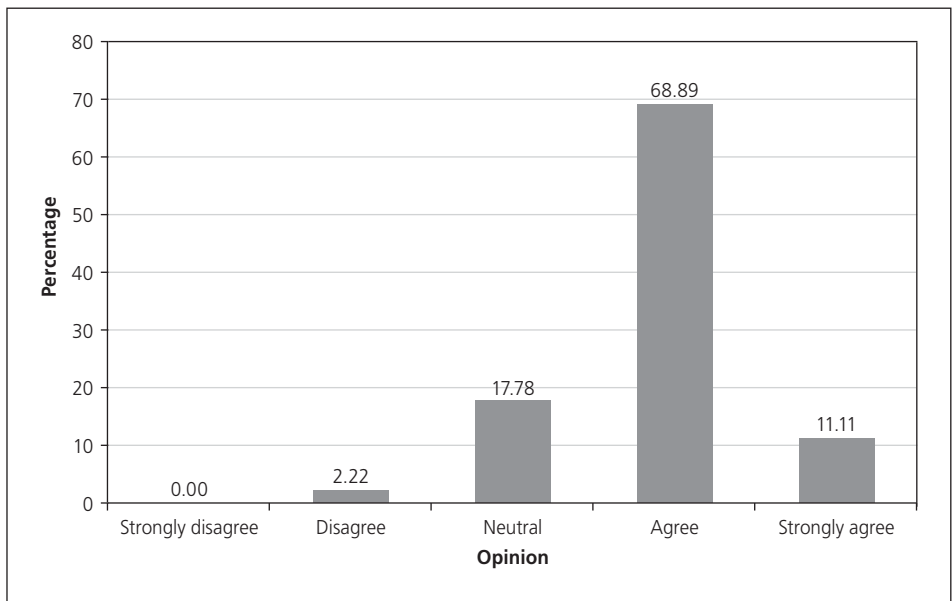
Motivated employees contribute positively to the achievement of organisational objectives. For employees to be fully motivated, the individual performance must always fit the organisational performance requirements (Grobler *et al.* 2011:293). Employee morale as motivational indicator is presented in the following figure.

The above results correlate with the results presented in Figure 5 and support the assertion that was made that there are limited growth opportunities in the LPT and therefore the morale of employees is low. A further comparison can be made with results describing reasons why employees leave the LPT (as described as part of the general observations presented later in the article). 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 upon employee retention. There is a 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.

Retention and attachment

Mitchell *et al.* (2001:104) assert that employees' decision to stay or leave organisations are informed by the attachment, embeddedness and how effectively they are engaged by those organisations. Individual embeddedness to organisations originate 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-

Figure 7: Identification with the LPT as my employer



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.

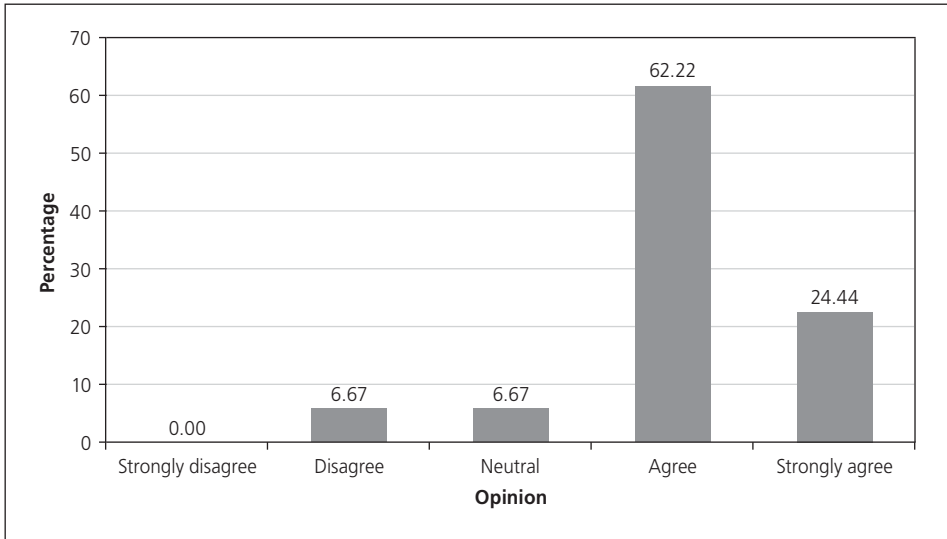
Figure 7 depicts employees' perceptions as to their fit with the organisation in identifying the LPT as an employer of choice.

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 results and comparing all the results pertaining to development and training, the argument can be made that the LPT created a sound basis for retention. George (2009:37) 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. Armstrong and Taylor (2014:62) posit that when employees feel part of the organisation, they are likely to stay in that organisation

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, and 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

Figure 8: I work effectively within my team



perceived organisational support. The above means that the majority of LPT's employees, particularly the core scarce skills employees, will not easily leave the LPT.

The extent to which the LPT fosters attachment through teams is presented in Figure 8. The literature review presented regarding the psychological contract emphasises that relations between employers and employees are at the centre of employee retention. Organisations that emphasise relational contracts focus upon valuing employees more and placing efforts in building winning teams, aimed at long term retention. From unstructured comments raised by respondents, specific input was made towards improving retention. These comments include:

- "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".
- "Hold monthly meetings with all staff for the entire directorate".
- "Give people whose work complements that of others' projects that will be done, and let them choose project leaders amongst themselves, instead of imposing a team leader on the team".
- "Motivate and encourage individual innovativeness and discourage silo syndrome".
- "Adequate provision of tools of the trade, career pathing, training and development".

The above are some of the inputs that would assist the LPT to retain scarce skilled employees. Emanating from the results of the assessment of whether employees work effectively in a team shown in Figure 8, the research 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.

General observations regarding retention

When asked to provide reasons why employees choose to leave the LPT, respondents indicated 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, an organisational culture which does not value people, non-provision of growth opportunities and development by the structure, non-engagement with resigning employees and a lack of counter offers and promotions are causes for poor employee retention in the LPT. 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.

As to what would make employees stay within the LPT, respondents indicated that if working conditions and particularly the provisioning of adequate work resources were addressed, they would choose to stay with the organisation. Other comments relate to the 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. 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.

Respondents were also of the view that they need to be recognised as employees, they need favourable working conditions and employee engagement and health and safety (employee wellness) should be prioritised. These are 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, is important.

The final question was asked to determine whether respondents would consider coming back after having left the LPT. 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. Eleven respondents (22.22%) chose to remain neutral. Considering the 22.22% neutral respondents coupled with the 37.78% who would not return to the LPT after leaving, the argument can be made that a perceived negative or unsupportive organisational culture may significantly influence retention.

RECOMMENDATIONS

The research results indicate that employee retention management is not reflected or integrated in a human resource management plan for the LPT. Emphasis should be placed upon aligning the human resource management plan and monitoring the implementation process thoroughly on a quarterly basis, with monitoring reports developed and

recommendations thereof enforced by specific directorates. Importance should be placed upon addressing succession planning and aligning it with retention and knowledge management, which would enable the LPT to address issues pertaining to fragmented perspective on the retention of scarce skilled employees.

The research 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 research recommends that any retention initiatives as part of an integrated human resource management plan should be made part of the compulsory induction programme 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.

The research 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 lack of resources frustrates employees and it is argued to be one of leading reasons for employees leaving the LPT. The research recognises that as part of this recommendation, the LPT should conduct a resource needs 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.

The research confirmed that there are performance issues related to promotion, recognition and use of knowledge and skills in current jobs. The research 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.

The research reveals that promoting a work-life balance is important to employees. Therefore, the research recommends that an integrated human resource management plan recognises the possible benefits to be derived from flexible work conditions, particularly 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 research recognises the importance of maintaining a work-life balance as an important factor in maintaining good employer employee relationships.

CONCLUSION

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 burden and challenge of ensuring the retention of scarce



skilled employees are placed upon the shoulders of organisations who need to make themselves more attractive to entice and retain employees. 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 such as morale and attachment. The article provided evidence that even though organisational functions such as training and development are evident, the fact that opportunity for growth and employee attachment is not fostered may negatively affect retention efforts. The war for talent will rage on and if the Public Service, in general, and the LPT, in particular, is unable to create a supportive and enabling culture through a cooperative psychological contract, the consequences may be dire.

REFERENCES

- Armstrong, M. and Taylor, S. 2014. *Armstrong's Handbook of Human Resource Management Practice*. 13th edition. London: Kogan Page.
- Banfield, P. and Kay, R. 2008. *Introduction to Human Resource Management*. New York: Oxford University Press Inc.
- Barnard, A.C. 2009. *Retention strategy for the Geosciences Department in a gold mining company*. MBA Mini-dissertation. Potchefstroom: North-West University.
- Cooley, P. 2005. *Employee Retention: Workplace Strategies*. Obtained from <http://www.workplacestrategies.co.za/employee-retention> Accessed: 12 June 2012.
- Department of Public Service and Administration (DPSA). 2006. *Managing Staff Retention. A guide to Government Departments*. Available from http://www.dpsa.gov.za/dpsa2g/ep_documents.asp#guides.pdf. Accessed on 10 April 2012.
- Department of Public Service and Administration (DPSA). 2008. *Strategic Human Resource Planning Guide and Toolkit*. Pretoria: DPSA.
- George, C. 2009. *The Psychological Contract: Managing and Developing professional groups*. London: Open University Press.
- Grobler, P.A., Warnich, S., Carrell, M.R., Elbert, N.F. and Hatfield, R.D. 2007. *Human Resource Management in South Africa*. 4th edition. Hampshire: Cengage Learning.
- Grobler, P.A., Warnich, S., Carrell, M.R., Elbert, N.F. and Hatfield, R.D. 2011. *Human Resource Management in South Africa*. 5th edition. Hampshire: Cengage Learning.
- Harvard Business School Press. 2006. *Retaining your best people*. Boston: Harvard Business School Publishing Corporation.
- Kumar, P., Dass, M. and Topaloglu, O. 2014. Understanding the Drivers of Job Satisfaction of Frontline Service Employees: Learning From "Lost Employees". *Journal of Service Research*, 17(4):367-380.
- Lee, G. 2001. Towards a contingent model of key staff retention: The new psychological contract reconsidered. *South Africa Journal of Business Management*, 32(1):1-11.
- Limpopo Provincial Administration. 2005. *Corporate Identity Manual*. Polokwane. Limpopo Provincial Administration.
- Limpopo Provincial Administration. 2015. *Limpopo Development Plan*. Polokwane: Limpopo Provincial Administration.
- Limpopo Provincial Treasury. 2014. *Annual Report*. Polokwane: Limpopo Provincial Treasury.

- Limpopo Provincial Treasury. 2015. *Human Resource Plan 2015/18*. Polokwane: Limpopo Provincial Treasury.
- Masibigiri, V. and Nienaber, H. 2011. Factors affecting the retention of generation X public servants: an exploratory study. *SA Journal of Human Resource Management*, 9(1):1–11.
- McDonald, D.J. and Makin, P.J. 2000. The psychological contract, organisational commitment and job satisfaction of temporary staff. *Leadership and Organisational Development Journal*, 21(2):84–91.
- Mitchell, T.R., Holtom, B.C., Lee, T.W., Sablinski, C.J. and Erez, M. 2001. Why people stay: using job embeddedness to predict voluntary turnover. *Academy of Management Journal*, 44:1102–1122.
- National Planning Commission (NPC). 2011. *The National Development Plan*. Pretoria: The Presidency.
- Nel, P.S., Gerber, P.D., Van Dyk, P., Haasbroek, G.D., Schultz, H.B., Sono, T. and Werner, A. 2001. *Human Resource Management*. Cape Town: Oxford University Press.
- Robbins, S.P., Judge, T.A., Odendaal, A. and Roodt, G. 2009. *Organisational Behaviour: Global and Southern African Perspectives*. Cape Town: Pearson Education.
- Robinson, S.L. and Rousseau, D.M. 1994. Violating the Psychological Contract: Not the exception but the norm. *Journal of Organizational Behavior*, 15(3):224–259.
- Roehling M.V. 1997. The origin and early development of psychological contract construct. *Journal of Management History*, 3(2):204–217.
- Ryder, A. 2008. Developing a reward strategy to attract, retain and motivate employees. Paper presented at the 52nd Institute of People Management Annual Convention, Sun City.
- South Africa. 1996. *The Constitution of the Republic of South Africa*. Pretoria: Government Printers.
- South Africa. 1999. *Public Finance Management Act, 1 of 1999*. Pretoria Government Printers.
- Statistics South Africa (Stats SA). 2014. *Community Survey 2014: Methodology, Processes and Highlights of Key Results*. Pretoria: Stats SA.
- Spector, P.E. 2012. *Industrial and Organizational Psychology: Research and Practice*. International Student Version. Singapore: John Wiley & Sons.