

## EMPLOYEE PERFORMANCE, REMUNERATION AND RETENTION IN PUBLIC SERVICE OF SOUTH AFRICA

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**Revolution MADINGWANE** (ORCID iD: <https://orcid.org/0000-0002-8648-1233>)  
School of Public Management and Administration at the University of Pretoria, South Africa.  
[madingwanerevo@gmail.com](mailto:madingwanerevo@gmail.com)

**Adrino MAZENDA** (ORCID iD: <https://orcid.org/0000-0001-7739-9097>)  
School of Public Management and Administration at the University of Pretoria, South Africa  
[adrino.mazenda@up.ac.za](mailto:adrino.mazenda@up.ac.za)

**Norman NHEDE** (ORCID iD: <https://orcid.org/0000-0001-9285-3075>)  
School of Public Management and Administration at the University of Pretoria, South Africa.  
[norman.nhede@up.ac.za](mailto:norman.nhede@up.ac.za)

**Wiza MUNYEKA** (ORCID iD: <https://orcid.org/0000-0003-2351-9860>)  
Department of Human Resource Management  
University of Venda, South Africa  
[masterwiza2000@yahoo.com](mailto:masterwiza2000@yahoo.com)

**Abstract:** *Employees are the organisation's most valuable resource, and the ability of employers to attract, retain, and reward appropriately talented and competent employees determines an organisation's success or failure. The study seeks to determine the impact of a stagnant remuneration structure on employee performance and retention in the Department of Public Service and Administration (DPSA), South Africa. A parallel convergent mixed-methods research design was used in the study. The data draws from 423 structured questionnaires and 31 key informants administered to the employees and stakeholders in the DPSA. The data was analysed using binomial logistic regression and thematic analyses. The binomial logistic regression findings support the null hypothesis and corroborate past findings that higher remuneration leads to higher employee performance. Low performers were highly insecure about the government's stagnant salary and early retirement proposition. Complementarily, the thematic analysis identified the basic salary, medical aid, pension, and housing allowance as key determinants of remuneration in the public service. Career development, improved administrative capacity, and a positive work environment are key strategies for improving employee performance and retention. The study recommends the most sustainable employee retention strategies during periods of wage stagnation. This study adds to the literature by employing a convergent parallel mixed-methods design, drawing on binomial logistic regression analysis and thematic analysis, a methodological contribution to the theory, and empirical evidence on how the public sector can balance employee performance and retention in instances of stagnant remuneration structures.*

**Keywords:** *Performance Management; Stagnant Wage Bill; Parallel Convergent Mixed Methods; Department of Public Service and Administration, South Africa.*

### Introduction

Employee performance is a critical component of an organisation's ability to achieve its goals and objectives. Employees become concerned about their compensation relative to their input when an organisation intends to reduce remuneration as a cost-cutting measure.

According to Urbancová and Andrová (2017), a company with a stimulus remuneration system that includes a variety of employee benefits will have a competitive advantage in attracting and retaining labour market employees.

The public sector has experienced wage stagnation for a decade (Nickson, Thomas, Vira, and Urban, 2021). The South African public sector wage bill has been a source of concern among policymakers and stakeholders. The bill is excessive and unsustainable (Department of Public Service and Administration, 2020; National Treasury, 2020a). The high wage bill crowds out public expenditure, especially priorities for socio-economic development and industrial growth. The budget deficit widens against a stagnant tax base (Rakabe, 2019). The total government compensation expenditure has tripled between the 2006–07 and 2018–19 financial years (National Treasury, 2019). It would appear from these developments that the government has been generous when implementing salary and wage increases without assessing whether the wage bill would be affordable in the future (Rakabe, 2019). The salary and wage increases are above inflation and account for the most significant portion of the compensation expenditure. In 2020, almost half of the government's revenue went towards public servants' salaries (South African Government, 2020). The literature is scant on how the public sector can balance employee performance and retention in instances of an unsustainable wage bill. Prior studies have generalised the relationship between remuneration and employee performance-retention in different organisations with mixed findings drawing on quantitative and qualitative methodologies (Bunyamin, Wiyarni, and Sudaryoto, 2020; Bussin and Brigman, 2019; Nahar and Zayed, 2019). Using the convergent parallel mixed-methods design, this study adds to the literature. It uses binomial logistic regression analysis and thematic analysis to look at and make policy suggestions for how the government can balance employee performance and retention when there are high wage bills and a failing economy. This study utilised a mixed methods approach. The quantitative phase raised the question:

What is the relationship between remuneration and employee performance?

In response to the research question, a binomial logistic regression model was utilised, based on the following hypotheses:

H<sub>0</sub>: Higher remuneration does not lead to higher employee performance

H<sub>1</sub>: Higher remuneration leads to higher employee performance.

The qualitative phase raised the following questions:

Which employee retention strategies are prevalent in the DPSA?

What are the recommendations for employee performance and retention in the public sector, which is facing debt and a huge wage bill?

In practical terms, the new knowledge gained from observing the relationship between a stagnant remuneration structure and employee performance and retention may be useful in the retention and promotion of organisational citizenship behaviours among employees. The rest of the article is as follows: Following the examination of the literature, the research methodology, results, discussion, conclusions, and recommendations for future research are presented.

### **Literature review**

Employee remuneration in the public sector now makes up a third of state spending after increasing by an average of 2% annually over inflation for the past ten years (Business Technology, 2022). Between 2006–07 and 2019–20, total headcounts increased by 16%, from 1.15 million to 1.33 million. The increase in public-service remuneration has been driven by three main factors: the introduction in the late 2000s of occupation-specific wage dispensations, annual cost-of-living adjustments, and pay progressions. Statistics South Africa survey data also suggest that public-sector remuneration growth has outpaced private-sector compensation growth over the past decade

(National Treasury, 2020b). The government wants to cut the cost of wages by R160 billion over the next three years (Fourie and Blom, 2022). Reducing the public sector wage bill is a key component of the fiscal consolidation strategy, but doing so would require complex salary negotiations with active unions (Analytica, 2021).

Most of the evidence from the past shows that government salary bill reductions in developed countries are more likely to lead to large and long-lasting reductions in fiscal deficits than policies that focus mainly on tax increases. Although it will be challenging from a political point of view, cutting the government's wage bill will be necessary (Burger and Calitz, 2021). The National Treasury has committed to cutting the public sector wage bill and has proposed freezing public employee compensation. In order to stabilise public finances and prevent a financial crisis, efforts are being made to cut the public salary bill (Shai, 2021). The failure to address issues like the unaffordable public sector wage bill has become a barrier to progress (Mlambo, Zubane, and Thusi, 2022). The Public Servants Association of South Africa (PSA) is opposing the government's intention to cut the wage bill in order to pay off the national debt, arguing that government workers deserve a salary increase (Mnqayi, 2021).

The 2021 public sector wage agreement was higher than expected during the [Budget Vote] for 2022 (R20.5 billion in 2021/22 and R20.2 billion in 2022/23). As part of efforts to keep the public sector wage bill from going up (Department of Public Service and Administration, 2022b), departments must also manage the filling of both important and non-critical positions within their staff establishments in order to meet their goals and stay within the compensation ceiling.

Despite the stagnant wage bill, the government provided a 3% pensionable increase overall. This offer is in addition to the 1.5% pay progression that is due to all qualifying employees (South African Government, 2022). The government considers the 3% salary raise offered to public employees generous, notwithstanding the precarious fiscal situation (South African Government News Agency, 2022).

Burger and Calitz (2021) suggested that a right-sizing and fit-for-purpose civil service reform would be the key to lowering the wage bill. According to Mdluli, Mncayi, and McCamel (2019), cutting the salary bill by hiring more young people will cost less and significantly help to minimise youth unemployment. *Businessstech* (2022) articulated that, the South African government will need to contemplate staff layoffs to reduce its salary costs to more sustainable levels over time.

According to Onyekwelu, Dike, and Muogbo (2020), the idea of remuneration dates back to 2150 BC, when Sunierian social orders actualised the primary laws to repay workers for real bodily injuries. With time, the concept gained contemporary significance and evolved into a viable and effective tool for compensating workers. Bunyamin et al. (2020) state that remuneration is a reward that an employee gets in return for their input into the organisation. Remuneration can be monetary (salary) or non-monetary, such as gratitude expressed directly or indirectly to the employee by the employer. Remuneration is considered an important tool for employee performance because it aims to attract talented and capable employees and motivate them to increase performance (Bunyamin et al., 2020).

Employee performance is the outcome of the achievement attained by an employee within the organisation based on their duties, with the aim of assisting the organisation to achieve its goals and objectives (Larsen, Gunawan, and Sumali, 2018). The strategy to overcome areas of underperformance is clear because 21 out of 355 DPSA employees got performance rewards during 2020–2021, as opposed to 52 employees for the performance cycle 2019–2020 (Department of Public Service and Administration, 2022a).

Mahadi, Woo, Baskaran, and Yaakop (2020) defined employee retention as an organisation's capacity to prevent employee turnover, or the number of people who quit their job voluntarily or involuntarily during a given period. Therefore, increasing employee retention impacts the performance and success of an organisation. Kumar (2022) asserted that employee retention has gained much attention since organisations started seeing their employees as significant assets. The

employees prefer to remain within an organisation that offers a good compensation package, which helps improve employee performance. Soomro et al. (2021) affirmed that utilising an organisational reward system is one of the most established methods of controlling employee retention. Organisations avoid hiring new employees and prioritise employee retention because hiring new employees is more expensive than retaining the current workforce (Ramapriya and Sudhamathi, 2020). Organisations should recruit younger employees because they likely have the required skills and are likely to stay and grow within the organisation (Cloutier, Felusiak, Hill, and Pemberton-Jones, 2015). According to Barone (2019), the level of qualification of officials is critical in enhancing productivity; thus, limiting educational inequalities is a key driver for promoting equal opportunities. Finally, retention benefits both the employee and the employer because it fosters a long-term working relationship and encourages teamwork (Rakhra, 2018).

According to a study by Syahreza, Lumbanraja, Dalimunthe, and Absah (2017), pay has a big effect on how well people do their jobs. Sibanjo, Adeniji, Falola, and Heirmsmac (2014) found that there is a strong relationship between remuneration and employees' performance and retention. Furthermore, employee retention and remuneration are directly related (Soomro, Hussain, and Abdullah, 2021). According to research by Laing (2019) on employee retention strategies, salary packages have a significant role in decision-making when it comes to boosting the rates of employee retention. Onochie (2020) highlighted the fact that employee remuneration is important to employees and does have an impact on employee retention in the public sector. Subsequently, empirical studies on remuneration and employee performance by Alfian and Pratama (2018) posited that remuneration positively affects employee performance.

### Research Methodology

The research methodology must provide an orderly and unambiguous method to conduct research with appropriate constructs clearly located in an organised and unsophisticated manner.

#### *Research design*

The study adopted a mixed-methods convergent-parallel design to analyse qualitative and quantitative findings gathered using a structured questionnaire and key informant interviews in response to the study questions.

#### *Quantitative approach*

The quantitative methodology data draws on a structured questionnaire. DPSA employees amount to 423 (Department of Public Service and Administration, 2019). Stratified random sampling was employed to select 340 respondents, using the Raosoft sample size calculator for each stratum. The characteristics of the respondents are shown in Table 1.

**Table 1: Sampling frame**

Salary band	Population	Sample size
Lower skilled (level 1-2)	19	19
Skilled (level 3-5)	69	59
Highly skilled production (level 6-8)	82	68
Highly skilled supervision (level 9-12)	139	103
Senior management (Level 13-16)	109	86
Occupational Specific Dispensation	5	5
<b>Total</b>	<b>423</b>	<b>340</b>

Source: Department of Public Service and Administration (2019)

*Measuring instruments*

A self-administered questionnaire called the Employee Survey was used to collect data. The questionnaire consisted of biographical information, occupational stress, uncertainty, job satisfaction, and organisational commitment scales. The biographical information was collected using a questionnaire developed by the researchers to get information regarding the respondents' gender, age, highest qualification and working experience. To ensure the face and content validity of the measuring instruments, this was ensured by checking whether the questionnaire and the key informant interview schedule met the research objectives, responded to the research questions, and tested the hypotheses. To ensure concurrent and predictive validity, the questions were constructed in consultation with the study leaders. The data collection instruments were crafted to gather valid data, which contributed towards meeting the research objectives, respond to the research question and test the hypotheses. To ensure construct validity, a pilot study was conducted.

**Data processing and analysis**

The section outlines the quantitative and qualitative data processing and analysis of the study.

*Quantitative approach*

Using logistic regression models, mainly to measure employee performance, is not novel. Prasad, Vaidya, Srinivas and Kumar (2017) reported the results of employee factors that influence the performance system using the logistic regression model. Their study considered job knowledge, skill level, job execution, initiative, orientation, teamwork, and compliance with policies and practices. This study adapted Prasad et al. (2017) methodology, which specified the logistic regression model as below.

$$\text{Logit}(Y) = \text{naturallog}(\text{odds}) = \ln\left(\frac{\pi}{1-\pi}\right) = \alpha + \beta X \dots \dots \dots \text{Equation 1}$$

Where  $\beta$  is the regression coefficient;  $\pi$  = Probability (Y=outcome of interest), which is employee performance |X=x and  $\alpha$  is the Y-intercept, and when expanded to the multiple predictors of employee performance, the equation is:

$$\text{Logit}(Y) = \text{naturallog}(\text{odds}) = \ln\left(\frac{\pi}{1-\pi}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots \dots \dots \text{Equation 2}$$

Where  $\beta$ s are regression coefficients, and Xs are a set of predictors of employee performance. The  $\alpha$ s and  $\beta$ s draw on the Maximum Likelihood (ML) method, the preferred method over the weighted least squares method.

**Dependent variable and independent variable**

The dependent variable was binary "Performance" measured as 1 = Low performer and 2 = High performer. Variable(s) entered into the study are; Remuneration in terms of salary, Remuneration compared to other related organisations, Contribution to employee medical aid, Contribution to employee pension, Remuneration package able to attract and retain employees, Job security after the intention to cut remuneration and implement early retirement, and Level of education.

*Qualitative approach*

The qualitative data draws from a purposive sampling of 31 key middle and senior management informants selected based on their experience in Public Sector performance management. The responses were analysed using thematic analysis. The thematic analysis offers flexibility concerning the research questions, from personal accounts of people's experiences and understandings to broader constructs in various social contexts (Clarke and Braun, 2013).

Thematic analysis drawing on Atlas. Ti was used for analysing the qualitative data. The Atlas. Ti software made it easier to segment, categorise, and retrieve qualitative data quickly. The word cloud

identified key themes on remuneration and employee retention strategies. Table 2 provides the profile of selected respondents.

**Table 2: Selected respondents' profile**

Respondent# Male	Respondent# Female	Skills level	Years of experience in DPSA
1, 2, 3, 4,	5, 6, 7, 8	Highly skilled production	0-5
9, 10, 11, 12, 13	14, 15, 16	Senior management	6-19
17, 18, 19, 20	21, 22, 23	Highly skilled supervision	11-15
24,25,26,	27, 28	Highly skilled production	16-20
29, 30	31	Skilled	11-15

Source: Authors' iterations

### Results of the study

This section outlines the quantitative and qualitative results separately, as stipulated in the convergent parallel mixed-methods design requirements. In addition, the data from interviews and the questionnaires presented insights into answering the research questions.

#### Quantitative results

The quantitative results present the analysis of quantitative data gathered from 201 questionnaires.

#### Descriptive statistics

The five-point Likert scale, also treated as an interval scale, summarises the ratings generated using means and standard deviations (Chyung, Roberts, Swanson and Hankinson, 2017). Table 3 presents descriptive statistics on factors affecting employee performance in the DPSA.

**Table 3: Descriptive Statistics: factors affecting employee performance**

Variable	N	Min	Max	Mean	Std. Error
Remuneration in terms of salary	195	1	5	2.98	0.068
Remuneration compared to other related organisations	192	1	5	2.94	0.071
Contribution to employee medical aid	191	1	5	3.13	0.077
Contribution to employee pension	192	1	5	3.52	0.065
A remuneration package that attracts and retains employees.	189	1	5	2.84	0.076
Job security after the intention to cut remuneration and implement early retirement	190	1	5	3.08	0.080
The extent of the level of education	200	1	5	3.35	0.084
The extent of employee performance	186	1	2	1.47	0.037

Source: SPSS iterations

Table 3 reveals that 47% (Mean-1.47) of the respondents were high performers, and 53% were low performers. High performers were assigned a score of 2, and low performers were assigned a 1. When considering the position at work and job responsibilities, the respondents moderately to highly agreed that the DPSA contributes adequately towards medical aid (Mean = 3.13; S.E. = 0.077) and pension funds (Mean = 3.52; S.E. = 0.065). Furthermore, respondents are also very

concerned about job security after the state announced its intention to cut employee remuneration spending and implement early retirement (Mean = 3.08; S.E. = 0.080). Moreover, respondents agreed moderately that their work experience, position, and job responsibilities were fairly remunerated (Mean = 2.98; S.E. = 0.068) compared to other related organisations (Mean = 2.94; S.E. = 0.071). The level of education (Mean = 3.35; S.E. = 0.084). Respondents also moderately agreed that the DPSA offers remuneration packages that can attract and retain them (Mean = 2.84; S.E. = 0.076).

However, while the descriptive statistics above provide essential information about the respondents, they do not provide insight into the causality between performance and remuneration types in the DPSA. The following section analyses the binomial logistic regression model to capture such a relationship.

*Diagnostic Tests*

The logistic regression model uses maximum likelihood estimation to estimate the unknown coefficients in the model-first, the log-likelihood test to test the model’s overall fit. Secondly, the omnibus test tests the significance of individual logistic regression coefficients for each predictor. Finally, the Hosmer-Lemeshow assessed how well the data fit the model.

**Table 4: Likelihood Ratio Test**

Step	-2 Log - likelihood	Cox and Snell R Square	Nagelkerke R Square
1	236.296	0.679	0.691

Source: SPSS iterations

Table 4 presents the goodness of fit for the adopted model using the Likelihood Ratio Test. This test shows the percentage of variance within the dependent variable explained by the adopted dependent variables. Notably, the Nagelkerke R<sup>2</sup> assesses the association’s strength between the model and the dependent variable on a scale ranging from 0 to 100%. The inference is that the explanatory variables explain at least 69% of the model’s variation, confirming the model’s strength.

**Table 5: Omnibus Test**

<i>Omnibus Tests of Model Coefficients</i>				
		Chi - square	df	Sig.
Step1	Step	12.681	7	0.008
	Block	12.681	7	0.008
	Model	12.681	7	0.008

Source: SPSS Iterations

The Omnibus test assessed whether the estimated variance in the dataset is meaningfully more significant than the unexplained variance. As such, the test assesses the overall significance of the model. The findings show that the Chi-square -12.681 is statistically significant at 1%. Therefore, the adopted model confirms the goodness of fit since all p-values for step, block, and model are statistically significant at a 1% level (p = 0.008).

**Table 6: Hosmer and Lemeshow Test**

Step	Chi - square	df	Sig.
1	7.561	8	0.477

Source: Authors SPSS Iterations

The dataset is first aggregated by sequencing the estimated probabilities and formulating the separate groups. The Hosmer-Lemeshow test hypothesis is that the model is good when the p-value derived from the Hosmer-Lemeshow test is above 0.05. The p-value derived in Table 6 is equivalent to 0.477, confirming that the adopted model displays goodness of fit.

*Binomial logistic regression results*

This study used a binomial regression analysis to select the key elements of remuneration that affect employee performance. Logistic regression is a standard quantitative data analysis method used to model binary response data (Hilbe, 2011).

The results are reported based on the odds ratio. Table 7 presents binomial logistic regression findings.

**Table 7: Binomial Logistic Regression results**

Observed		Predicted		
		Performance		Percentage Correct
		Low performer	High performer	
Performance	Low performer	63	32	66.3
	High performer	37	48	56.5
Overall Percentage				61.7

Source: SPSS iterations

Table 7 illustrates that the overall model correctly classifies the outcome of the performance levels for 61.7% of the cases, compared to 52.8% in the null model, which is a marked improvement. According to Tabachnick, Fidell and Ullman (2007), logistic regression permits the prediction of a discrete outcome. For example, group membership from a set of variables may be continuous, dichotomous, discrete, or a mix. Thus, logistic regression underscores the likelihood of a given outcome for each case and those presented in Table 7. The predicted probability is either high or low for a low performer.

The results in Table 7 follow (Hosmer and Semeshow, 2000) and Tabachnick et al. (2007). For logistic regression analysis, they recommend a criterion for inclusion of a less stringent variable than the traditional 0.05. Thus, the p-value up to the range of 0.10 will be more appropriate to ensure the entry of variables with coefficients different from zero. The use of ordinal data collected through the Likert scale in measuring employee performance in logistic regression is not new. For example, Kuruppuge and Gregar (2017) analysed employee performance in enterprising family firms, while Octaviannand, Pandjaitan and Kuswanto (2017) investigated the effect of job satisfaction and motivation on employee performance in a shipping company.

**Table 8: Binomial Logistic Regression results**

Variables in the Equation	B	Wald	df	Sig.	Exp(B)
A total remuneration package that can attract and retain employees	0.43*** (0.19)	5.11	1	0.02	1.54
Remuneration in terms of salary	-0.05 <sup>NS</sup> (0.22)	0.04	1	0.83	0.95
Remuneration compared to other related organisations	-0.09 <sup>NS</sup> (0.22)	0.14	1	0.71	0.92
Contribution to employee medical aid	0.19* (0.16)	1.35	1	0.20	1.20
Contribution to employee pension	-0.32* (0.21)	2.20	1	0.13	0.73
Level of education	0.22* (0.16)	1.82	1	0.17	1.24



Job security after intention to cut remuneration and implementing early retirement	-0.27** (0.15)	2.93	1	0.08	0.76
Model $\chi^2 = 12.68, P = .008$ N = 201					

Note  $p < .2$ \* $p < .1$ , \*\* $p < .05$ , \*\*\* $p < .01$ , NS = not significant

Source: SPSS iteration

Table 8 illustrates the impact of key remuneration structure variables on employee performance. The table also shows the odds of employees who are likely to be high performers. The binomial logistic regression results identified categories that have the most impact on promoting employee performance ( $=12.68, p = .08$ ). The final model was statistically significant and consistent with research by Hu, Shao and Palta (2006).

The results revealed that the total remuneration package paid by the DPSA predicted employee performance. Thus, employees who feel that the DPSA generally offers a remuneration package to attract and retain them were prevalent among the high performers, in-line with the prior expectation that higher remuneration results in higher employee performance. Therefore, the study accepts  $H_1$ : higher remuneration leads to higher employee performance. The result relating to the total remuneration in Table 8 revealed that the odds ratio of being a higher performer for those who felt that DPSA offered an adequate total remuneration package is 1.54 times. At the 5% level, the beta coefficient was also statistically significant ( $= 0.43, p = 0.02$ ) and showed a positive sign.

The results revealed that remuneration in terms of salary, remuneration compared to other related organisations, Contribution to employee pension, were insignificant in predicting employee performance. However, Contribution to employee medical aid, Level of education, and job security after the intention to cut remuneration and implement early retirement were significant in predicting employee performance.

*Qualitative results*

The qualitative results present the analysis of qualitative data gathered from 15 key informants and 201 questionnaires. These findings are presented in themes.

*Retention strategies*

The qualitative data from the interview schedule revealed that Remuneration in the DPSA comprises primarily of the basic salary, medical aid, pension, and housing allowance. The word cloud generated for remuneration and retention strategies in the DPSA revealed a range of strategies, which were salaries, administration, work environment, the job itself, qualification, employee development, and other fringe benefits such as allowances, medical aid, and bonuses.

*Level of competency*

The data revealed that skills and qualifications are critical in employee retention. The findings indicated that salaries need alignment with work experience and qualifications. DPSA must pay employees based on qualifications first and consideration for work experience; then, respondents 4, 8, and 11 concur.

*Linking job performance with remuneration*

Qualifications were vital, while job performance must be recognised when remunerating employees. There ought to be a mechanism to identify high performers and a criterion to recognise them in the workplace. It is also essential to desist from basing remuneration on seniority at workplaces alone without considering the employees' performance. There is a level of unfairness concerning equal work for equal pay. The remuneration framework must align with job evaluation; respondents 1-5, 12-13, and 27-31 concur.

*Salary and benchmarking*

The DPSA needed to offer more attractive remuneration. Remuneration package benchmarking must be considered between the DPSA and similar organisations, including the private sector.

Wage disparities existed in DPSA; hence, jobs at the same level need fair comparison in wage determination, respondent 1-4, 6-8, 24, 28, and 30 concurs.

*Other retention strategies*

Apart from the salary offerings, additional retention strategies include establishing early childhood centres, accommodation, car, telephone, electricity allowances, and meals. In addition, there is a need to introduce quarterly performance bonuses. The findings revealed that performance bonus percentages had been stagnant. Another strategy that featured prominently was that the DPSA should work towards creating a conducive work environment. Most of the respondents recommended the following: The DPSA ensures that its employees are not overworked and that there must be an adequate balance between work and private life. Enhancing the DPSA management approach is imperative. Senior managers need to attend change management and executive coaching to retain employees because these are inhibiting factors in implementing the retention strategy.

*Strategies to enhance employee performance*

Using Atlas. Ti, the strategies to enhance performance in the DPSA, included management and administration, training, work environment, career development, recognition of employees, training, and salary.

Diversity policy: The DPSA must develop and promote employees internally instead of appointing them from outside the Department; therefore, the promotional policy needs revision to accommodate the internal appointment process and concurs with all respondents with 0-5 and 6-10 years of experience.

Promoting education: Employees must be encouraged to develop themselves through educational training programmes because they perceive a direct correlation between performance and education level. Therefore, organisational learning programmes must be compulsory, and line managers must ensure that the planned training needs to close the performance gap. Respondent 6 concurred that: "People must be allowed to skill themselves, not only in their field but broadly, as it is in line with the mandate of the DPSA."

Acknowledge individual performance: According to respondents 1-10, 18-21, and 28, employee retention draws on staff morale obtained by recognising efforts and employee achievements—promotion based on favouritism or cordial relationships with supervisors. Career development: Sound organisational culture and career development must be encouraged in the workplace. Supervisors must be encouraged to review their subordinates' performance regularly and provide support where necessary. Respondents 11–15 held the view that: "The DPSA must remember that training needs change with time during the career development life cycle. Therefore, there is a need to develop employees on an ongoing basis."

Matching job performance with remuneration: Another way to enhance performance is when remuneration conforms to job responsibilities, performance, and related qualifications for the post. There is a need for a direct link between the Department's achieved targets and the remuneration rewards in a given financial year, argued respondents 13 and 23.

Eliminating corrupt practices: Fairness should be prevalent in the allocation of posts. Respondents 2-4, 7, 8 and 23 asserted that: "There is a disjuncture in the post establishments of Branch Administration with the rest of the branches. The perception it creates is that because Branch Administration was responsible for the reorganisation process, they catered for themselves and neglected the departments accountable for the core business of the DPSA." The above feelings point to the need for the DPSA to treat its employees equally and without favour.

Improving capacity: Employees perform better, when the content in their job environment and supervisors remain accountable for their staff and environment management. Employee morale aligns with trust. The human resource should enhance service delivery and be more proactive in managing employee issues. Respondent 24 argued that; "To promote productivity, my supervisor must stop micromanaging me and trust me with my duties." In addition, Respondent 24 stated that,

“staff rotation, placement structure, and technological innovation were vital to improving employee performance and retention.”

### **Discussion**

An employee’s performance enhances with time. Interestingly, those who have stayed beyond 16 years in the DPSA are also associated with low performance. Mahadi et al. (2020) postulated that employees tend to lose interest in their job when they have been in one position for an extended period. As a result, they find the job routine and perform at a slower pace. Career development motivates employees to perform at work. Agung and Widnyana (2020) posited that public institutions use career development to drive employee performance. The DPSA offers opportunities for growth. Wachira et al. (2020) believe that career opportunities help people grow their careers by giving them the chance to move up the ladder and use their skills and talent in the best way possible. The DPSA can maintain the approach of providing consultation before implementing changes in the salary structure to retain high morale amongst its employees. Doellgast and Benassi (2020) agreed that employee consultation is more effective than implementing unilateral changes to the salary structure. Concerning a conducive working environment, Wachira et al. (2020) highlighted that a conducive working environment impacts employee performance as it allows employees to work optimally. Murtiningsih (2020) argued a significant relationship between a remuneration package and employee retention. The authors suggested that offering an attractive remuneration package helps to improve employees’ level of satisfaction. The DPSA can cultivate an environment that nurtures good working relationships among colleagues. Mahadi et al. (2020) agreed that good employee relationships lead to high morale, motivated employees, and productivity.

The Department is utilising the available skills to enhance development. Bogacheva and Smorodinov (2020) support this notion and postulate that organisations use a skill-based pay system to address remuneration issues. The utilisation of knowledge and skills can develop both innovation and creativity. Various scholars in the reviewed literature substantiate the importance of remuneration, in particular, high total remuneration on employee performance (see (Bunyamin et al., 2020); (Bussin and Brigman, 2019; Nahar and Zayed, 2019). This shows that the DPSA should think about ways to improve total remuneration, which attracts and keeps employees, to improve performance. Employees who make a concerted effort must be rewarded. Hattangadi (2019) and Kollmann, Stöckmann, Kensbock and Peschl (2020) support this notion. They hold that employees are motivated by fairness in the workplace. Onyekwelu et al. (2020) posited that the organisation should provide a competitive remuneration package that ensures that employees will remain within the organisation even if they establish that other organisations offer higher remuneration for similar positions. Nevertheless, Gindling, Hasnain, Newhouse and Shi (2020) argued that benchmarking is the best way to improve competitiveness between the private and public sector to avoid high staff turnover. According to Zirra, Mambula and Anyatonwu (2019), health protection benefits significantly impact employee performance. Therefore, the DPSA could still consider improving the medical aid component of the total remuneration package to attract and retain its employees as an instrument to enhance performance.

The DPSA can adopt a more flexible approach toward pension contributions. Certain people may perceive contributions towards the pension fund as a burden. Furthermore, they resist sacrificing current for future consumption, which is not guaranteed. Armstrong and Taylor (2020) concurred with a pension crisis because many pension schemes are underfunded when paying employees who live longer. According to Mariana (2020), the level of education and motivation have a positive effect on employee performance. Therefore, the DPSA can consider providing opportunities for further education as an instrument to enhance performance. Job security is critical. Singh (2021) holds that although reducing the public sector wage bill is necessary to ease the financial burden, a blanket remuneration cut is not a sound approach for all government officials. Moreover, the health

care system could collapse if public-sector doctors decide to leave the country for better salaries and working conditions.

### **Conclusion**

Based on the data collected and the results of the analysis, it can be said that remuneration (wages, bonuses, and other direct and indirect rewards) has a positive effect on how well employees do their jobs. This is clear from the descriptive and regression analyses: all variables are interrelated. Remuneration is critical in human resource management in every organisation because it has a significant impact on productivity, growth, and development. In practical terms, the new knowledge gained from observing the relationship between a stagnant remuneration structure and employee performance and retention may be useful in the retention and promotion of organisational citizenship behaviour among employees. The results suggest that to have employees who are committed to their respective organisations, managers need to review existing policies and practises to lessen job stress and job uncertainties and promote positive attitudes and behaviours among employees. The DPSA should ensure that salaries are consistent across all levels. When the nature of the job changes with time and additional workload, the pay should be adjusted accordingly, and vice versa. The DPSA should link job performance with remuneration by implementing a "no work, no pay" rule. In addition, the DPSA should consider other ways to keep employees, such as subsidising electricity, meal allowances, and quarterly performance bonuses. The role of skills and experience in retaining employees is essential. Thus, employee remuneration must be based first on qualifications, and then consideration can be given to work experience. A skills audit necessitates the correct placement of employees. Job rotation should be mandatory because the process could reveal talent, and employees would likely excel in higher positions. Public-sector organisations need to create an enabling environment by promoting technology to move from paper to virtual platforms. To improve employee performance, public sector organisations must develop a diversity promotion policy. Moreover, promote a continuous learning environment for career development, which will improve productivity. Furthermore, increase training and development awareness and focus on providing adequate opportunities that conform to the employees' needs for career development. The employees should be rewarded based on the actual job performed and not seniority levels. Finally, improved management and administrative capacity to create a conducive working environment, which leads to improved productivity.

### **Recommendations for future research**

Employee performance, remuneration and retention in the DPSA had some limitations. The population of the DPSA is too small to generalise the findings to a larger population. A cross-sectional sample was employed, which may result in people overthinking their responses to items on the scales. Relatively little research has been done on the effects of a stagnant remuneration structure on employee performance and retention in South Africa, which makes it difficult to relate the findings to the South African context. Future research can use the ordinal quantitative longitudinal design to investigate the relationship between the study's variables.

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