

Retention of Contract Staff among Civil Servants: Statutory Bodies Agency in Bangi, Malaysia

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Abstract

Employee retention is an important issue that requires full focus by an organization as it is a key element that has been identified as the driving force in determining the success and effectiveness of an organization. The concept of employee retention is actually to attract experienced and efficient employees to stay long in service. Among the impulses and reasons for the retention of these employees is to go through a motivational approach or the basis of one's inner spirit to achieve a particular desire. However, the method and implementation is not as simple as we describe it especially when faced with staff serving on a contract or part-time basis. These people are not actually bound to or at any time can leave the organization if there is a more secure opportunity in their lives in the future. In this regard, the Smallholder Development Research Division (SDRD) is also not exempted from the phenomenon of employee interchanges in which more than 81 percent of its 740 staff are contracted. Therefore, based on this phenomenon, the researchers decided to conduct a study on the impact and implications of retention of contract workers among civil servants at a statutory body agency in Bangi, Malaysia. The objective of this study was to explore the impulses or desires and strategies of the organization that affect employee retention among contract staff at SDRD. Thus, to achieve this objective, a study was established: What is the impulse or desire that affects the retention of employees among contract staff at SDRD? The study went through a qualitative approach using a semi-structural interview method. The data and information were collected through in-depth interview sessions, participating observations and analysis of study-related documents. The next process was analysing the data where the data obtained were given codes, categories and sub-themes to form the main theme in answering all the study questions. A total of 3 themes were formed to answer the main questions of this study, namely a conducive working environment and positive colleagues, more secure employment opportunities in SDRD and the equality of contract and permanent workers. Maslow's Hierarchy of Needs Theory of five levels of needs are closely related to

Herzberg's Two-Factor Theory of intrinsic rewards and extrinsic rewards. In turn, these two theories influence employee retention among contract staff in SDRD.

Keywords: Equality, Employee Retention, Work Environment, Career opportunities, Organizational Strategy.

Introduction

Employees are one of the important aspects of an organization and the driving forces to an organization after the employer. In this regard, the research group had chosen a definition in the Employment Act 1955 where all executive and non-executive employees are protected under one common act. Employees are individuals who exert a lot of energy and ideas to help achieve the goals, vision and mission of an organization. Without employees, not only will many jobs be disrupted, but also the organization will not be able to achieve any success (Suraya Deraman, 2016). Workers among civil servants are the backbone of the country's administration. This group is responsible in ensuring the implementation of various policies and development programmes can be achieved.

Employee retention is the employer's ability to retain employees in the company (Chandra, 2016). This statement is also supported by (Raminder, 2017) that employee retention is a process to encourage employees to remain in the organization for a maximum period of time. Human capital is the most valuable asset of every organization and the implication is not only the need for a skilled workforce but also the need to maintain them for a long time (Banerjee, 2019).

With the recruitment of new employees, their competence still could not guarantee the success of the organization. In addition, when an employee resigns, valuable knowledge of the organization, customers, current projects and experience will be brought along with the employee. Employee retention measures the degree of intention to leave the organization and is considered the opposite from the point of view of procurement. Furthermore, the failure to retain professional talent leads to hiring, selection, higher replacement of new employees (George, 2015), and disruption of the organizational community, lower productivity and reduced employee morale to stay longer due to the loss of employees. This will not only cost the replacement of new employees but the organization will also have to cover the cost of training programs to train new, less skilled and inexperienced employees with the new work environment they will go through (Dechasihapaisal, 2018).

Employee retention is a major problem for every organization nowadays. A worse rate scenario is when a talented employee voluntarily resigns from the organization (Alias et al., 2017). The implication is, if an employee leaves the organization voluntarily due to a better offer or job dissatisfaction, this will influence other employees to do the same. This phenomenon will over time affect other employees in the organization that is a concern for the highest party in management (Gray, 2012). The purpose of this research was to meet the question of what is the impulse or desire that affects the retention of employees among contract staff at SDRD?

Each organisation has a variety of different strategies in solving the problem of employee retention especially contracted staff, where these people are not bound to or do not have any privileges compared to permanent and pensionable civil servants. These people are

always looking for opportunities and space to get a job that can guarantee their lives in the future. The SDRD division also has such employee interchange factor in which 599 people or 81% of its 740 staff are in contract positions. This information shows that SDRD is a division that has many contract staff in MPOB compared to other divisions in MPOB where the total percentage of contract staff is less than 50%.

Literature Review

Employee Retention Strategy

The basic purpose of employee retention strategies and practices has two goals which are to reduce employee interchangeability and to reduce expenses related to the recruitment and training and orientation of new employees by the organization (Iqbal et al., 2015). In today's competitive global market, the only strategy for organizations to radically increase workforce productivity and increase retention is to strive to optimize their workforce through comprehensive training and development programmes. Low turnover ensures that organizations retain their competent staff by providing a superior environment, which can improve the performance of the individual employees themselves (Ayodo et al., 2014).

Satpal and Dhillon (2016) in their study on different retention strategies asserted that most companies recognize the importance of employee retention. They provide decent salaries, flexible hours, a better work environment and career growth prospects. They are also willing to make changes in their retention strategies for talented and productive employees. Rakhra (2018) in the study on the factors affecting employee retention in the company in Delhi, the good employee retention strategy adopted by the company will definitely help reduce employee interchangeability. Talented and motivated employees will stay longer in the company.

Maslow Theory Hierarchy

Maslow's Theory of Requirements contains five stages of human needs; first, basic or physiological needs; second, the need for safety and self-assurance; third, the need for love and belonging; fourth, the need for self-respect and fifth, the need for self-completion (Masri et al., 2018). In order to achieve a level of this need, each individual first needs to meet the hierarchy of needs where these self-needs are in a hierarchical order. In other words, one should meet the requirements on the ground floor and further to the upper tier (Maslow, 1943).

Nowadays in the management of organization, most of the modern corporate world has already accepted and applied Maslow's theory widely (Masri et al., 2018). Although the implementation of the employee retention strategy is ideal, successfully satisfying all the five needs of employees is not an easy job and is also expensive. Managers who strive to maximize the coverage of employee needs, are more likely to care about employee satisfaction (Girma, 2016).

Herzberg's Two-Factor Theory

In this theory, Herzberg believes that two dimensions of job satisfaction are dissatisfaction (he called it "environment") and satisfaction, also called motivation. These two factors are the need for a motivator and the need for hygiene factor or also known as the Theory of Personal

Hygiene-Motivation. He interviewed them to determine the factors that influence a person to job satisfaction and job dissatisfaction.

The above two theories have some similarities, since these two theories recognize positive reinforcement and recognition as a tool for creating a positive working environment, while denouncing the use of negative criticism of work performance. Each theory additionally concludes that individuals are driven by a variety of different factors based on the individual's environmental and psychological needs. For that reason, every organization must recognize that what works to motivate one employee may not work with another.

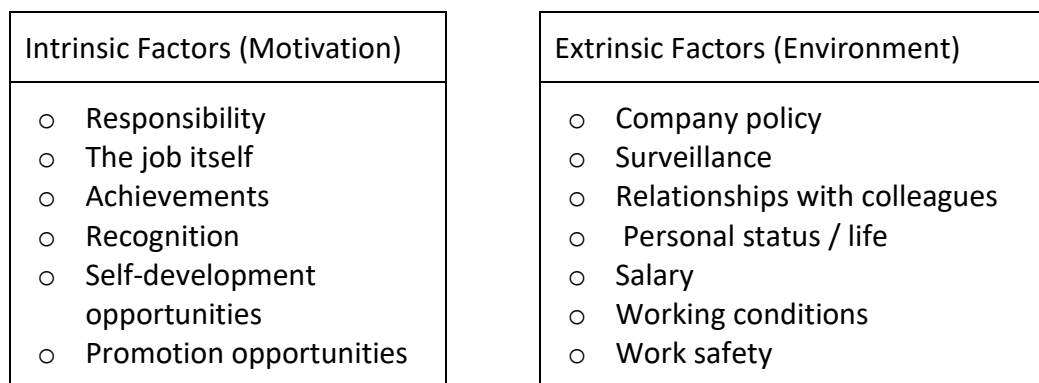
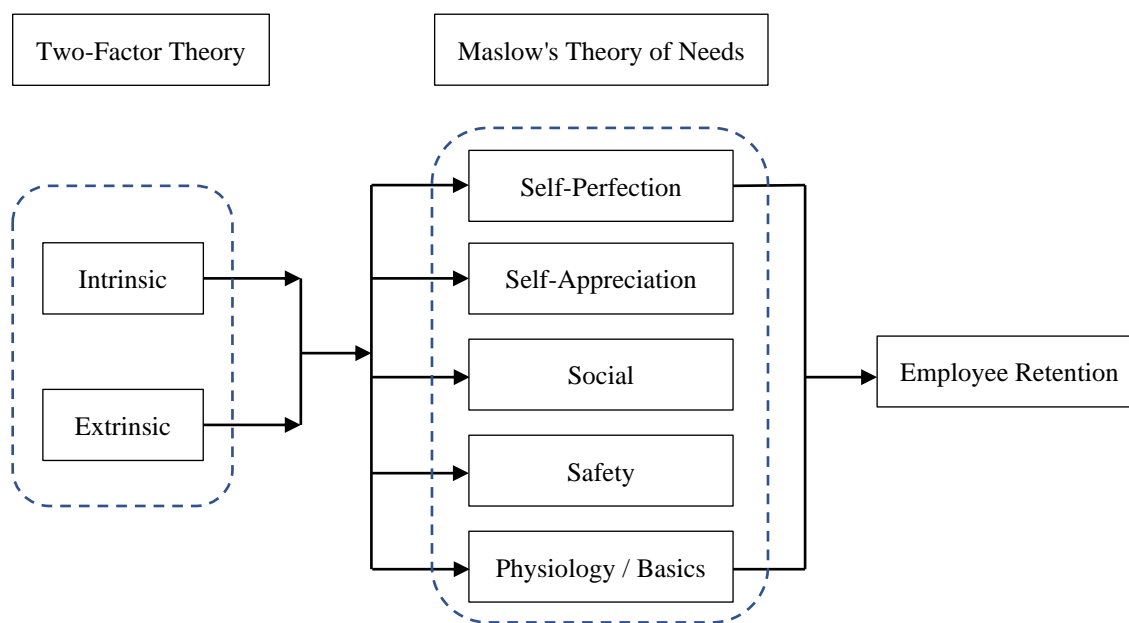


Figure 2.2: Herzberg's Two-Factor Theory

Theoretical Framework

The study framework was formed from the objectives of the study which were to find out what are the factors that influence employee retention among contract staff; to find out the organization's strategy in retaining contract staff; to influence the retention of contract staff employees at SDRD.



Methodology

This study was carried out using a qualitative method which was exploring in-depth on the factors affecting the retention of contract workers to know the organization's strategy in retaining contract staff at SDRD. The collection of data was obtained through a semi-structured interview method involving informants, four informants consisting of three contract staff among research officers, administrative assistants and office general assistants who have served for more than 10 years in SDRD and one representative of the top management of SDRD. The research conducted was to focus on informant's experience on the factors that influence employee retention, wanting to know the organization's strategy in retaining contract staff at the SDRD. The analysis of documents related to the issue of employee retention was also carried out by researchers as additional information.

The case study approach is an intensive phenomenon in which it needs to be analysed singly as well as through a comprehensive data description process (Merriam & Tisdell, 2016). Patton (2015) explained that case studies are categorized as an exploration of a limited system as a case in which the case entity includes empirical units (individuals, families and organizations) or theoretical constructs of success and resilience. Silverman (2013) asserted that the case study approach can be focused on a unique explanation with the design of the study related to the knowledge and experience received from a particular matter. The case study approach carried out by the researchers was aimed at exploring and knowing the factors of employee retention, knowing the organization's strategy to retain contract staff in influencing the retention of contract staff employees at SDRD.

Qualitative method studies using case studies are especially appropriate if the main question of the study focuses on why and how (Yin, 2014). The selection of the informants in this study was carried out on a sampling basis for the purpose of which the use of this method is to achieve the objectives of the study where the study informants were made up of:

- i. contract staff who have served more than 10 years working in SDRD
- ii. the top management representatives of the SDRD
- iii. three different units within the SDRD with different educational backgrounds
- iv. informant consent involved in the study who are easily contacted for the data collection process.

The profiles of all the informants involved in the study consisted of a 43rd grade research officer from smallholder empowerment unit, an administrative assistant in charge of the SDRD director's office, a general assistant from the development and training services unit and a representative of the top management of SDRD who is the head of the development and training services unit of grade 54. All informants were aged between 30 and 56 years old in which staff 1 had a master's degree (UPM), staff 2 graduated with Sijil Pelajaran Malaysia (SPM), staff 3 with Lower Secondary Assessment (PMR) and Manager 1 with a master's degree (UKM).

The four informants selected in this study were from different units in the SDRD and all of them were in charge of MPOB headquarters. By referring to the study's recommendations to find out how contract staff can stay on the job for a long time, the researchers used a semi-structured interview format to reduce bias and focus on interviews. This technique in turn enabled the informant to tell more clearly how the informant can continue to serve despite

the status of contract position. Semi-structured interviews can also make it easier for researchers to explore in-depth on the information related to retention factors as well as organizational strategies in retaining contract staff at SDRD.

The data collected from all four informants in this study reached saturation (saturation point), exhaustion of resources, emergence of regularities and overextension the boundaries of the research, where if additional information is made, the same answer will be obtained. Next information related to the informant is based on the analysis of documents from the general office of the SDRD. The description related to the interview order of this study is explained in detail as an interview protocol that is separated into two parts, namely the contract staff protocol and the protocol of the SDRD's top management representative.

The management of the data obtained should be managed and kept in a neat and orderly manner. The researchers used Nvivo software to facilitate all the data management processes of the study and provided the code names for all informants with the details of the date and time they were carried out. Creswell (2007) proposed five basic steps for data management process, namely collecting the verbal data, reading data, breaking data into specific parts, organizing and interpreting data, and the fifth step which is to synthesize and formulate data. In order to form a significant theme in answering the study question, it is necessary to make a nomination of the theme based on the significant categories in the form of changes carried out. The themes that are formed are the answer to the question of which the study was built (Meriam, 2009). The formation of themes to answer the study question, the process of analytical data through transcripts should be made and the emphasis given to the significant statements given by the informant on the retention of contract workers at SDRD.

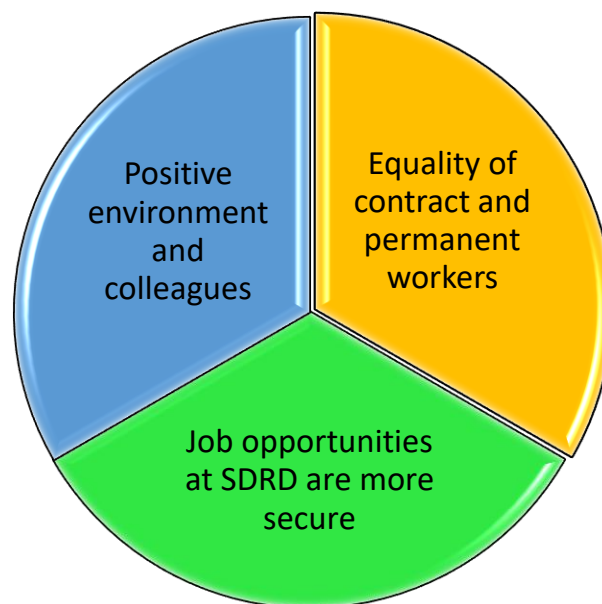
In addition to the semi-structural interview method, the researchers also conducted participating observations and analysis of documents in obtaining different data sources. The researchers also constructed similar evidence through observation and analysis of documents as confirmation of the findings of the studies conducted. This technique directly facilitated the researchers in applying all data sources holistically to the themes of the studies that had been formed.

The validity and reliability of the information presented in this study were enhanced through careful standards especially the process of sampling, interview and data analysis. The purposive sampling method involved informants from among the contract staff who have served for more than 10 years as well as management representatives of grade Q54 reflecting the diversity of the resources obtained. Next, during the data interpretation process, the researcher makes each finding received. Finally, as an instrument of this study, the researchers were always vigilant and tolerant and used appropriate communication.

Findings and Discussions

To find out the factors of employee retention among the contract staff at SDRD:

The findings of this study comprises the result of informant interviews, observations, field notes and documents related to this study that directly strengthen the construction of the theme. The results of the study will be discussed through three themes formed, namely



Employee retention is a fundamental issue and challenge to all organizations nowadays. There are several factors that encourage employees to stay or leave the organization (Banerjee, 2019). As such, these three themes will elaborate on the factors affecting employee retention among contract staff at SDRD through the sub-themes developed. Next, the sub-sub-themes of this theme are compiled to build on the three themes.

Conducive work environment and positive colleagues:

From the interviews conducted on all the informants involved, they considered that a comfortable and friendly working environment and positive work partners are one of the factors they continue to serve in SDRD. Mohamad et al (2019) stated that work environment, wages and salary factors as well as work stress play a key role in producing job satisfaction for employees that ultimately reduces the intention of quitting their job. While according to Nuratikah and Fadilah (2017), positive co-worker relationships can form a good communication process as well as improving the retention rate of employee in the organization. This can be proven through the statements from interviewees:

"... The main factors are good work environment & good job competition, friends around & bosses who are ok..." (Staff 1) "

... It's fun to work here, easy-going colleagues, at SDRD there's a lot of young, more savvy and easy-to-do work because there's a lot of friends of their age..." (Staff 2)

Comfortable and friendly working environment along with positive colleagues that exist at SDRD would not have happened if each of them did not care and did not reprimand each other. The role of management was also seen as playing an important role in communication between its employees.

Career opportunities at SDRD are more assured The results of the interview session showed that all informants had no interest or intention to seek work elsewhere because they think that career opportunities at SDRD are more secure. Moreover, they had a desire to remain at SDRD. Employees who have desire to stay for a long time with the organization are those who have no intention of finding a job alternative and do not provide any immediate reaction to offers from other organizations (Continue et al., 2015).

"... Don't even look for job offers anywhere else. Work here is ok because I'm compatible with work at SDRD despite the contract status..." (Staff 2)

"... In fact, at SDRD we do need a large number of staff to implement MSPO certification, distribution of government assistance, advisory services and others. So from time to time we need that manpower. Another is related to the ratio of farmers and officers which is 1 officer : 1,600 smallholders. That is why the staff needs are needed to provide services to the target group..." (Manager 1).

Based on the information, the contract staff at SDRD consists of two categories, namely contracting under the board (MPOB allocation) and contracting under project allocation. Yet, these two categories will get the same benefits, trying to be distinguished by the provisions under the board as well as the project allocation, where the contract staff of the board will be renewed as long as the MPOB is still in need.

"... two categories of contract employment in SDRD, either paid by MPOB or under vot or project allocation. Priority is given to long-serving contract staff, achieving established kpis and many others..."(Manager 1)

Based on the interview statement of the informant in this study, job security and various factors of remuneration and incentives received at SDRD at present have given the perception that these contract staff can remain for a long time at SDRD. From Yahya et al., (2020), continuous good support from the employer indirectly affects in increasing staff loyalty to the organization.

Equality of contract and permanent workers

The difference between contract and permanent staff at SDRD does not have such a big gap in which only a few benefits distinguish the status of these positions. Based on the observation and analysis of the Service Circular document No. 2 of 2008, contract staff will receive contract rewards as well as Service Circular No. 2 of 2016 which is the granting of cash as a reward for leave of absence that cannot be spent by the contract officer.

"... contract staff at SDRD will usually receive a contract reward each year as well as can replace leave of absence with cash if the leave is not spent..." (Manager 1) "... Contract rewards every year, usually I'll claim a leave of absence that doesn't end with the reward of leave of absence, that's about ok laa..." (Staff 3)

In addition, through the analysis of MPOB Awards Council 2018 programme paperwork document, the Board has approved and improved 18 categories of Awards including creating excellent service awards for contract staff at board meetings in 2012. In this regard, every division in MPOB will get quota for that purpose. This was also recommended by the informant:

"... Other rewards other than contract rewards and vacation claims are outstanding service awards. I was able to go through the quota of the contract staff, because there are 2 categories of fixed and contract..."(Staff 2)

"... this contract staff can receive awards as given to other permanent staff at SDRD..." (Manager 1)

The findings of this study form an analogy of the proverb "equal weight is carried, light equal to the parable of the approach of equality of contract staff and remains generally in MPOB and its especially in the SDRD itself. The findings of this study will explain that organizational culture such as multi-resource sharing practices are the best way to build this strong and accurate human capital. This is supported by the findings of a study by Masri et al., (2018) which stated that the context of organizational culture where the principles of equality and moderation are core to the fair treatment of fellow workers regardless of their ancestry, status, rank and the like.

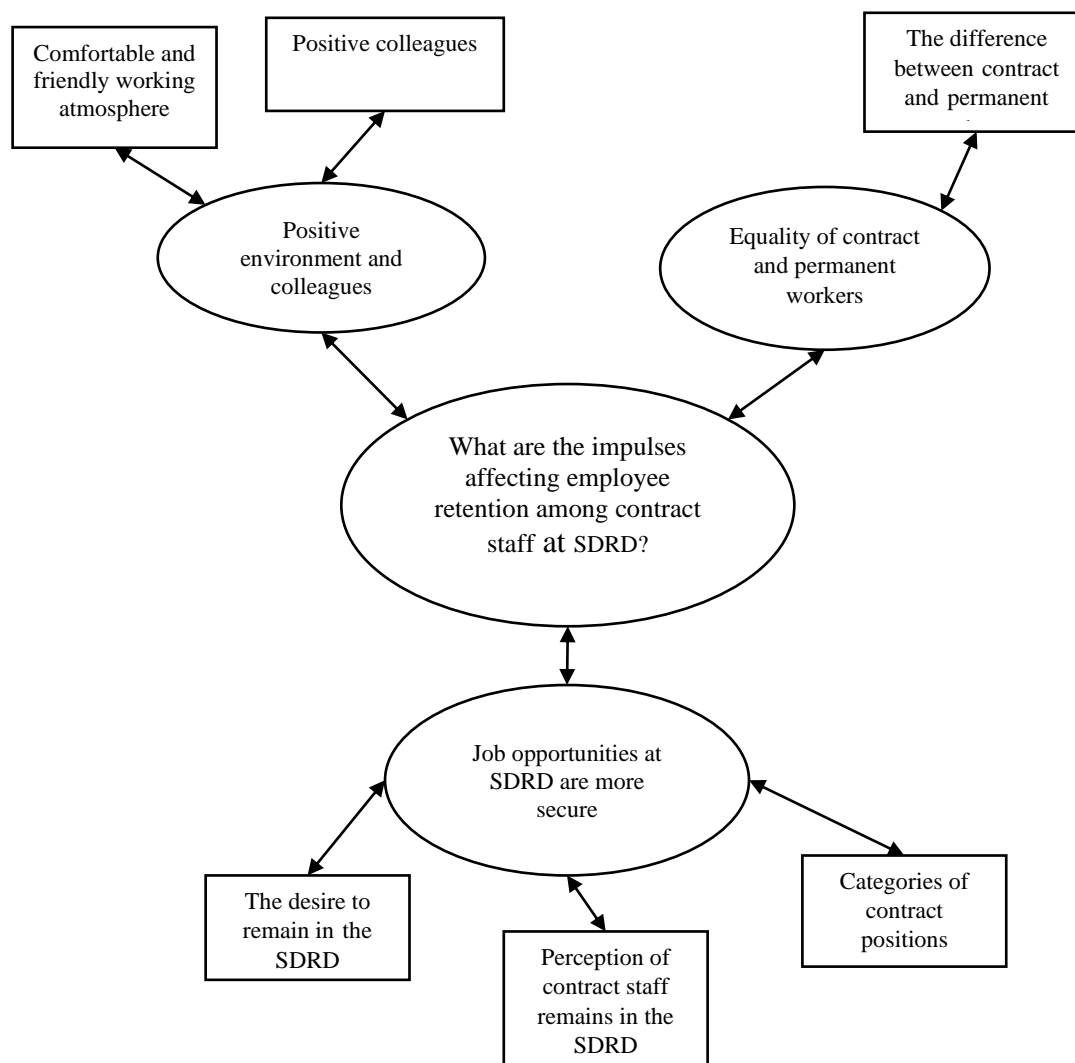


Figure 4.1: What is the impetus that affects employee retention among contract staff at SDRD?

Conclusion

To answer questions related to factors affecting the retention of contract staff at SDRD, three themes were formed based on the findings of this study, namely;

- i. Conducive working environment and positive work partners
- ii. Employment opportunities in SDRD are more assured
- iii. Equality of contract and permanent workers

The findings of this study show that organisational culture such as work environment, positive colleagues, resource sharing practices and most importantly the extent to which the organization can provide for the needs of its staff such as caring for their welfare is met by the employer. The findings also found that employment opportunities at SDRD are guaranteed where contract staff will have their service resumed every year as SDRD requires a large number of staff in performing their duties in line with its goals. Therefore, these factors are seen to have influenced the retention of contract staff employees who have served for more than 10 years in SDRD. Overall, the factors of conducive working environment and positive work partners, more secure job opportunities in SDRD and the equality of contract

and permanent employees, organizational strategy through intrinsic rewards and extrinsic rewards are priorities that influence the employee retention among contract staff in SDRD. The findings showed how both the motivational theories used in this study, the Maslow's Hierarchy Theory and the Two-Factor Theory, could influence employee retention among contract staff at SDRD. Based on both motivational theories in this study, three retention factors were identified; positive work environment and work partner, more secure career opportunities, and equal benefits. An organization should develop an intrinsic reward system with the aim of appreciating the services and contributions of their duties and services and loyalty to the organization.

Based on the findings of this study, the researchers observed that some conditions were underserved and that they need to be improved in future studies. Among them such as the location for the selection of informants should involve placement outside the headquarters e.g. in the zone or in the branch. This approach will further provide a variety of study findings that are diverse in sources and factors. Therefore, for future studies, the researchers recommend the studies on workload factors, stress, discipline and compliance with organizational policies for employees in public and private agencies. Maslow's Theory of The Hierarchy of Needs is closely related to Herzberg's Theory of Two Factors comprises intrinsic reward as well as extrinsic reward. Subsequently, these two theories had influenced the retention of employees among the contract staff at SDRD.

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