This chapter contains a review of data gathered from reference materials that discuss the motivational factors affecting employee retention in the public sector. The information from literature and studies exploring these concepts will be collected from both local and foreign sources, to provide a holistic view on the subject.

Importance of Public Sector Employees

The public sector is characterized by features distinct from that of the private sector. Firstly, the former is composed of organizations that are owned and operated by the government which includes federal, provincial, state, or municipal governments, depending on your location while the latter is comprised of organizations that are privately owned, and not owned or operated by the government which typically includes corporations (both profit and non-profit) and partnerships (“The difference between the private and public sector,” 2016). Furthermore, the public sector, which provides State-funded services, is highly influenced by the government and its associated authorities, regulatory bodies and elected ownership. In essence, the goods and services being offered by the State-funded agencies in the sector have substantial impacts on public safety, social cohesion and national prosperity (Burke, Noblet, & Allisey, 2013).

Considering the importance of the public sector in a society, it is necessary to recognize that public servants continuously pave way for the fulfillment of the sector’s roles and responsibilities in promoting public welfare. The services provided by human resources or employees of the public sector range from those that require high levels of face-to-face interactions with clients and communities, such as education, healthcare, policing and family support services, to the public infrastructure operations involved in roads maintenance, public transport, water and sewage, and other public utilities. In addition to these, there are more centrally administered services which include distributing welfare payments and health benefits, identifying labor market opportunities, issuing passports, examining tax returns and deciding on migration issues. In all these varying methods of public service, the decisions made and actions taken by public employees demonstrate the potential of significantly influencing the safety, wellbeing and living standards of the citizens concerned (Burke, Noblet, & Allisey, 2013). This information is vital in establishing the need for motivational practices that upholds employee retention in the public sector which is grounded on the aforementioned notion that public servants make or break the essence of this sector.

Employees’ Motivation

According to Babatunde Osabiya (as cited in “Factors that influence employee retention,” 2019), motivation is defined as a psychological driving force that encourages or influences individuals to behave in certain ways boosting performance and directs towards accomplishing a specific goal in order to fulfill a specific need or expectation. On the other hand, Patrice Roussel (as cited in Serhan, Achy, & Nicolas, 2018) describes motivation as a result of a complex process that involves personal characteristics, core job dimensions, labor market conditions and work environment. She highlighted that positive core job dimensions are essential for an organization for they represent a drive that fosters employees’ motivation, leading to increased productivity that is beneficial for organizational development and progress.

Fundamentally, the process of motivation is comprised by three stages, namely a) a felt need or drive, b) a stimulus in which needs have to be aroused, and c) when needs are satisfied, the
satisfaction or accomplishment of goals (Serhan, Achy, & Nicolas, 2018). In addition to this, Dr. Mong-Chien Hsu and Dr. Kao-Mao Chen (as cited in Serhan, Achy, & Nicolas, 2018) claim that there are several sources of motivation for employees which evidently has varying degrees of importance from one organization to another, from one leader to another, and from one employee to another. These sources are goal setting and communication, gratitude, recognition at work, maintaining team spirit, and compensation. Further studies related to motivation emphasized the importance to distinguish intrinsic motivation from extrinsic motivation. Intrinsic motivation characterizes the drive to outstandingly execute an action or behavior as one gets pleasure from the activity itself whereas extrinsic motivation refers to motivation coming from the external rewards of doing a job (Serhan, Achy, & Nicolas, 2018). These materials are relevant to the study in such a way that they comprehensively define the nature, source and process of motivation, providing a better understanding on what is deemed truly motivating for employees in the workplace.

Employee Retention

Employee retention focuses on keeping or encouraging employees to work in an organization for a maximum period of time (Kossivi, Kalgora, & Xu, 2016). According to Mita (as cited in Kossivi, Kalgora, and Xu, 2016), it is defined as “a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements.” It requires implementing planned and organized actions that motivate and tempt employees to remain in the organization for the maximum period of time, usually resulting to the company catering to their employees’ diverse needs. Additionally, it as a continuous effort of taking all necessary actions by the organization to retain the knowledgeable, skilled and competent employees selected (Shakeel & But, 2015).

Ultimately, strategic employee retention is a crucial facet in keeping and maintaining a company’s competitive advantage; considering that an organization’s human resources is its greatest asset, it is only fair to regard committed human resources as an organization’s competitive advantage. The driving force that will ensure the retention of employees is grounded on understanding the role of motivation and perception, and how to use them (Dy, 2015). This will be utilized by the researchers in clarifying the concept of employee retention, one of the variables being examined in the study.

Motivational Factors Affecting Employee Retention in the Public Sector

In discussing the motivational practices that nurture employee retention in the government sector, the relevant findings collected from the related literature and studies will be contextualized in the foreign and local scene to recognize the possible differences between the two environments.

Foreign Setting

The research entitled Factors Influencing Employee Retention: An Integrated Perspective which aims to identify an integrated set of variables or factors that, if managed properly, will result in employee retention managed to construct a conceptual model that could potentially help organizations utilize all the factors that influence the said phenomenon instead of just one or two of them. In this study, a large number of factors important to retain employees were determined, exactly twenty factors; some of which are common in many sectors while few were very specific to a particular sector or organization. However, for the purpose of the model, researchers Nausheen Shakeel and Sahar But selected the more significant factors already mentioned effective in different studies and can be utilized by all institutions regardless of the sector or industry they are in.
Essentially, the conceptualized model distinguished two general aspects wherein the different factors influencing employee retention fall under, specifically Non-financial and Financial. Under the Financial aspect, there are the factors of pay or compensation, promotion, as well as the speed of promotion. The Non-financial aspect is then divided into two branches: Work-related and Non-work related. Work-related factors are further categorized as extrinsic (i.e. working conditions, lack of technology or equipment, job content, training, flexible work arrangements, and career development) or intrinsic (i.e. job satisfaction, job involvement, job embeddedness, job commitment, burn-out, and work-life balance). On the other hand, Non-work related factors are the last and most significant part of the model since these factors are considered essential for all industry and all sectors of employees; these are organizational values and beliefs, security, status, social environment, relationship with immediate boss, respect, authority, location, justice, prestige, recognition and organization support.

Moreover, the study deduced from interviews with six professionals the top five factors that retain employees in the public and private sectors. In the former sector, respondents identified job security, career development, financial needs, respect and prestige while in the latter, the factors mentioned are employee involvement in decision making, respect, financial factors, autonomy, and career development. All these identified factors that affect retention of workers have been found to be positively related to employee retention (Shakeel & But, 2015). The study succeeded in formulating an integrated perspective, exhibited in an unambiguous model, to explain the researchers’ findings about the subject. Additionally, the chosen respondents for the research are appropriate considering their ten years or more experience in their respective fields which ensures the collection of in-depth insight on the issue. Nonetheless, the small sample of respondents involved in the semi-structured interview seem to be inadequate to assert that these determined factors are representative of all employees in the public and private sectors.

On the other hand, the dissertation of Mttoi (2013) explored the influence of motivation on employee retention in public organization, specifically the Tanzania Ports Authority (TPA), a public corporation acting under the guidance of the Ministry of Infrastructure Development, that has the responsibility "to manage and operate" the ocean ports and lake ports of the country of Tanzania. The findings of the study demonstrate that motivation factors are key instrument of retaining employees in public entities. In summary, the analysis of the data from structured questionnaires and interview reveals that 97.4% of the respondents agreed that job security influences employee retention, 93.4% agree with increased salaries, 80.7% with accountabilities while 72.4% agreed with working environments. The study’s strength is manifested in its sampling procedure which employed random sampling techniques to collect information from employees in the middle and ordinary level and judgmental sampling procedure to gather concrete concerns from personnel with mandates in the organization. In addition to this, the respondents represented the different status of working experiences in the corporation. However, the research was too limited in a way that its findings may not be used as references of influence of motivational factors in promoting employee retentions on other public organizations.

In the study entitled Factors affecting Employee Retention in Public Organizations in Kenya: A case of the Supreme Court of Kenya, the Supreme Court of Kenya was examined to establish the factors influencing employee retention in the public organizations in Kenya. The research came to the conclusion that employee retention in the public sector is influenced by employee training and development, compensation plans, job content and employee skill recognition. It was also inferred that training and development was in greater use in public organizations. The study further deduced that job content, to some extent, does not match with the amount of rewards employees receive especially in the public organizations. However, the study concluded that he available benefits were attractive and congruent with those offered in the market (Anangwe, 2016).
Local Setting

In the Philippines, the research on the concept of employee retention is exemplified by a few studies. One of these is the paper entitled Looking beyond HRM practices in enhancing employee retention in BPOs: focus on employee–organisation value fit which argues that the effectiveness of Human Resource Management practices in tackling employee retention can be enhanced by improving the compatibility between employee and organizational values. The results illustrates that the suitability between employee and organization values positively and partially mediates the effects of Human Resource Management practices on employee retention. However, the employee–organization values clash in United States-owned Business Process Outsourcing companies was found to have a negative effect on employee retention (Presbitero, Roxas, & Chadee, 2015).

Another study that explores the employee retention phenomenon is the research on Corporate Social Responsibility (CSR) and employee retention in the Philippines. The paper’s aim was to investigate the relationship between CSR and employee retention in the country which showed the results of a positive correlation on CSRs economic, legal, ethical and philanthropic features on employee’s career opportunities, appreciation and stimulation, and desire to stay in the organization (Angoluan, & Caballero, 2019).

The research gap identified after a comprehensive literature review in the subject of motivational factors affecting employee retention, specifically in the context of public organizations in the international and local setting, is that there is a lack of literature and research focusing on these concepts in the Philippines. Most of the studies associated with the topic have been undertaken in the context of private organizations, particularly the Business Process Outsourcing industry, leaving little to no data available in the context of the public sector.


