Capstone Report: An Analysis of Employee Turnover and Retention Efforts in a Small Municipal Organization

Capstone Project Description
The City of Fruita has been attempting to address the issue of employee turnover. To try to improve retention, the City has increased wages and is interested in seeing what benefits can be improved. For this project, the student completed a survey of eligible employees to determine satisfaction with current benefits and the organization.

Organizational Context
- Client Organization: City of Fruita
- Council/Manager form of government
- Seven departments:
  - These are Public Works (26 FTEs), Police Department (19 FTEs), Parks and Recreation (17 FTEs), Administration (5 FTEs), Community Development (3 FTEs), Executive (2 FTEs), and Human Resources (1 FTE)
- 73 full time employees, 100+ part time.
- Budget: $21 million

Scholarly Background
Two viewpoints on employee motivation:
- Pay and benefits important to retaining employees.
- Employers must not only provide competitive pay and a traditional benefits package to retain employees, but also offer the “right” benefits.
- Other characteristics matter for retention:
  - Public Service Motive
  - Organizational Fit
  - Leadership

Methods of Study
In March, an electronic benefits and satisfaction survey was provided to all employees. Most questions were focused on satisfaction of existing benefits, and the latter portion focused on general employee satisfaction with working for Fruita and incorporated the organization’s team values. Another goal of the survey was to see what recommendations can be made as far as total compensation moving forward.

Received 42 responses, 57% response rate.

Findings
Employees are generally satisfied with current benefits and compensation structure.

Recommendations/Takeaways
Takeaways:
- Fruita has built a positive culture among employees.
- Employees are satisfied with recent compensation changes.
- Employees are satisfied with most aspects of the City’s compensation package, including health insurance, dental insurance, and the cost allocation of each.
- Areas of improvement include retirement options for employees, other benefits (such as vacation time, vision plans, etc.) and providing the right type of benefits.

Recommendations:
- Human Resources should continue education and outreach efforts on benefits through email and employee meetings.
- Conduct exit interviews to identify reasons for turnover.
- Make no changes to health/dental insurance, especially cost allocations.
- Consider alternatives to retirement options.
- Explore how to improve “other benefits”, through surveys or discussions with employees.
- Prioritize new compensation structure.

These recommendations are limited due to the COVID-19 pandemic, and it is difficult to make strong recommendations without knowing the financial implications of the virus.