FACTORS AFFECTING THE RETENTION OF

BLACK EMPLOYEES AT A LARGE FINANCIAL INSTITUTION

By

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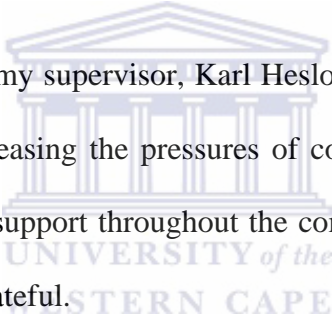
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2 **CHAPTER**

ABSTRACT

At first glance it may seem that Employment Equity is making great strides in South African business in general. South African research conducted in 2001 by Global Business Solutions of more than one hundred thousand employees, revealed that 74% of all new appointments are Black. However, the study also suggests that South African companies are losing Black skills at a rapid rate. The research indicated that 67% of all terminations are in fact Black people. This shows that only 7% of all new Black recruits remain in a company's service for a complete year. The research further suggests that the retention rate of Black people becomes worse as employees reach higher occupational levels within organisations (Bennett, 2001). Retention of high performing talent within organisations globally has always been regarded as an important business priority. Retention of Black talent in particular has in recent years become one of the key challenges facing many South African companies.

Since the inception of the Financial Sector Charter in January 2004, financial institutions' concerns around retaining key Black talent have grown even more. This concern may particularly centre on the retention of highly mobile Black people and Black women at management levels, as non-compliance ultimately affects the business bottom line. In light of this, this research aims to assess the importance that Black employees place on retention variables especially in terms of making decisions to leave the organisation.

A cross-sectional study based on a questionnaire developed by Birt, Wallis and Winternitz (2004) detailing key retention variables highlighted in the South African literature as important, was administered. The questionnaire focuses on four main independent variables related to retention, namely Development and Work Environment, Compensation and Benefits, Company Environment, and Work Life Balance. A sample of 111 Black employees of a large financial institution was used, based on a non-probability sampling technique. The Statistical Programme for the Social Sciences (SPSS) software system was utilized for the purposes of analysis. Both descriptive and inferential statistical procedures (correlation, regression and analysis of variance) were used to analyse the data.

The results emanating from the study indicate that Work Environment variables played the most crucial role in retaining Black talent in the organisation at which the research was undertaken. There were significant relationships between some of the biographical variables and retention, and the four retention factors significantly explained the variance in retention. Recommendations based on the data were made to various stakeholders in order to address the existing problem, while simultaneously protecting the rights to confidentiality of the respondents.

Key Words:

Black Employees

Retention

Variables/job attributes

Turnover

Job Satisfaction

Organisational Commitment

Motivation

Employee Engagement

Attrition

Mobility

CHAPTER 1

1.1   INTRODUCTION

At first glance it may seem that Employment Equity is making great strides in South African business in general. South African research conducted in 2001 by Global Business Solutions of more than one hundred thousand employees, revealed that 74% of all new appointments are Black. However, the study also suggests that South African companies are losing Black skills at a rapid rate. The research indicated that 67% of all terminations are in fact Black people. This shows that only 7% of all new Black recruits remain in a company's service for a complete year. The research further suggests that the retention rate of Black people become worse as employees reach higher occupational levels within organisations (Bennett, 2003).
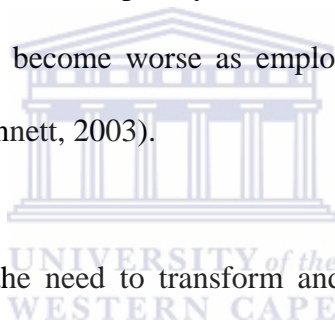
According to Taylor (2004), the need to transform and retain Black employees, may benefit the organisation in a number of ways, including amongst others consistency in the quality of products and services provided, an organisation's ability to enter into a wider customer base, organisational effectiveness; and a strong work ethic and sustainable culture. Monetary rewards have historically been regarded as the key mechanism to retaining talent. However, with the Black skills pool being limited, retention strategies have shifted to more intangible "wants" (Taylor, 2004).

Cascio (2003) regards retention as interventions that management embarks on to ensure that employees do not leave the organisation. These interventions may include rewarding employees for effectively carrying out their jobs; facilitating pleasant working relations between managers and employees; and ensuring a safe, healthy job environment. A South

African study conducted by Dockel (2003), highlighted the following six highly important factors when evaluating retention of high technology employees: compensation (base salary); job characteristics (skill variety and job autonomy); training and development opportunities; supervisor support; career opportunities and work/life policies.

South African research conducted by Sutherland and Jordaan (2004) on the retention of knowledge workers, showed that a quarter of the sample group intended leaving their organisation within a year while 60% intended leaving within two years. The South African study, which also measured job satisfaction found that despite high levels of job satisfaction, the average future length of service was enormously low. This result was consistent with the Corporate Leadership Council (2002) findings that the association between employee satisfaction and intention to leave has deteriorated as more satisfied employees leave their organisations for fresh opportunities.

With reference to the above, this study has further been influenced by the fact that retention of Black employees in general has consistently been highlighted as a key barrier to achieving Employment Equity (EE) in the workplace of a large financial institution through its EE Consultation process since 2004. The financial institution's termination trends for 2003, 2004, 2005 and 2006 respectively supports this as more than 50% of employees exiting the organisation were Black employees with less than 2 years service.

According to Birt, Wallis and Winternitz (2004), one of today's most important challenges is the retention of value creating employees often regarded as 'knowledge workers'. They go on further to say that knowledge workers, known as talent, are employees who have embraced the new career model, which matched their needs for

greater career freedom, and who has sought –after knowledge and skills that place them in demand in organisations. With this in mind the knowledge worker will be explored in more detail. A knowledge worker is also referred to as a learning person who is at the core of knowledge transfer in the organisation.

A research study conducted by Birt et al. (2004), focusing on those retention variables important in reducing turnover amongst employees regarded as talent within a South African context, found that South African talent places high importance on intrinsic variables as apposed to extrinsic variables in making decisions as to whether to leave their respective organisations. Interestingly, the study found that the variable assessing employees' 'concern with employment equity and affirmative action' in a South African context was not ranked as one of the participants' top five most important variables influencing retention.

Due to the fact that the current is a cross-sectional study similar to the one conducted by Birt et al. (2004), the following broad variables are explored as possible contributors to employee retention:

- **Compensation and Benefits**
- **Work and Development Environment**
- **Company Environment**
- **Work-Life Balance**

1.2   MOTIVATION FOR THE STUDY

The objective of this study is therefore to determine the main variables impacting on the lack of retention of Black employees within a large financial institution. For the purposes of this study, the four independent variables that will be assessed in terms of reasons for leaving will be based on the research conducted by Birt et al. (2004), which focuses on Development and Work Environment, Compensation and Benefits, Company Environment, and Work-Life Balance. This study also aims to provide insight into the level of importance Black employees place on these variables and whether they are perceived to be in place. Through this process, the aim is to clarify some of the preconceived assumptions often linked to why organisations experience difficulty retaining scarce skills amongst Black employees.
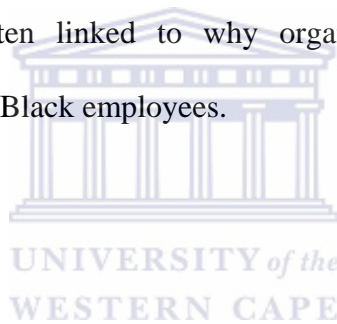
1.3   **RESEARCH QUESTIONS**

- ❖ Are there specific retention variables/job attributes that employees place importance on?

- ❖ Is there a difference in the retention variables highlighted as most important by employees of different age groups?

- ❖ Is there a difference in the retention variables highlighted as most important by employees of different race and gender groups?

- ❖ Is there a difference in the retention variables highlighted as most important by employees based on their years of service?

- ❖ Which of the four (4) independent variables will be placed more importance on by employees?

1.4   **RESEARCH OBJECTIVES**

With the preceding research questions in mind, it is important to articulate the objectives of this research study as follows:

- ❖ To determine which retention variables/job attributes employees place importance on

- ❖ To assess whether a difference exists in the retention variables highlighted as most important by employees of different age groups

- ❖ To assess whether a difference exists in the retention variables highlighted as most important by employees of different race and gender groups

❖ To assess whether a difference exists in the retention variables highlighted as most important by employees with different years of service

❖ To determine which of the four (4) independent variables will be placed more importance on with respect to retention.

1.5   RESEARCH HYPOTHESES

Welman and Kruger (2001), defines a hypothesis as a tentative assumption or preliminary statement about the relationship between two or more things that needs to be examined.

Hypothesis 1

There is a statistically significant relationship between the biographical variables (gender, race, age and tenure) and employee retention.
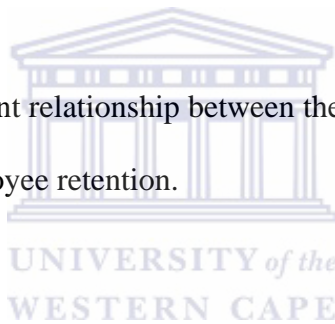
Hypothesis 2

The 4 independent variables (development and work environment, compensation and benefits, company environment, and work-life balance) will not statistically explain the variance in retention amongst employees.

Hypothesis 3

There will be a significant difference in retention amongst employees based on their biographical characteristics.

1.6   DELIMITATIONS OF THE STUDY

A perceived limitation to this study was the fact that participants may not have been truthful in answering the questions for fear of being exposed and possibly victimised within the working environment. The possibility of getting a high response rate from the sample group was a concern and preventative measures were taken earlier in the process to ensure a high response rate from Black employees. Because the study focused on employees within a particular geographical location within one financial institution, the research findings cannot be inferred to other populations. The research study therefore lacks external validity.

Because the researcher was internal to the organisation that was assessed, participants to the study may have questioned the confidentiality of their responses. This could have potentially impacted on the level of honesty applied in answering the questions. However, this problem was addressed by the confidentiality clause that was included at the start of the questionnaire assuring participants that their identities would not be revealed. Furthermore, respondents were assured of their anonymity by means of an anonymity clause in the questionnaire.

A further concern that was anticipated was that participants would not be cooperative and would perceive this as a meaningless exercise due to being requested to complete many different types of questionnaires and surveys to which they often do not get a response regarding the outcome. It was anticipated that this could hinder the participants' willingness to complete the questionnaire. This concern was addressed by reassuring participants that once the study was complete, a copy of the research report would be made available to them upon request. Contact details of the researcher were also made

available on the questionnaire, in the event that participants had questions regarding the research or content of the questionnaire.

The availability of respondents was a concern as the work environment in which employees operate was very demanding at the time due to a number of key strategic projects being underway within the organisation in which the research was conducted. This also impacted the response rate and was therefore perceived as a potential limitation in successfully carrying out and conducting the study.

Lastly, the generalisability of the study was compromised, as the sample group was limited to the Western Cape region only.

1.7 DEFINITION OF TERMS
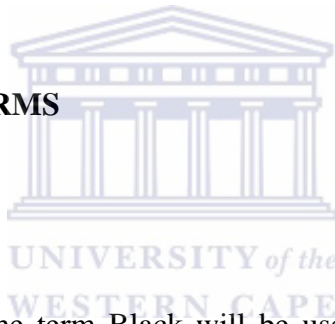
1.7.1 Black

In the context of this study, the term Black will be used consistently in line with the definition as described by the South African Employment Equity Act of 1998. The term Black is therefore defined as a generic term, which means Africans, Coloureds and Indians (EE Act, 1998.).

1.7.2 Turnover

According to Moorhead and Griffin (1998), turnover can be described as a process in which employees quit their jobs. Turnover occurs when employees leave an organisation and have to be replaced. This can be referred to as movement of members across the boundary of an organisation with a focus on members leaving rather than entering the organisation.

1.7.3 Retention

Mobley (1982) suggests that staff retention can be understood as the opposite of staff turnover. Retention is related to both employees' commitment to work, and the organisation's commitment to its employees.

1.7.4 Retention Variables/Job Attributes

Turnover can be caused by a number of factors which may include; aspects of the job, the organisation, the individual, the labour market and family influences (Moorhead & Griffin, 1998). Birt et al. (2004) draw attention to the fact that retention is impacted on by both intrinsic and extrinsic variables. Intrinsic variables may include meaningful and challenging work, good manager quality and career and development opportunities (Kaye & Jordon-Evans, 2002). Extrinsic variables may include compensation, performance-based pay, share awards and incentive pay (Stewart, 1997).
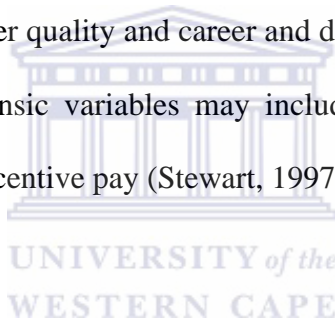
1.7.5 Job Satisfaction

Job satisfaction can be referred to as a collection of feelings and beliefs that people have about their work (George & Jones, 2005). According to Robbins (2001), job satisfaction refers to an individual's attitude towards their work.

1.7.6 Organisational Commitment

Organisational commitment is described by Mathis and Jackson (1997) as the degree to which employees believe in and accept the organisational goals, as well as their desire to remain with the organisation. George and Jones suggest that organisational commitment relates to an individual's feelings and beliefs about the employing organisation in its entirety.

1.7.7 **Motivation**

Mullins (1996) describes motivation as a process, which could lead to job satisfaction. Although the relationship between motivation and job satisfaction is not an obvious relationship, it can be depicted via motivational theories.

1.7.8 **Employee Engagement**

Baumruk (2004), Richman (2006) and Shaw (2005) describe employee engagement as the emotional and intellectual commitment that employees have towards the organisation or the amount of discretionary effort they demonstrate in their jobs.

1.7.9 **Attrition**

Attrition is explained by Sutherland (2004) as a process in which staff is lost.

1.7.10 **Mobility**

Sutherland (2004) articulates that mobility is the movement of staff between organisations.
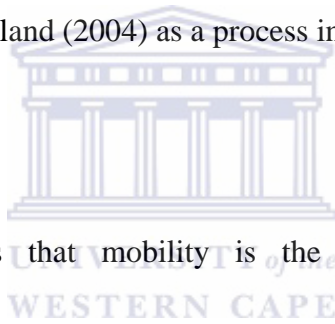
1.8   SUMMARY OF THE CHAPTERS

Chapter 1 captures the core of the research focus for this study with particular reference to retention factors for Black employees and its importance and relevance in Black employee turnover. The motivation for this study, its research objectives and questions, research assumptions and hypotheses have been identified and discussed. Delimitations to the study have also been highlighted with potential interventions that could assist in minimizing these delimitations. Lastly, some key terms to the study are highlighted and defined to assist in creating a common understanding for when these terms are discussed in the research study. The chapter concludes with an overview of each chapter below.

Chapter 2 reviews the relevant literature on the topic of retention and aims to highlight the array of variables related to retention and turnover of employees. The literature firstly defines the concept of staff retention and job satisfaction and then goes on to explore various motivational theories related to job satisfaction.

Chapter 3 aims to provide an overview of the research methodology used in the study regarding how the research problem was investigated. In this chapter, detail around the research design is also discussed with specific reference to the population of the study, sample group, sampling technique, procedure for carrying out the research, and the measuring instrument used to gather the relevant data. Lastly, the ethics of the study is also considered.

Chapter 4

In the previous section, the research methodology and design utilised during the current study were outlined. The information provided and discussed in the previous chapters serves as a background against which the contents of this chapter are presented and interpreted and is based on the empirical analyses conducted to test the hypotheses.

The statistical programme used for the analyses and presentation of data in this research is the Statistical Package for the Social Sciences (SPSS). The descriptive statistics computed for the study are presented first in an outline of the characteristics of the sample with regards to the variables included in the study. Thereafter, the analyses of the constructs relevant to the study, are presented with the aid of inferential statistical procedures. Conclusions are then drawn on the basis of the obtained results.
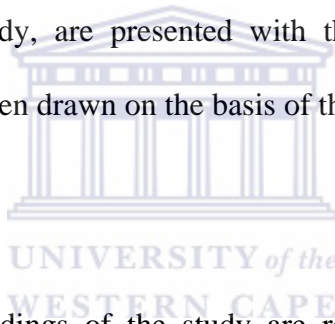
Chapter 5

In this chapter, the major findings of the study are revealed in relation to research relevant to supporting the findings of the current study. A number of conclusions are drawn based on the results obtained. Lastly, this chapter outlines recommendations that may be useful for future research.

CHAPTER 2

LITERATURE REVIEW

2.1   INTRODUCTION

It is important to be mindful of the changing nature of the modern worker. The "*New Age*" employee seeks flexibility and places equal importance on work and family life. People are also changing jobs more frequently and looking to explore new challenges more openly. It therefore may become a reality that if their existing employer cannot provide this in a short space of time, movement to another organisation is almost inevitable (Thomas, 1996). Similarly Dockel, Basson and Coetzee (2006) suggest that a revolutionary change in the world of work has resulted in the nature of work becoming more flexible and boundary less. This is further supported by the future workforce becoming more educated with a higher degree of professionalism and a reduction in the loyalty employees feel towards their employing organisation (Dockel et al., 2006).

Gaylard, Sutherland and Viedge (2005) highlights that organisations have shifted from the Industrial Age into the Information Age in which competitive advantage has become that of information, knowledge, ideas and management skills. This has resulted in the development of a new corporate paradigm in which corporate dependence on the employee is rapidly on the rise. This transition has influenced many organisations to start focusing on reducing costs, evaluating outsourcing options and to downscale or downsize. This has become a motivator for employee loyalty significantly decreasing (Gaylard et al., 2005). According to Capelli (2000), the side effect of these drastic measures has caused businesses to confront a serious challenge whereby organisations can no longer rely on employee loyalty even if organisations acknowledge their

dependence on the knowledge and skills of the right people. Hence, Cook and Jaggers (2005) recognize that retention has become a strategic competitive advantage for the future of business and that successful organisation' connections amongst their systems, strategies, support, and clients are human connections.

According to Thomas (1996), a number of assumptions may currently exist in various work sector industries amongst managers and employees in terms of the reasons why particularly Black people leave organisations. These may include amongst others, poaching and job hopping; lack of loyalty; inability to handle corporate pressure; competency standards are too high; and the inability to 'fit-in'. These assumptions are often carried into the workplace and as a result, newly appointed Black employees are interacted with in line with these assumptions resulting in what is called 'adverse impact' whereby no proper induction is carried out and no mentorship and support provided by managers. Also, new employees often have to adapt to organisational culture that is not yet ready to manage and sustain diversity leaving them feeling disempowered and struggling to survive in the environment (Thomas, 1996).

According to the Harvard Business Review (2001), diversity efforts are usually embarked on with a sense of goodwill but because certain paradigms exist when it comes to diversity, it usually leads to fuelling tensions. The discrimination-and-fairness paradigm recognizes that discrimination is wrong and idealizes assimilation and colour and gender blind conformism. The access-and-legitimacy paradigm embraces differences but may make certain groupings feel marginalized. Organisations with effective leadership leverages on a third diversity paradigm called the learning-and-effectiveness paradigm, which demonstrates that organisations are most effective when employees are encouraged to access their differences in order to be truly innovative. Leadership that applies this

third paradigm philosophy promotes making use of cultural experiences in the workplace; resists any form of dominant supremacy or inferiority that is imposed; and strives to genuinely address and acknowledge tensions that develop as a result of making way for diversity (Harvard Business Review, 2001, p. 33-34).

The 'Revolving Door Syndrome' according to Thomas (1996), is what most organisations find them in when trying to address workplace inequalities, which often results in Black people leaving. Thomas (1996), suggests that the motivation to address workplace inequalities is often sparked by a crisis. In the South African context, this may be due to the inception of the Employment Equity Act and the Financial Sector Charter. Organisations recognise the need to transform and then embark on a recruitment drive of black people. The Black people recruited usually enter the organisation with high expectations and a passion to develop, achieve success and add value to the business bottom line. Thomas (1996), goes on further to say that the organisational culture, systems, and processes, however, which have historically been created by White management, have not been aligned to value and manage diversity. This environment is therefore not conducive to the development and support of these new Black recruits, which often results in them feeling disappointed and disillusioned, leading to them eventually leaving (Thomas, 1996).

With this in mind, the concept of employee retention is explored in line with various motivational theories related to job satisfaction.

2.1.1 *Employee retention*

There are many views on what constitutes employee retention. Cascio (2003) describes retention as ideas implemented by management with the aim of keeping employees from leaving the organisation. These initiatives may include rewarding employees for effective job performance; ensuring good working relationships between managers and employees; and maintaining a safe, healthy working environment (Cascio, 2003). Ultimately, employee retention is about organisations striving to keep their human capital, namely employees, loyal and committed to the company. According to Mobley (1982), staff retention can be understood as the opposite of staff turnover. Turnover occurs when employees leave an organisation and have to be replaced (Mathis & Jackson, 1997). A number of strategies are often implemented with the hope of successfully retaining employees and may range from various reward and recognition systems, development and advancement opportunities, to creating nurturing environments. However, these strategies may not necessarily ensure the retention of an organisations key talent.

Taylor (2004), equates the war for talent as being the same as the war for Black talent and articulates that there is a difference in the way a company is supposed to recruit, develop and retain black talent, from how they look after other skilled resources.

Research conducted by the Corporate Leadership Council (2003; 2004) and the Towers Perrin global workforce study in 2005 (O'Neal & Gebauer, 2006), indicate that the concept of 'work for life' is no longer relevant to the new generation employee and the focus has perhaps shifted to more intangible "wants". According to Taylor (2004), the Top 5 "wants" expressed by high-skilled employees are quality of work; opportunity for

training and development; work/life balance; climate, reputation and values of the organisation amongst Black business professionals; and leadership, feedback and recognition.

According to Gerber, Nel and Van Dyk (1996), the present-day approach to the quality of work life advocates that work should be made more meaningful, that employees need to develop more personal skills, that they should participate in the management process, and that the control of any system should be voluntary rather than mandatory. Furthermore, they maintain that the focus on quality of work has been generated because employees are often frustrated in their work and experience little job satisfaction. In order for employees to be happy and enjoy life, they need to experience a high level of job satisfaction. However, lack of recognition, uninteresting work, poor relationships with colleagues, poor working conditions and stress in the work situation causes job dissatisfaction (Gerber et al., 1996).
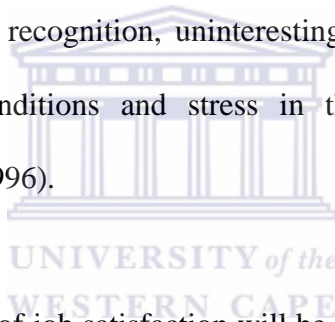
With this in mind, the concept of job satisfaction will be defined and explored in relation to various theories on job satisfaction.

2.2   JOB SATISFACTION

2.2.1   Definitions of job satisfaction

Job satisfaction can be articulated as one of the most well researched work attitudes in organisational behaviour. Job satisfaction can be referred to as a collection of feelings and beliefs that people have about their work (George & Jones, 2005).

According to Robbins (1998, p. 142), the term job satisfaction "refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job, while a person who is dissatisfied with his or her job holds negative attitudes about the job. When people speak of employee attitudes, more often than not they mean job satisfaction."
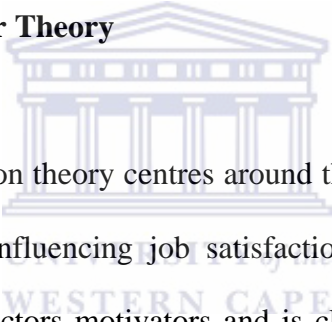
Johns (1996) has a similar view on job satisfaction and describes it as a collection of attitudes that employees have related to their specific jobs. Johns (1996) and Cherrington (1994) differentiate between at least two aspects of satisfaction, namely facet satisfaction and overall satisfaction. Johns (1996) suggests that facet satisfaction is the propensity of an employee to be more or less satisfied with various facets of a job. Research suggests that key attitudes towards jobs are contained in a relatively small collection of facets, namely the work itself, pay, promotion, recognition, benefits, working conditions, supervision, co-workers, and organisational policy (Johns, 1996).

Cherrington (1994), suggests that overall satisfaction is the general internal state of either satisfaction or dissatisfaction within the individual. Furthermore, either positive or negative indicators create the satisfaction or dissatisfaction experienced as suggested. Positive indicators may include an attractive job, competitive remuneration and benefits, friendly colleagues and good managers. Some of the negative indicators may include low pay, less than stimulating jobs and not feeling valued by management (Cherrington, 1994).

2.3   JOB SATISFACTION THEORIES

According to George and Jones (2005), there are many theories or models of job satisfaction and each of them considers four common determinants of job satisfaction namely; personality, values, the work situation, and social influence. The following job satisfaction theories will be discussed: Herzberg's two factor theory, Vroom's expectancy theory, the value theory, the equity theory, the facet model, the discrepancy model, and the steady-state theory. These theories are important to explore, as motivation is a process that may lead to job satisfaction (Mullins, 1996).

2.3.1   Herzberg's Two Factor Theory

Herzberg's two-factor motivation theory centres around the impact that certain factors or working conditions have on influencing job satisfaction. According to Gerber et al. (1996), Herzberg calls these factors motivators and is closely related to the nature and content of the work done and the hygiene or maintenance factors, which satisfies an employee's lower-order needs. The motivators include factors such as achievement, recognition for what has been achieved, the job itself in terms of how meaningful and challenging it is, progress or growth, and responsibility. Gordon (1999) similarly describes these motivators as features related to the content of the job, including responsibility, self esteem, autonomy and growth and satisfies higher order needs which results in job satisfaction. Gerber et al. (1996), indicate that Herzberg believed that a job would tend to generate high intrinsic motivation if it includes these factors. If the factors are absent, it may not necessarily lead to dissatisfaction.

However, dissatisfaction is triggered by a separate set of factors called hygiene or maintenance factors. These factors include organisational policy and administration, supervision, interpersonal relationships, salary, status, working conditions, and work security (Gerber et al., 1996). Gordon (1999), describes these hygiene factors as features of the job's context and includes company policies and practices, remuneration and benefits, as well as the working conditions. According to Greenberg and Baron (2003), the two-factor theory suggests that organisations should consider creating conditions for employees that could potentially avoid dissatisfaction, such as pleasant working conditions. This however, does not negate the importance that managers need to place on promoting job satisfaction, such as creating opportunities for personal growth for its employees.

Fig: Herzberg's Two Factor Theory

Hygiene needs:
Reflect job context and lower-level needs

Negative job environment creates demand for →

Hygiene Factors:
More money
Better supervision
Good working conditions
Job security
Consistent management policies and rules

↓

Level of dissatisfaction

↓

Level of job performance

↑

Level of satisfaction

↑

Motivators:
Achievement
Responsibility
Growth
Work itself
Recognition

Motivator needs:
Reflect job content and higher-level needs

Positive job opportunities
Allow worker to achieve →

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Source: Grobler (2002, p. 107)

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Herzberg's theory highlights managers' emphasis on trying to achieve motivation by focusing on hygiene factors such as higher pay, better working conditions and more fringe benefits. However, even if these factors are improved workers are still not motivated. Only a job that is challenging will provide opportunities for achievement, recognition, responsibility, advancement and growth, and will lead to worker motivation (Abdullah, 2002).

2.3.2 Vroom's Expectancy Theory

The expectancy theory focuses on employee motivation through the integration of a number of key elements relating to meeting employees needs; namely that of expectancy, instrumentality and valence (Gordon, 1999). The basic belief around expectancy theory, developed by a psychologist, Victor Vroom, is that motivation is determined by the expectations that people hold in relation to the results of their actions or input on the job (Johns, 1996).
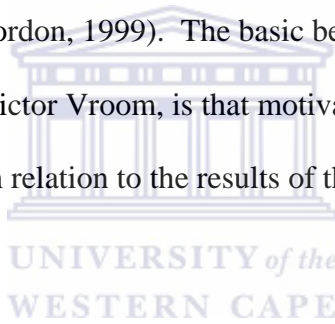
Gordon (1999), describes these elements as follows:

- **Expectancy** – Refers to an individual's perception that a link exist between effort (E) and performance (P), which may result in higher productivity.
- **Instrumentality** – Refers to an individual's perception that certain outcomes (O) whether positive or negative, will result based on their performance input. Outcomes may include promotion, a salary increase or increase in fatigue.
- **Valence** - Refers to the value (V) that a person attaches to various outcomes that may be experienced, such as a promotion or fatigue.

Johns (1996), expands on these elements described by Gordon (1999) and describes two additional components to Vroom's Theory:

- **Outcomes** – These are described as consequences that may be a result of certain work behaviours. There may be first level outcomes, as well as second level outcomes. First level outcomes are regarded as the primary focus areas for an organisation and may include looking at good attendance versus poor attendance within an organisation. Second level outcomes are described as the potential consequences that usually follow the attainment of a first level outcome and may include a sense of accomplishment or the amount of pay that is personally relevant to an individual.

- **Force** – This is regarded as the end product of all the key elements of the expectancy theory and describes the relative degree of effort that will be projected towards these first level outcomes. Vroom describes this force projected towards first level outcomes as a product of the valence of that outcome and the expectancy that can be achieved. Johns (1996), thus describes this as *force = first level valence x expectancy.*

2.3.3 Value Theory

Another theory strongly related to job satisfaction is the Value Theory. Greenberg and Baron (2003) describes this theory as suggesting that job satisfaction depends primarily on the match between the outcomes individuals value in their jobs and their perceptions about the availability of such outcomes. Furthermore, the theory also suggests that the more people receive outcomes that they value, the more satisfied they would be. The key

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to satisfaction in this approach is the discrepancy between the aspects of the job that an individual has and those that people want.

Research provides good support for the Value Theory. According to Greenberg and Baron (2003), a team of investigators measured the level of various job elements using examples such as freedom to work one's own way, learning and promotion opportunities and pay levels that a group of diverse employees wanted, as well as how much they already had. They also measured how satisfied respondents were with each element and the importance of each of these elements to them. The results as indicated in the figure below showed that the elements of the job that was experienced with the greatest discrepancy, were the ones that the employees were most dissatisfied with and those elements that they experienced smallest discrepancies with, were the ones that they were most satisfied with.
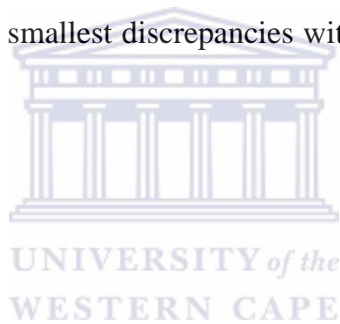
Job Satisfaction: The Result of Getting What We Want
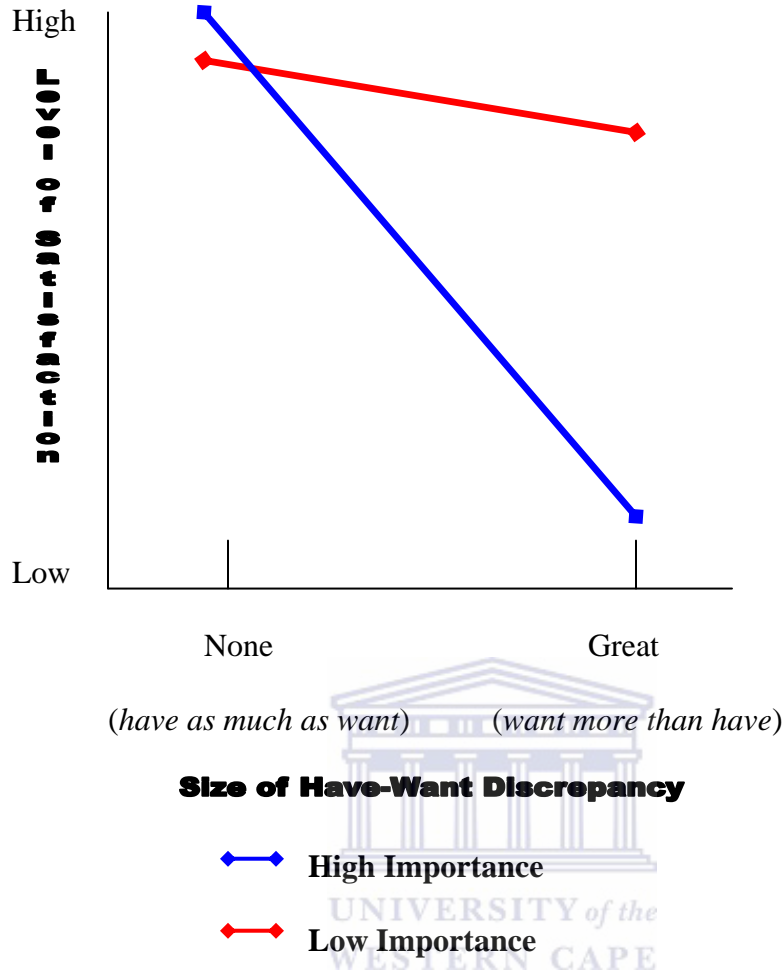
Source: Greenberg & Baron (2003, p. 176)

2.3.4   Equity Theory

There are a few tactics that individuals often engage in to achieve this perceived level of equity. These are described by Johns (1996) and Robbins (1998) as the following:

- Perceptually alter their own inputs and outcomes
- Perceptually alter the inputs and outcomes of the individual or group that they are using to compare themselves against
- Modify one's inputs
- Modify one's outcomes
- Select an alternative comparative person or group
- Leave the exchange relationship or organisation

Fig 2.3: Equity Theory

Person		Comparison Other	

My rewards (outcomes)   Other's rewards
--------------------------------- = ---------------------------- → **EQUITY**
 My contributions (inputs)   Other's contributions

My rewards   Other's rewards
------------------------------- < ---------------------------- → **INEQUITY (under-reward)**
My contributions   Other's contributions

My rewards   Other's rewards
------------------------------- > ---------------------------- → **INEQUITY (over-reward)**
My contributions   Other's contributions

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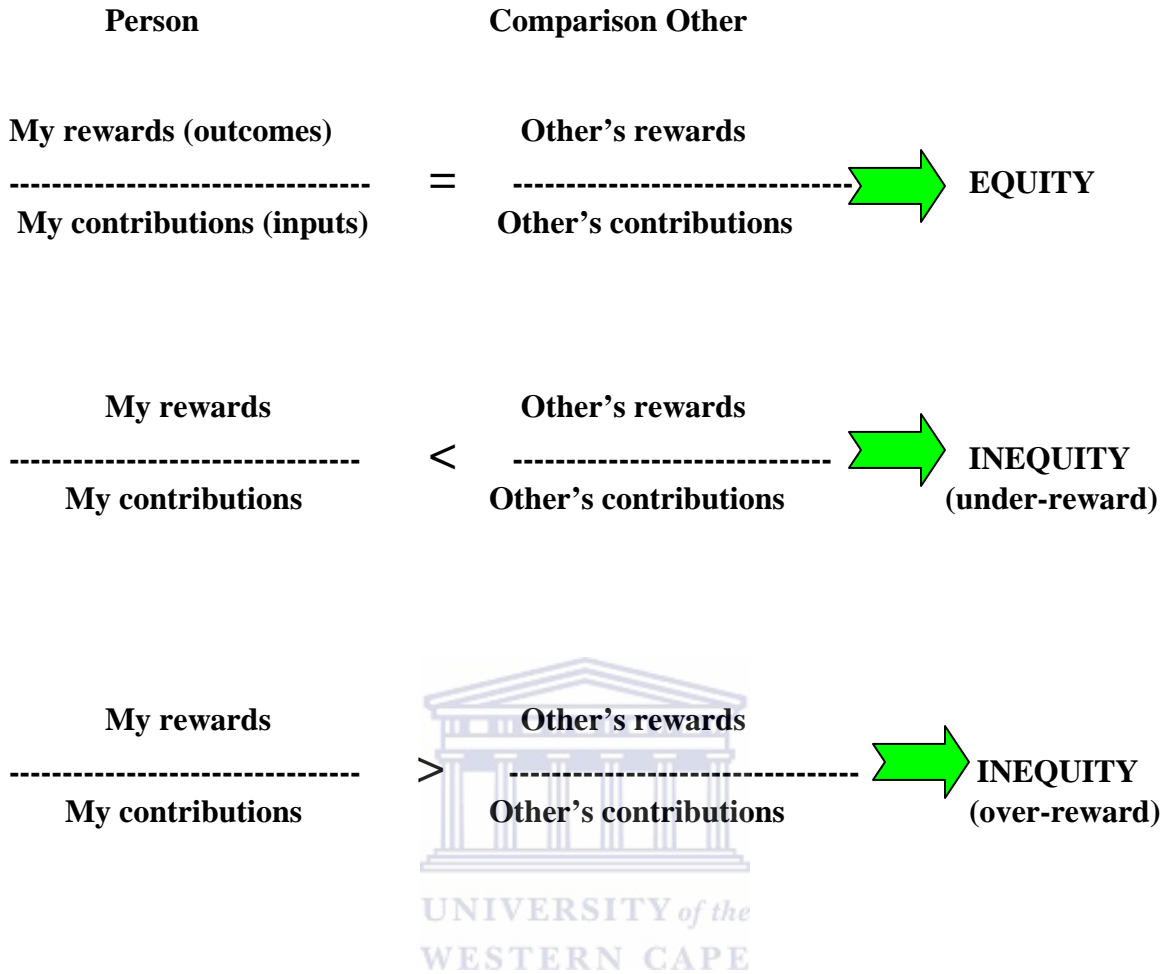
Actions to Restore Equity from Under reward Inequity	Actions to Restore Equity from Over reward Inequity
Person could: • Ask for a raise • Reduce contributions (work less hard) • As a last resort, quit the job or choose another comparison other	Person could: • Increase contributions (work harder or longer, cultivate additional skills) • Ask for a pay cut • Attempt to get other a raise • As a last resort, quit the job or choose another comparison other

Source: Fisher, Schoenfeldt & Shaw (1999, p. 554)

2.3.5 Facet Model

In the facet model of job satisfaction, the primary focal point is that of work situation factors by which the job elements or components, often referred to as **job facets**, are reviewed in terms of how satisfied employees are with these job facets. An employee's job satisfaction in totality is established by summing his or her satisfaction with each facet of the job (George & Jones, 2005). This model emphasizes the importance of not just focusing on a one or two job related variables to ensure job satisfaction but rather that jobs affect employees in multiple ways. However, it is important to recognize that one job facet that may be deemed important by one individual may not be deemed as important by another individual (George & Jones, 2005). It is therefore important for organisations to not just have a 'one size fits all' approach to job satisfaction for its employees.

Table 2.1: Job Facets that play a part in Determining Job Satisfaction.

Job Facet	Description
Ability Utilisation	The extent to which the job allows one to use one's abilities
Achievement	The extent to which an employee gets a feeling of accomplishment from the job
Activity	Being able to keep busy on the job
Advancement	Having promotion opportunities
Authority	Having control over others
Company policies and practices	The extent to which they are pleasing to an employee
Compensation	The pay an employee receives for the job
Co-workers	How well one gets along with others in the workplace
Creativity	Being free to come up with new ideas
Independence	Being able to work alone
Moral values	Not having to do things that go against one's conscience
Recognition	Praise for doing a good job
Responsibility	Being accountable for decisions and actions
Security	Having a secure or steady job
Social service	Being able to do things for other people
Social status	The recognition in the wider community that goes along with the job
Human relations supervision	The interpersonal skills of one's boss
Technical supervision	The work related skills of one's boss
Variety	Doing different things on the job
Working conditions	Working hours, temperature, furnishing, office location and layout, etc

Source: George & Jones (2005, p. 84)

2.3.6 Discrepancy Model

George and Jones (2005), suggest that the discrepancy model is based on a simple idea whereby employees determines how satisfied they are with their jobs, by comparing it to some "ideal job". Furthermore, they indicate that the ideal job could be any of the following:

- What they think the job should be like,

- What they expect the job to be like,

- What they want from a job, or

- What their previous job was like

According to the discrepancy model of job satisfaction, when employees expectations about their ideal job are high and when these expectations are not met, employees will become dissatisfied. This is particularly evident in graduate recruits, as they may have high hopes once they have completed their qualifications (George & Jones, 2005).

2.3.7 Steady - State Theory

The steady-state theory proposes that all employees experience a level or degree of job satisfaction, which is referred to as the steady state or equilibrium level. Employees may move out of this state temporarily at any given point during their stay with an organisation but will ultimately move back to their equilibrium level (George & Jones, 2005).
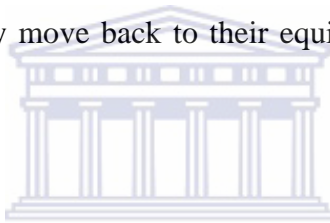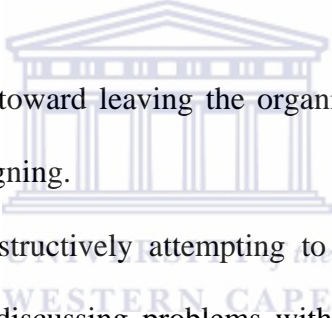
This theory also implies that when managers make changes in the working environment with the intention of improving job satisfaction levels, it is important to determine whether the resulting increases in satisfaction will last for a short while or whether they are permanent or long lasting. Therefore changes in some job facets or work variables may have more positive long lasting effects in terms of job satisfaction than others (George & Jones, 2005). An example of a temporary boost in job satisfaction for an employee may include that of a promotion or raise. However, according to the steady-state theory, this will in all likelihood return to the employee's equilibrium level of job satisfaction.

According to George and Jones (2005), the finding that job satisfaction tends to be relatively steady over a period of time supports the steady state theory. Furthermore, they

suggest that the influence of personality on job satisfaction is also in line with the steady-state theory because personality, which is one of the determinants of job satisfaction, is also stable over time where there is an expectation that job satisfaction will reflect some stability over time (George & Jones, 2005).

2.4   JOB DISSATISFACTION

Greenberg and Baron (2003), suggests that there are two main variables of job dissatisfaction, namely employee withdrawal (absenteeism and turnover) and job performance. Robbins (1998), advocates that employee dissatisfaction can be projected in many different ways and summarises these as follows:

❖ **Exit –** Behaviour directed toward leaving the organisation, including looking for a new position as well as resigning.

❖ **Voice –** Actively and constructively attempting to improve conditions, including suggesting improvements, discussing problems with superiors, and some forms of union activity.

❖ **Loyalty –** Passively but optimistically waiting for conditions to improve, including speaking up for the organisation in the face of external criticism and trusting the organisation and its management to do the right thing.

❖ **Neglect –** Passively allowing conditions to worsen, including chronic absenteeism or lateness, reduced effort, and increased error rate.

Active

EXIT	VOICE

Destructive ──────────────┼────────────── **Constructive**

NEGLECT	LOYALTY

Passive
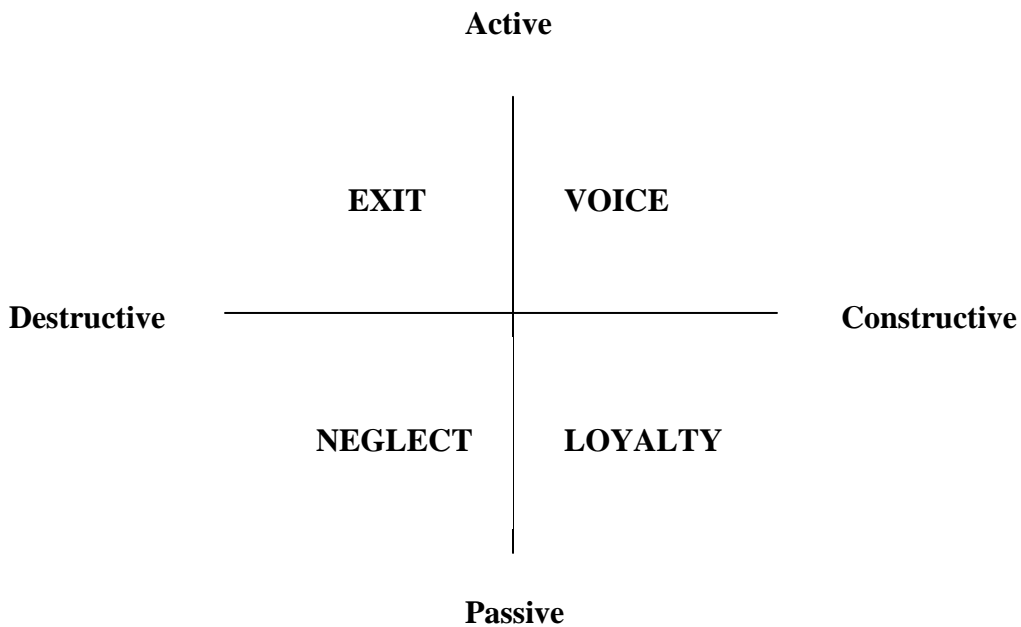
Source: Rusbult & Lowery (1985, p. 83)

According to Spector (1997), job satisfaction can be described as the degree to which employees enjoy their jobs and articulate that the result of employees not enjoying their jobs will result in employees permanently leaving. Robbins (1998) supports this idea by suggesting that satisfaction is negatively related to turnover, but that the association is much higher than what can be contributed for Absenteeism. For the purpose of this study, employee withdrawal will be discussed further with specific reference to voluntary turnover.

2.4.1 Employee Withdrawal

Employee withdrawal is often a consequence of job dissatisfaction and is a way for employees to avoid their jobs by escaping exposure to unpleasant circumstances Voluntary turnover is one potential symptom of employee withdrawal (Greenberg & Baron, 2003).

2.4.1.1 Voluntary Turnover

Turnover is described simply by Johns (1996, p. 147) as a "resignation from an organisation." Similarly, George and Jones (2005), describe turnover as the permanent withdrawal of an employee from the organisation by which it is employed. French (2003), highlights that a resignation is a voluntary separation of an employee from the organisation. Furthermore, he suggests that although some organisations may welcome certain resignations by low performing employees, excessive turnover can turn out to be a very costly exercise.

Johns (1996) concedes that turnover would not be considered negatively if it concentrated on poorer performers within an organisation and the reality is that this is not always the case. He states that a study revealed that 23 percent of scientists and engineers who left an organisation were among the top 10 percent of performers. A study of turnover in New Zealand by Boxall, Macky and Rasmussen (2003) confirmed the view that a spark in motivation for a change in ones job is multi-faceted and no one factor can be solely linked to it. However, Mobley, Griffith, Hand and Meglino (1979) have identified a number of factors consistently connected to turnover. These include factors such as age, tenure, overall satisfaction, job content, intentions to remain on the job, and commitment, which were all negatively related to turnover. The research studies on turnover done by Mobley et al (1979) found that the higher these variables were, the lower the turnover. A meta-analysis of more than 800 studies on turnover conducted confirmed that job satisfaction, organisational commitment, comparison of alternatives and intention to quit were amongst the main predictors of turnover. This research finding is supported by Greenberg and Baron's (2003) voluntary turnover model depicted in the figure below:

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Fig 2.5: Voluntary Turnover: A Model
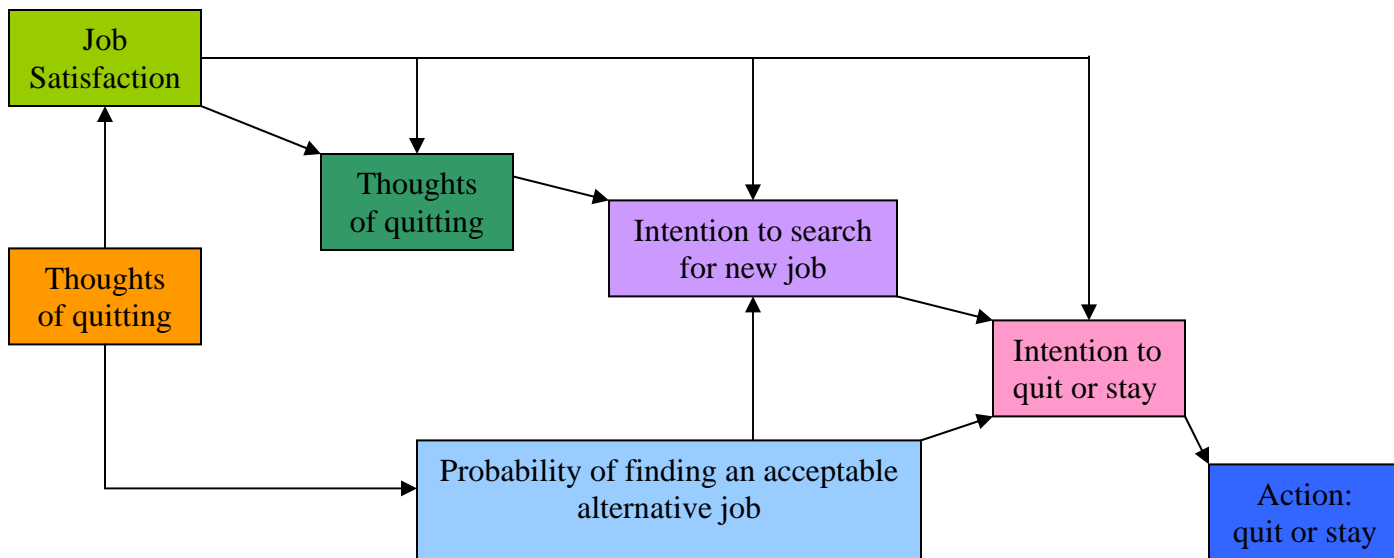
Source: Greenberg & Baron (2003, p. 182)

This voluntary turnover model extracted from Greenberg and Baron (2003), proposes that there are a number of factors relating to individuals, their jobs and economic conditions that influence a decision to change jobs and organisations. There are many more variables that are involved in making this decision, many of which are described in the above model. This model suggests that dissatisfaction with the job may lead to thoughts about quitting resulting in an employee starting to explore other job opportunities. If this proves to be successful, the employee may start developing serious intentions around whether to leave or stay on the job resulting in a particular action.

This model is also supported by Johns (1996), who articulates that there are a number of steps that can play a role in intervening when an employee has thoughts about being dissatisfied and actually leaving the organisation. George and Jones (2005), also highlights that job dissatisfaction will cause an employee to begin thinking about quitting

and when individuals get to this point, they may assess the benefits of searching for a new job compared to the costs of resignation.

It may therefore become important for line managers to take necessary action in reassuring the employee and by possibly creating new opportunities for development that could provide a strong pull for the employee to stay within the organisation. Therefore, regular engagement from the manager's side is critical in order to assess where employees, particularly top talent, are in terms of their degree of happiness within their role in the organisation. This is usually identified at a stage when it is too late to implement corrective action, resulting in key employees leaving the organisation any way. With this in mind, it may be useful to explore how organisations and their managers can promote job satisfaction and in so doing, preventing turnover from the individuals that needs to be retained in the organisation. Greenberg and Baron (2003), offers the following suggestions:
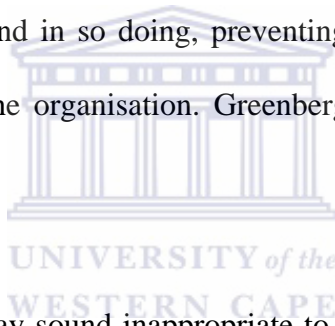
1. **Make jobs fun** – It may sound inappropriate to apply this principle in a formal corporate environment, but employees who enjoy the work that they do will results in them feeling more satisfied. There is no disputing that some types of work are inherently boring, therefore it becomes important to then make the workplace environment a fun place to be. Alternatively, 'fun days' can be organized to infuse an element of fun to regular routine by having fun activities and events outside of the working environment.

2. **Pay people fairly** – In terms of remuneration and benefits, employees who are of the perception that their organisations pay and benefit system is inherently unfair tend to have a high level of dissatisfaction with their jobs. Also, when employees have a choice in selecting their fringe benefits that they desire most, job

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satisfaction will in all likelihood increase. This strongly supports the Value theory discussed earlier. Similarly, the remuneration component can influence job satisfaction by allowing people to structure their pay to accommodate their financial needs and to have flexibility with whether more disposable income is required on a monthly basis compared to having an annual bonus at a particular time of the month or whether more or less leave is required.

3. **Match people to jobs that fit their interests** – It is important that people engage themselves in work activities that they enjoy and have a strong interest in, as they spend most of their time involved in workplace activities. Organisations should therefore seek to conduct regular assessments of people and their interests and as far as possible match their personality and work preferences to what they are involved in at work. This match is important to ensure that people's interests are sustained in the workplace, leading to a satisfied employee on the job.

4. **Avoid boring repetitive jobs** – The majority of the workforce is at some point engaged in workplace tasks that are repetitive and administrative in nature. Employees, who do not have a flair for this kind of work, will find little satisfaction in routine jobs. It is therefore important for organisations to explore alternative roles and development of employee skills to prevent boredom.

2.5   ORGANISATIONAL COMMITMENT

Various studies have indicated a significant link between organisational commitment and turnover intentions (DeConnick & Bachman, 1994). A recent study confirmed the association between that of commitment and actual turnover, while Griffith et al (2000) in their meta-analysis of turnover studies illustrated that organisational commitment was a strong predictor of turnover than that of overall job satisfaction. However, DeConnick and Bachmann (1994) asserts that employees who are perceived to have a high level of job satisfaction will display higher levels of commitment to their organisation.

According to Mathis and Jackson (1997), organisational commitment is the degree to which employees believe in and accept organisational goals and desire to remain with the organisation. George and Jones (2005, p. 93) states, "whereas job satisfaction relates to feelings and beliefs that individuals have about specific jobs, organisational commitment relates to feelings and beliefs about the employing organisation as a whole." Employees in an organisation may view dissatisfaction with his or her specific job in a temporary state, and may therefore not be dissatisfied with the organisation as a whole. However, dissatisfaction once it goes beyond that of an employee's job to include the organisation, individuals are more likely to consider leaving the organisation (Robbins, 1998).

Allen and Meyer (1990) investigated the link between turnover and three types of attitudinal commitment, namely that of *Continuous* Commitment, *Affective* Commitment and *Normative* Commitment. Dockel et al. (2006) suggests that organisational commitment develops during employment in the organisation. Allen and Meyer (1990) explain how these are developed in line with the development of employee mindsets. These concepts will be explored in more detail below.

2.5.1 Continuous Commitment

A type of organisational commitment that is of particular relevance is that of *Continuous Commitment,* which suggests that decisions to remain with or leave an organisation starts ultimately reflecting in the absenteeism rates of employees and the turnover statistics. Allen and Meyer (1990) suggest that this type of commitment links to the commitment that employees hold based on the cost that employees associate with leaving the organisation.

Similarly, Greenberg and Baron (2003) describes continuous commitment as the strength of an individual's desire to continue working for an organisation because he or she needs to and cannot afford to do otherwise. In this scenario, individuals would be worried about what they stand to lose in the form of retirement plans, close friendships and knowledge gained should they decide to leave the organisation to change jobs. This type of commitment may have existed more strongly amongst employees who believed in having a life long career in one organisation. This may differ quite significantly for the "new age" employee. Employees who are not satisfied with their jobs and who are not as committed to the organisation are more likely to withdraw from the organisation, either through absenteeism or through permanently leaving the organisation (Mathis & Jackson, 1997).

Dockel et al. (2006) concur that continuous commitment refers to the employees perceived sacrifices associated with ending employment such as losing one's seniority or pension benefits, which results in the employee becoming aware of the total costs linked to leaving the organisation. Meyer and Allen (1997), demonstrates that continuance

commitment is related to employees' perceptions about the transferability of their skills to alternative employers. They go on further to suggest that employees who was of the opinion that the investments that they have had in terms of their training and development was not so easily transferable elsewhere, articulated a stronger level of continuous commitment to their current organisation (Meyer & Allen, 1997). Meyer and Herscovitch (2001) concedes that continuous commitment is associated with an employee's mindset of perceived costs and is developed when an employee acknowledges that he or she may lose investments and/or perceives that there are no options other than to follow a course of action pertinent to a particular target.

2.5.2   Affective Commitment
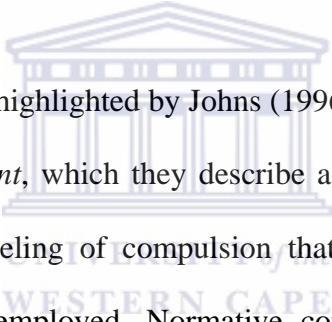
Another type of organisational commitment that is of relevance is that of a*ffective commitment.* Quick and Nelson (2005) links affective commitment to an employee's intention to stay with an organisation because of an innate desire to do so. They go on further to suggest that affective commitment is linked to three factors, namely:

- ❖ A belief in the goals and values of the organisation
- ❖ A willingness to put forth effort on behalf of the organisation
- ❖ A desire to remain a member of the organisation

Affective commitment is described similarly by Tett and Meyer (1993) as a concept, which relates to an employees strong belief in and acceptance of the values and goals of the organisation, a desire to stay in the organisation, and a willingness to exert effort for the benefit of the organisation. Allen and Meyer (1990) simply defines affective commitment as the employees' emotional attachment to, identification with and

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involvement in the organisation. Dockel et al. (2006) suggest that employees who have a high degree of confidence in their abilities and achievements are more likely to have greater affective commitment to their current organisation. Meyer and Herscovitch (2001) refers to affective commitment as the 'mindset of desire' and indicates that it is developed when an individual becomes involved in, recognizes the value-relevance of , and /or gain his or her distinctiveness from association with an entity or pursuit of a course of action. Affective commitment to an organisation is therefore greater amongst those employees where leadership involves them in decision-making (Rhodes & Steers, 1981) and those who treat them with consideration.

2.5.3   Normative Commitment

A third type of commitment as highlighted by Johns (1996) and Quick and Nelson (2005) is that of n*ormative commitment*, which they describe as a type of commitment that is based on an ideology or a feeling of compulsion that individuals have towards the company in which they are employed. Normative commitment may be created by benefits received by an employee, such as tuition reimbursements or special training received by the organisation that enhances an individual's skills or abilities (Johns, 1996).

Quick and Nelson (2005) suggest that commitment is encouraged by certain organisational circumstances, such as participation in decision-making and job security. They go on further to state that some job characteristics also positively influence commitment and these include autonomy, responsibility and interesting work. There is an assumption that organisations should encourage affective commitment as committed individuals expend more task related effort and are less likely than others to leave the organisation (Quick & Nelson, 2005). According to Wiener (1982), this type of

commitment starts developing when individuals are exposed to a collection of demands during their early socialization and their socialization as newcomers to the organisation. Meyer and Herscovitch (2001) concedes that normative commitment grows as an outcome of the internalization of norms through socialization, the receipt of benefits that induces a need to return, and/or accept the terms of the psychological contract.

Normative commitment therefore includes having a bond with the organisation linked to that of obligation and duty (Dockel et al., 2006). Meyer and Allen (1997) indicate that feelings of obligation and duty could be a motivator for individuals to behave properly and have the organisations interests in mind.

In summary, Allen and Meyer (1990) highlights that employees with a high degree of affective commitment stay because they want to, those with a high degree of continuance commitment stay because they need to, and those with a high degree of normative commitment stay because they feel they ought to.
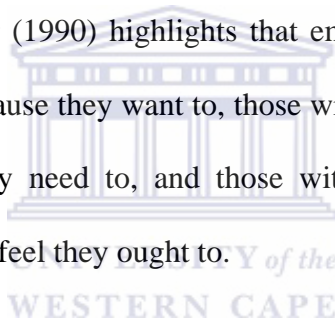
According to Meyer and Allen (1997), an employee with a high affective commitment will have a high degree of engagement with the organisation. With this in mind, the concept of Employee Engagement will be explored further in relation to retention.

2.6   EMPLOYEE ENGAGEMENT

2.6.1 Retention and Employee Engagement

According to Robinson et al (2004), employee engagement has become a broadly used and quite popular term but most of its basis is practice rather than theory and empirical

research. Furthermore, employee engagement has many varied definitions and may be hard to distinguish between established constructs like organisational commitment (Robinson et al, 2004). According to a 2006 report on employee engagement by the Conference board, employee engagement was referred to as a heightened emotional connection that an employee feels for his or her organisation, that influences him or her to exert greater discretionary effort to his or her work.

O'Neal and Gebauer (2006) define engagement as the willingness and ability to contribute to the organisation's success. Furthermore, they suggest that measurement of this can take place by analyzing a set of items that captures the way employees connect to their jobs both emotionally and rationally. This focuses on the extent of employees' engagement and willingness to give discretionary effort and "go the extra mile" on the job. Understanding how to influence employees' level of engagement is therefore critical in understanding retention. These items, in assessing employee engagement included the following factors:
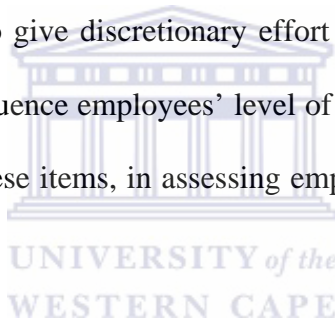
- ❖ Competitive base pay
- ❖ Work life balance
- ❖ Challenging work
- ❖ Career advancement opportunities
- ❖ Salary increases linked to individual performance
- ❖ Learning and development opportunities
- ❖ Competitive retirement benefits
- ❖ Competitive health care benefits
- ❖ Coaching mentoring

In their study, O'Neal and Gebauer (2006) highlights that the top global engagement drivers centre on the culture of the organisation rather than the programmes or initiatives implemented. Furthermore, they emphasize that engagement can be encouraged by providing opportunities to employees for their input and actively participating in workplace initiatives. This signifies the important role that managers have to play in co-creating this engagement by connecting with employees. According to O'Neal and Gebauer (2006), front line managers often represent the "glue" in the organisation that helps to bind the individual to the organisation and practically research has shown that effective managers spend more time on coaching and mentoring their employees than on task related activities. According to Workforce Management Online (July, 2006), GE Healthcare IT Solutions in the US employs a leadership philosophy that "encourages leaders to feel empowered and to take ownership" by creating leadership development programmes that focuses on creating employee engagement through trust-building training, providing mentors, toolkits and a systematic approach to regular feedback sessions to assist leaders to connect with their employees.
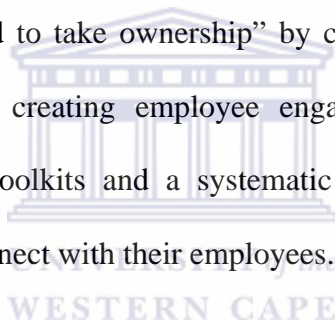
They go on further to report that training first line managers on trust building skills such as keeping commitments, apologizing for mistakes and accepting responsibility for company policies are the first steps to create a culture of trust and employee engagement (Workforce Management Online, 2006). For years people have been promoted to managerial roles due to their technical skills and ability rather than their ability to take their people with them. This trend emerging is due to the fact that progression and increase in salary is often dictated by how far up you are in the hierarchy. This lack of focus on the importance of having good leaders and managers that encourages a supportive and coaching environment may very well be why employees become disengaged from the organisation.

O'Neal and Gebauer (2006) make a strong link between an engaged workforce and the value of securing *discretionary effort* from them. They define discretionary effort as the desire and willingness to devote more time and effort to a particular project or task than what is required to ensure that the best possible end product is delivered (O'Neal & Gebauer, 2006). Woodruffe (2006) postulates that employee engagement relate to an employee being fully committed to the job on an intellectual and emotional level and leads to an employee wanting to give discretionary effort. Discretionary effort is the effort that an employee gives not because it is necessary but rather because he or she wants to give it (Woodruffe, 2006).

O'Neal and Gebauer (2006) articulate that engagement is key to the retention of employees. Engaging employees is highly relevant no matter the potential of an employee but becomes critical for top talent of an organisation who may have leadership potential either now or in the future (Woodruffe, 2006). According to O'Neal and Gebauer (2006), amongst the engaged employees in the Towers Perrin global workforce study, the percentage of employees dedicated to remain with their existing employer rises to 59%, while employees forming part of the disengaged group levels of commitment decreases to 24%. For the purpose of this study, it may be worthwhile to explore and discuss the d*isengagement process*.

2.6.2   Retention and Employee Disengagement

According to Branham (2005), disengagement is a process that can take days, weeks, months or even years until the actual decision to leave occurs and understanding this process may assist employers to know when to interrupt the process and salvage key

talent at many points along this decision path. Pech and Slade (2006) simply define disengagement as those employees who have quit mentally but stays on with the organisation. Hochchild (1983) articulates that disengaged employees unhooks themselves from work roles and withdraw cognitively and emotionally. This is in support of Kahn's (1990) view that indicates that in engagement, individuals occupy and express themselves physically, cognitively, and emotionally whilst performing their roles.

Kahn (1990) found that there were three main psychological conditions associated with disengagement at work namely; meaningfulness, safety, and availability. Employees were more engaged at work where it provided them with more psychological meaningfulness, psychological safety, and when employees were more psychologically available (Saks & Rotman, 2006). May, Gilson and Harter (2004) discovered that meaningfulness, safety and availability had a high relation to enagagement. Saks and Rotman (2006) suggest that one way for employees to reimburse their organisation is to willfully engage with their employer in response to the resources they receive from their organisation.
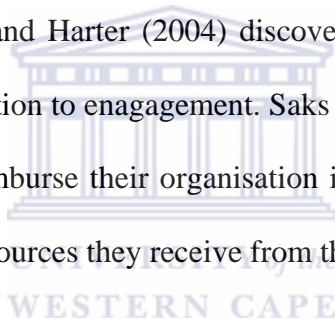
Similarly, as discussed earlier in relation to employee withdrawal, some early warning signs of disengagement can include frequent absenteeism, tardiness, or increased negative behaviour. Branham (2005), suggests that this is often triggered by a shocking or life changing event that takes place in an employee's life leading them to start reflecting and perhaps even exposing their commitment to the organisation. Some examples of such triggers as described by Branham (2005) can include the following:

- ❖ Being passed over for promotion
- ❖ Realizing the job is not as promised
- ❖ The possibility of being transferred

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- ❖ Hiring manager being replaced by a new manager that the employee does not like

- ❖ Being assigned to new territory

- ❖ Being asked to do something unethical

- ❖ Learning that the company may be involved in unethical activities

- ❖ Sudden wealth or sufficient savings to buy independence

- ❖ Earning enough money

- ❖ An incident of sexual harassment

- ❖ An incident of racial discrimination

- ❖ The company going up for sale

- ❖ Company being sold

- ❖ Internal equity in terms of pay (less pay for same work)

- ❖ Not being nominated for promotion as anticipated

- ❖ Realizing that one's own behaviour has become unacceptable

- ❖ An unexpected external job offer

- ❖ Being pressured to make an unreasonable family or personal sacrifice

- ❖ Being asked to perform a menial duty

- ❖ Petty and unreasonable enforcement of authority

- ❖ Being denied a request for family leave

- ❖ Being denied a request for a transfer

- ❖ A close colleague leaving or being dismissed

- ❖ A disagreement with the boss

- ❖ Conflict with a colleague

- ❖ An unexpected low performance rating

- ❖ A surprisingly low pay increase or no pay increase

According to Pech and Slade (2006), there are various symptoms that can be displayed by employees who are not engaged in the organisation and these can include lengthy episodes of distraction, rapid task saturation, a slow tempo of activity, slow decision making, and too many days away from work. Huckerby (2002) indicates that findings from the UK suggest that only 17% of employees are truly engaged in their organisations, while 63% are not enagaged, and 20% are disengaged.

According to O'Neal & Gebauer (2006), the Towers Perrin global workforce study conducted in countries across four continents measured employees' level of engagement and the elements of the working environment driving engagement. The study, designed to uncover elements in the working experience that make a difference in attracting, retaining and motivating people in diverse cultures and widely differing economic conditions, found that only 14% of the global sample is highly engaged in its work.

Research suggests that some of these triggers may have a more serious effect or impact on the individual than others and some people may only require one if these triggers to result in them becoming disengaged. For other people, a series of less serious consistent triggers may also result in disengagement. According to a business professor, Dr. Thomas Lee at the University of Washington who has done extensive research on "the unfolding model of turnover," there are a number of key reasons why people become disengaged and leave organisations (Branham, 2005). These include:

➢ The majority of voluntary turnovers are a result of some kind of shocking event.

➢ Shocking events related to pay may not be a common trigger for employees to start thinking about leaving.

➢ About 20% of employees who leave, will decide to leave without having another job in place.

- Temporary and part-time employees are often more impulsive to leave immediately after a shocking event.

- Many employees regarded as key talent to an organisation, will keep their eyes open for other job opportunities to test their marketability.

- Many employees also make the decision to leave due to a personal crisis that they may experience, such as marriage, pregnancy, inheritance relocation and paying off the mortgage.

As highlighted in Branham (2005), Lee (2001) goes on further to say that there are two distinct stages in an employee's process of thinking about leaving an organisation. The first stage involves the time between an employee's first thoughts about leaving and the eventual decision to leave. Some people would allow some reflection95395 time after processing the first thoughts about leaving and give the organisation or manager some time to 'fix' what they feel aggrieved about. However, if this 'fixing' is perceived to not be happening, the person enters the second stage of deliberation, which involves the time between the employee's decision to leave and the person actually leaving. It is therefore critical that managers become aware of what these early signs are when employees first start becoming disengaged to allow enough time to address employee concerns. Managers need to also educate themselves on what these possible triggers are, and be aware of what their key employees are experiencing (Branham, 2005). This can be identified easier if the manager has regular communication and dialogue sessions with their top talent and is in touch with their teams.

Woodruffe (2006) recommends the following ten-point plan on how to engage your employees:

1 Get a public statement of commitment from the chief executive and the board on the importance of retaining talent by developing good people management practices.

2 Ensure that all line managers take on this culture of talent retention. Ensure that they understand this is a core part of the organisation's business strategy to win in its marketplace.

3 Treat every employee as an individual. Enquire about the needs of your employees at work , and give careful thought to meeting them.

4 Ensure your managers are supported and coached in their people-management skills.

5 Carry out regular employee – satisfaction audits.

6 Take care to ensure that you hire talented people to whom you can offer a commitment.

7 Do not destroy the trust of your employees by using a "hire and fire" mentality.

8 Be sure to develop your people so their worth to you increases.

9 Challenge any reasons your organisation has for not being flexible and responsive to your people's needs.

10 Carefully identify your core talent so that you invest scarce resources in developing these people.

2.7   RETENTION DRIVERS AND STRATEGIES

According to Cook and Jaggers (2005), retention is not an intangible business concept but rather a strategic competitive advantage. Therefore, the establishment and implementation of a well thought through retention strategy can prove to be beneficial for both the organisation and the employees of that organisation. It has therefore been highlighted that whether an organisation chooses to create a retention strategy or not, they

will have one which will be depicted through the organisation's actions (Cook & Jaggers, 2005).

According to a Corporate Leadership Council study (2004), focusing on retention strategies at leading international companies, 40% of managers and senior executives expect to leave their jobs within two years. They go on further to report that according to the Recruiting Roundtable in 2003, 67% of high value employees who intend to leave companies have indicated that they are satisfied within their existing job. Hence, it becomes crucial that employers isolate the most effective drivers of retention and develop retention strategies aimed at key talent. Driving retention requires innovative hiring techniques and effective management. In addition, companies should compensate and develop employees with more targeted strategies than previously necessary when employee loyalty was at a significant level (Corporate Leadership Council, 2004). This study consisting of interviews with HR professionals at five leading global companies identified the top four retention drivers and best practice strategies at Employers of Choice Internationally. These best practice retention drivers included Compensation and Benefits, Manager Effectiveness, Job fit and Opportunity, and Culture and Work Environment.

O'Neal and Gebauer (2006) reports that the Towers Perrin global workforce study found that retention strongly correlates with an organisational culture that values and nurtures talented employees and seeks to find and retain people of high caliber who have skills consistent with what is required to making the organisation a success. In this study the top 5 retention drivers globally were as follows:

1. Organisation retains people with needed skills

2. Satisfaction with organisation's people decisions

3. Managers understands what motivates people

4. Ability to balance my work/personal life

5. Reputation of the organisation as a good employer

A Canadian study by Lochhead and Stephens (2004) provides the following list of retention drivers as the main types of interventions highlighted by literature:

1. Compensation and Benefits

2. Recognition and Rewards

3. Training, Professional Development, Career Planning

4. Recruitment and Orientation

5. Healthy Workplace or Wellness Programmes

6. Work-Life Balance

7. Job Design and Work Teams

8. Employee Participation and Communication

These variables will be addressed in more detail below in line with those variables highlighted by Birt et al (2004) as important to the retention of employees.

2.7.1 <u>COMPENSATION AND BENEFITS</u>

A research study conducted by the Corporate Leadership Council in 2002 focusing on retention drivers and strategies at international employers of choice, found that competitive compensation and benefits was the number one driver of retention across the

companies assessed (Corporate Leadership Council, 2004). The research found that employees indicated a higher value towards compensation and benefits than all other job categories, with specific emphasis on base pay. Employees were least likely to trade away competitive compensation and benefits against other offerings when evaluating the appeal of various job opportunities.
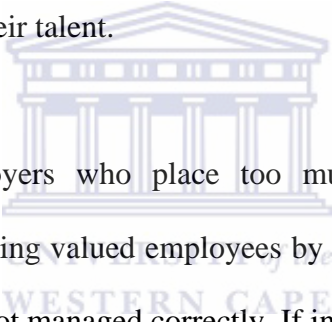
Similarly, Lochhead and Stephens (2004) emphasize the important role that compensation plays in the attraction and retention of good employees. They place particular emphasis on employees who have a unique set of skills and regarded as indispensable, as well as those employees in whom the organisation has invested time and effort in terms of development. Hoyt and Gerdloff (1999) point out that compensation may be viewed by employers as an opportunity to create security, independence, acknowledgement, appreciation and improved self worth for its employees.
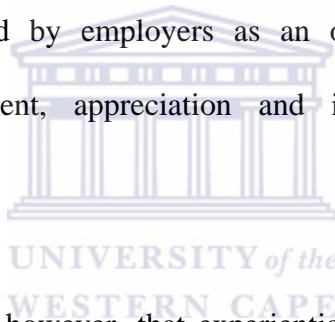
Gaylard et al. (2005) indicate however, that experiential research provides contrasting evidence regarding the role that financial compensation has on the retention of employees. Cappelli (2000) articulates that remuneration is only a preliminary lever to obtaining employees' loyalty and not a sustainable retention factor. Higginbotham (1997) supports this theory by suggesting that monetary incentives are not the prime motivator for employees to remain with an organisation, but as long as the monetary rewards are perceived to be competitive, it will have an impact on retention. Furthermore, Higginbotham (1997) highlights that inflated salaries are not critical but rather salaries that are perceived to be "fair" or "good" has a high association with a person's intention to remain with the organisation. Dockel et al. (2006) suggest that employees have a need

to understand how the compensation system works, as well as how to they can earn more pay.

Tomlinson (2002) indicates that as soon as an employee's desired pay level is obtained, other work related variables such as career progression, manager support and work and family life balance become significant to employees. Lochhead and Stephens (2004) therefore points out that although competitive compensation is a strong indicator of employer commitment, competitive compensation or even generous compensation should not be used as a single entity in ensuring the retention of key employees. They further point out that organisations whose retention strategy is based on "compensation-based commitment", will always be open to the threat of competitors enticing their employees by offering higher salaries to their talent.

Smith (2001) cautions employers who place too much emphasis on reward and recognition as a driver to retaining valued employees by arguing that incentives can also become counter-productive if not managed correctly. If incentives are used to the point of employees constantly requesting what is in it for them before any action is taken, employers may be depriving their employees of the intrinsic motivation of pride and self-respect which can severely damage their ability to be creative.

2.7.1.1 **Guaranteed base salary**

Price (2001) defines pay as money and as that which employees receive in conjunction to the services that they render to the employer. The Corporate Leadership Council (2004) highlights that employee's places high value on compensation and benefits with the most value being placed on base pay. According to Robbins (1998), money is the crucial

incentive to work motivation and it is used by employees as a scorecard in assessing the importance that the organisation places on the services that they provide and how they are valued against other employees. Research on financial incentives conducted by the Corporate Leadership Council in 2004 propose that a rise in base pay, a merit increase, or an annual bonus, increases an employee's intention to stay with the organisation by about 20%. However, the research also found the although there was a strong correlation with compensation and retention of employees, no direct link was found between increasing employees' base pay and a positive effect on overall productivity or employee engagement (Corporate Leadership Council, 2004).

2.7.1.2   **Variable pay**

Armstrong and Murlis (1998) points out that incentive schemes, profit share and share options are frequently used as a retention mechanism for employees. Employees in the high technology industry have become increasingly interested in sophisticated benefit packages that include stock options, monetary bonuses and profit sharing linked to compensation. Indirect financial rewards have also become a recently practiced strategy to reward employees for their contribution (Dockel et al., 2006). These indirect financial rewards are described by Farris (2000) as consisting of time off, benefit processes and benefit levels. Fisher et al (1999) points out that it is important for organisations to realize that variable pay plans are not everlasting and that these plans will need to be adapted in line with new circumstances in order for it to remain effective.

2.7.1.3 **Share awards**

A South African research study conducted in a large financial institution by Birt et al. (2004) found that two thirds of the sample group ranked share options as crucially important to them. Since the promulgation of the Broad Based Black Economic Empowerment (BEE) legislation in South Africa, many South African organisations have been providing share awards or stock options to its employees as part of the organisations' BEE transactions. These share awards are regarded as a significant lever in the retention of Black employees. According to Fisher et al. (1999), there is some support that employee ownership in the form of share awards may improve the commitment, loyalty and motivation of employees.

2.7.1.4 **Health benefits**

Employees will place a degree of importance on an organisation's employment offer based on whether the employees spouse covers the family's health benefits. Madrian (1994) highlights that employees may become locked to their jobs as a result of them or their family members having a dependency on the employer's health insurance due to pre-existing medical condition and the fear of losing these benefits is they change employers. Furthermore, she estimates that this type of job lock reduces voluntary turnover by 25%. He suggests that employers focus on preventative healthcare and wellness programmes such as fitness centre memberships to effectively improve retention of employees. DeYoung (2000) concedes that retention benefits are of an environmental and personal nature which is why employers must consider on-site health facilities such as gyms for employees to reduce and manage their stress levels.

2.7.1.5 Retirement benefits

Fisher et al. (1999) regards a private pension plan as a very important benefit to most employees and describes a pension as "an investment to which contributions are added at regular intervals. Invested funds, along with interest, dividends, and/or capital gains, grow and accumulate to provide income during retirement." (Fisher et al, p. 646, 1999). According to Moorhead and Griffin (1998), pension plans are those plans that employers offer to their employees as an additional income after employees retire.

2.7.1.6 Short term incentives

According to a poll by the American Compensation Association (ACA), 59% of participating organisations felt that short-term incentives motivate their senior employees more than long term incentives do. The allocation of bonuses has become a popular trend in recent years, which may be in the form of a once off monetary reward for meeting performance goals. These monetary rewards may be shared by all employees if organisational goals are met or the size of the bonus may be linked to each employee's performance (Fisher et al., 1999). Moorhead and Griffin (1998) points out that in order for the value of pay to remain symbolic to organisations' employees, it is important that employees are of the opinion that their rewards are linked to performance. Furthermore they suggest that organisations ensure that differences in compensation or bonuses are based purely on performance and not on elements that has no relation to performance, which may include factors like gender and ethnicity (Moorhead & Griffin, 1998)

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2.7.1.7 External equity (market related pay)

Fisher et al. (1999) refers to external equity as comparisons of jobs that are similar in nature within different organisations. The Corporate Leadership Council (2003) and Rankin (2000) points out the importance that external benchmarks on compensation offered by competitors may have on the effectiveness of compensation as a tool for the retention of talent. The most effective way of assessing what a company should pay an employee for a specific job would be to conduct market surveys. Market surveys evaluate the pay rates for different jobs within various companies through suveys. The value of the job within the organisation is taken into consideration together with other factors such as labour market conditions, traditional wage structures within the organisation, indices of productivity and Consumer Price Index (Rankin, 2000).

2.7.1.8 Internal equity (remuneration)
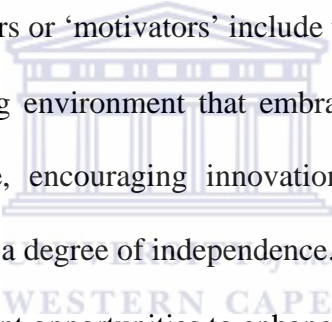
Fisher et al. (1999, p. 555) describes internal equity as "the relationship among jobs within a single organisation." Fisher et al. (1999) furthermore articulates that internal equity can be established through a job evaluation process that determines the worth of jobs within an organisation. Job evaluation highlights a systematic and rational assessment of jobs to establish internal equity between various jobs within an organisation. Internal equity has been termed as distributive justice by DeConinck and Bachmann (1994) and has been shown to have significant impact on employee retention. Internal equity in terms of compensation is strongly linked to employee's perception of equity, hence organisations must emphasize the equity within their compensation systems which can enhance employee commitment and satisfaction (DeConinck & Bachman, 1994; Rankin, 2000).

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2.7.2 WORK DEVELOPMENT ENVIRONMENT

Birt et al. (2004) makes reference to the work or development environment as intrinsic in nature. Kaye and Jordan-Evans (2002) noted that although the importance of extrinsic variables such as reward and compensation played a key role in retention of talent, intrinsic variables such as meaningful and challenging work, good supervisors and development opportunities were regarded as more important in influencing retention.

Lochhead and Stephens (2004) found that HR literature supported the view that creating a satisfactory working environment for employees strongly linked to good retention. They point out that these factors or 'motivators' include the following:

- A stimulating working environment that embraces and capitalizes on peoples skills and knowledge, encouraging innovation and creativity and allowing employees to exercise a degree of independence.

- Career and development opportunities to enhance skills and job responsibilities.

- Communication that is two-way, open, honest and which provides insight into business priorities.

- Opportunities for involvement in decisions that impact employees.

- Compensation and benefits that is effective and flexible.

- Work-life balance.

- Respect and support from seniors and peers.

Lochhead and Stephens (2004) highlight that organisations that are inflexible and autocratic will inevitably have unhappy employees irrespective of the attractive

incentives being offered. They therefore point out that the following factors or 'de-motivators can play a big role in employees leaving an organisation:

- Lack of control over one's work

- Unchallenging work

- Learning and development opportunities being limited

- Higher remuneration packages or better benefit offerings from competitors

- Job insecurity

- Organisation's future

2.7.2.1 **Manager integrity and quality**

According to Heathfield (2007), People leave managers more often than leaving jobs or organisations. Robbins (1998) highlights that managers get things done through people and make decisions, assign resources, as well as providing direction of activities to employees in line with the organisational goals. According to Moorhead and Griffin (1998) and Robbins (1998), managers in all organisations is involved in four essential activities, namely that of planning, organizing, leading and controlling. They therefore point out that manager quality is critical to the retention of high potential staff.

The Corporate Leadership Council (2004) identified manager effectiveness as the second most powerful driver of retention and highlights that organisations can improve the importance that employees place on their jobs just by raising the bar on manager quality. In the retention research conducted by the Council in 2004, participating organisations expressed concerns over manager-effectiveness challenges that were experienced. These included employees receiving management promotions without the necessary people development skills or tools and rewarding employees based solely on

performance rather than their leadership ability and employee development skills (Corporate Leadership Council, 2004).

2.7.2.2 Role clarity

Moorhead and Griffin (1998) point out that a role is a set of expected behaviours associated with a certain position in a group or company and may include formal or job related facets, as well as informal or social facets. Role ambiguity develops when a person is unclear of their role within an organisation and can become a significant stress trigger for employees (Moorhead & Griffin, 1998). Quick and Nelson (2005) concede with this definition by pointing out that role ambiguity develops when employees does not understand what the expectations are and is unaware of how to carry the expectations out resulting in confusion and frustration.
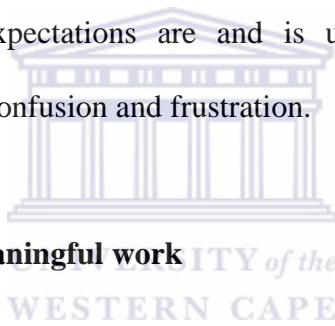
2.7.2.3 Challenging and meaningful work
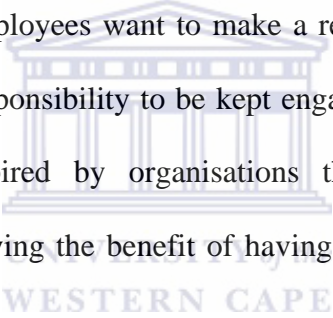
Dockel et al. (2006) point out that professionals such as high technology employees have a need to perform interesting work that they find challenging that utilizes their skills and talents. If these professionals view their jobs as challenging, which creates learning opportunities, they are less likely to leave the organisation. (Dockel et al., 2006). Swanepoel, Erasmus, Van Wyk and Schenk (1998) explains that employees who places importance on challenging work as a career anchor enjoys dealing with difficult tasks and providing solutions to complex problems and will grow bored quickly once the job lacks this challenge.

2.7.2.4 **Autonomy/ Independence**

According to Pretorius and Roodt (2004), variety and autonomy are well determined factors influencing organisational commitment. Employees that enjoy autonomy/ independence as a career anchor prefers diversity and flexibility in their work (Swanepoel et al., 1998). Marsh and Mannari (1977) highlights that the greater the degree of autonomy provided to employees, the more negatively it will impact on turnover.

2.7.2.5 **Empowerment and responsibility**

Laff (2007) points out that employees want to make a real contribution and want to be empowered with additional responsibility to be kept engaged in their organisation. High potential employees are inspired by organisations that promote risk taking and entrepreneurship and enjoy having the benefit of having extra responsibility (Corporate Leadership Council, 2001).

2.7.2.6 **Productive and friendly work relationships**

People usually develop relationships and friendships that provide the foundation for social interaction and are important in satisfying the social needs of people. Managers can provide support for these needs by cultivating a sense of group identity and relation building among employees (Moorhead & Griffin, 1998). Quick and Nelson (2005) are of the view that the employee-manager relationship is a crucial relationship, as the manager is an employee's most important link to the organisation. They also highlight that it is a relationship of mutual dependence whereby the employee needs performance

feedback, resources and other important information from their managers, while the managers need employees to perform, provide support and achieve goals (Quick & Nelson, 2005).

2.7.2.7 **Excellent co-worker quality**

According to Lochhead and Stephens (2004) a survey of 3000 American employees listing the reasons why employees remain in their roles, showed that intrinsic rewards such as good relations with co-workers influences employees decision to stay with their employer. The success of employee group outputs is largely reliant on the skills, experiences and personalities of its members. These are critical in effectively performing group tasks and implementing effective group processes (Gordon, 1999).

2.7.2.8 **Internal mobility**

Mobility is defined by Sutherland (2004) as the movement of staff. Hence, internal mobility refers to the movement of employees within the organisation. French (2003) expresses the point that employees have a need to be reassigned or rotated in order to further develop their interests and abilities. Hence it becomes important for organisations to match individual needs for growth and development with the needs of the organisation and for the movement of people to be actively managed. This is critical as insufficient focus or poor management of internal movement can have significant negative impact on employee morale (French 2003).

2.7.2.9 Exposure to new opportunities/ challenges

Growth and development are important to high potential employees, as well as the opportunity to learn and develop new competencies and skills. Development of this nature is therefore key in staying abreast of the changing skill requirements in the market (Capelli, 2000). Heathfield (2007) draws attention to the fact that talented employees look forward to the prospect of having opportunities to learn and grow in their careers, knowledge and skill or else these employees will feel that they are stagnating.

2.7.2.10 Recognition

Heathfiled (2007) points out the importance of key employees feeling rewarded recognized and appreciated. Recognition in the form of a simple thank you is appreciated by employees and further acknowledged through monetary rewards bonuses and gifts tied to accomplishments and achievements (Heathfield, 2007). Robbins (1998) emphasize that recognition is in line with the Reinforcement theory which suggest that rewarding employees behaviour with recognition at the time when it happens will encourage the repeat of this behaviour. Recognition can be done in many different ways such as personally recognizing an employee's achievement, publicly acknowledging an employees contribution via e-mail, or celebrating team successes by recognizing the contributions and successes of a team (Robbins, 1998).

2.7.2.11 **Personal fit with company culture**

Gordon (1999) points out that organisational culture deals with the company's internal environment in relation to the assumptions, beliefs, and values that the members of the organisation share, which guides the way in which they function. When organisations recruit new employees, often the final decision around who is hired is significantly influenced by the judgement of the person making the decision on how well the person fits into the company culture (Robbins, 1998).

According to Corporate Leadership Council (2004) research, employees who do not fit a particular role or with a company's culture will be more prone to have low morale, decline in productivity and a need to exit the organisation. Literature strongly supports this notion that employees remain with an organisation if the culture of commitment is strong. People are more prone to remain with a company if the workplace culture "fit" is perceived to be good with an employee's personal interests, orientation and attitudes.
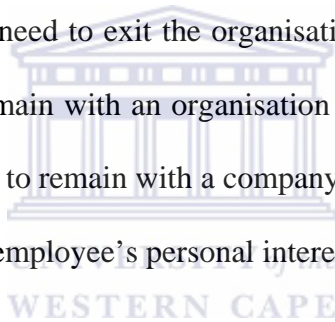
2.7.2.12 **Cutting-edge work**

Mumford (1972) suggest that qualified specialist employee groups may have certain group expectations such as the need for challenging work, whereby they gain satisfaction through their problem solving and innovative abilities. The Corporate Leadership Council (2004) highlights that cutting–edge work is a key driver of retention.

2.7.2.13 Advancement opportunities

Career opportunities and advancement is regarded by Kochanski and Ledford (2001) as a much greater forecaster or indicator of retention than any other type of reward. Baruch (2004) concedes by highlighting that perception about a company's career orientated practices and processes such as internal promotions, training and development and employment security are constructively linked to employee commitment.

2.7.2.14 Development or learning opportunities

Tomlinson (2002) points out the critical importance of organisation's ensuring that their employees are effectively trained in all the latest technologies to ensure that the organisation has a leading edge. The principle methodology through which training and development is forecasted to enhance organisational commitment is through a process of enhanced self worth and importance (Dockel et al., 2006). According to Chang (1999), when employees are of the belief that the organisation is investing in their learning and development by providing proper training to enhance their skills, it creates feelings of self worth and attachment to the organisation.

2.7.2.15 Personal 'buy in' to business strategy

DeConinck and Bachman (1994) are of the view that when organisations place emphasis on intrinsic variables, it will create greater affective commitment amongst talent. This may be displayed in behaviours such as a strong belief in and acceptance of the principles, values and ethics as well as goals of the organisation (Tett & Meyer, 1993). Heathfield (2007) highlights the importance of integrating core values about people, as

well as creating a mission and vision that encourages people to align themselves with the direction of the company. Regular communication around the importance of managers demonstrating these behaviours are also critical.

2.7.2.16 **Team work**

According to Robbins (1998), the introduction of teams into the workplace has significantly influenced the way in which employee jobs are viewed. This movement has required employees to cooperate with others, address diversity, share information and conceal personal needs for the good of the team, which for many employees has become difficult. Teams can provide employees with the degree of self-control, human dignity, identification with the work, and sense of self-worth and self-fulfillment that talent seem to strive for (Moorhead & Griffin, 1998). According to Lochhead and Stephens (2004), teams must be open to having their outputs appraised and evaluated to measure success and each team member must take accountability for certain specific responsibilities towards other team members.

2.7.2.17 **Pleasant daily work experiences**

To ensure the retention of key talent, Heathfield (2007) recommends that employers demonstrate respect for employees at all times and create opportunities for people to enjoy their daily work lives by making work fun and by engaging and employing the special talents of every employee. According to research by the Gallup organisation, employers must encourage employees to develop good or even best friend relationships with other employees (Heathfield, 2007).

2.7.2.18 **Mentoring/ coaching programme**

Woodruffe (2006) points out the benefits of formal mentorship programmes for employees and organisations suggesting that for employees it can lead to higher salaries, promotion and job satisfaction, while organisations can leverage on these to attract, develop and retain talent. Three different types of mentoring that can take place have been highlighted, namely providing sponsorship and visibility in the organisation (career mentoring); providing friendship (psychosocial mentoring) and providing a positive example (role-modelling) (Woodruffe & McFarland, 2006).

Mentoring and coaching are valuable tools for the transference of both intangible, as well as tacit knowledge. Mentoring and coaching are particularly useful for inter-generational knowledge transfer especially for the retirement of key employees .
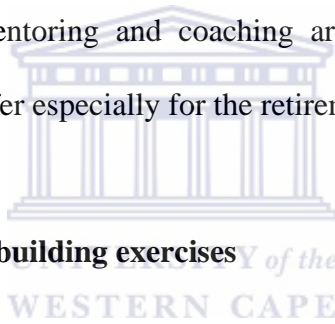
2.7.2.19 **Availability of teambuilding exercises**

Teams that are effective usually have a common purpose that provides direction, momentum, and commitment to which all members of the team aspire. Successful teams invest a great degree of time and energy into discussing, shaping and establishing this common purpose through teambuilding that ends up belonging to them collectively and independently (Robbins, 1998). Teambuilding activities are usually aimed at intact work groups focusing on the development of team members through goal setting, development of interpersonal relations, and clarity of roles and responsibilities (Swanepoel et al., 1998).

2.7.2.20 **Status**

Maslow's hierarchy of needs articulates that people have five levels of needs, whereby as the lower level needs become fulfilled the next higher order needs becomes relevant and thus becomes powerful motivators. Status links to Maslow's third need of self-esteem, which includes internal mental states such as autonomy and achievement, as well as external factors such as needs linked to status, recognition and attention (Swanepoel et al., 1998). They go on further to suggest that status symbols may vary at different levels of the organisational hierarchy and can include things like office space, desk size and carpeting that has a degree of motivational value attached to it for employees (Swanepoel et al., 1998).

2.7.2.21 **Performance evaluation and feedback**

According to Robbins (1998), performance evaluations provide input into significant employee decisions such as promotions, transfers, terminations, as well as identifying development needs of employees. Evaluation feedback to employees is critical in providing insight into the organisation's view of their performance. Performance evaluation scores are also used as input into the allocation of rewards (Robbins, 1998).

2.7.2.22 **360-degree feedback**

360-degree evaluations and feedback has become a common practice to performance evaluations in recent years (Robbins, 1998; Moorhead & Griffin, 1998). They suggest that this tool can be used to evaluate an individual's performance for appraisal or development purposes and can assist employees to track their progress over time. This

tool must however, be used in an environment that is non-threatening, supportive and open and integrated with coaching, feedback and training workshops to enhance employees' skills and behaviours.

2.7.3   COMPANY ENVIRONMENT

2.7.3.1 Competitive technology level

Narayan (2007) points out that organisations with a structured and cohesive technology system that enables participation from its employees is critical if the organisation is to have a truly competitive advantage. For a technology solution to succeed it must have realistic expectations, be regarded as a strategic driver by senior management, and for management to act on the data that is received. Hence, an effective centralised technology system has the capacity to significantly reduce attrition rates over time if the data it provides is acted upon in a systematic way (Narayan, 2007).
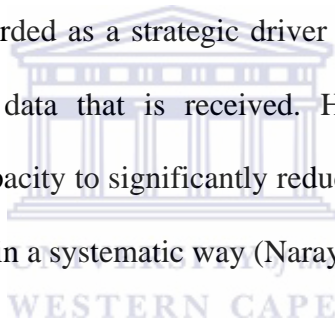
2.7.3.2 Company reputation

Cable and Turban (2001) argues that the limited availability of key talent has led to organisations being in competition with each other to attract and retain the best and brightest people. Furthermore, they state that harnessing the organisation's reputation will augment a company's ability to attract and retain top talent.

O'Neal and Gebauer (2006) differentiates between "reputation" and "identity" by suggesting that identity deals with those attributions made by the employees of a company, while reputation links to the attributions made by people external to the

organisation. In the Towers Perrin Global workforce study conducted in 2005, an organisation's reputation as a good employer was the number five driver of retention for employees sampled according to O'Neal and Gebauer (2006). They also suggest that employees need leadership to provide vision and inspiration and hence, an organisation's reputation is strongly linked to how the senior management team is viewed. Building such reputation therefore becomes an important factor for a company's competitive advantage (O'Neal & Gebauer, 2006).

2.7.3.3 **Senior team reputation**

Research has indicated that nine out of ten employees have had a breach of trust experience in the workplace, which may result in the breakdown of employee morale , poor performance and employees disengaging and leaving the organisation (Reina & Reina, 2007). Organisations that yield trustworthy managers are often not exposed to the effects of high turnover as their employees stay. This is the result because where trust is nurtured, employees feel free to take risks and explore innovation and creativity, have higher levels of energy, work together with their colleagues, are responsible and has client service at the top if their agenda which effectively promotes good business results (Reina & Reina, 2007).

According to HR.com (2007 cited in O'Neal & Gebauer, 2006), people want their leaders to be credible, trustworthy, listen to their employees, visionary, as well as encouraging. In a global workforce study assessing which elements drive retention, employees had mixed views about the leadership effectiveness of their company in which 51% agreed that senior management had customer interests in mind as a priority, while only 37% felt that senior management was visible and accessible, and only 33%

felt that senior management was open and honest in their communication to employees (O'Neal & Gebauer, 2006).

2.7.3.4 **Fairness**

The equity theory asserts that individuals compares their job inputs and outcomes with those of others and responds accordingly so as to eliminate any inequities (Robbins, 1998). Correspondingly, Johns (1996), implies that the equity theory declares that employees weigh the inputs that they devote to their jobs and the outcomes that they obtain as a result of these inputs to that of some other relevant person or group. Johns (1996, p. 174), sates that "When these ratios are equal, the worker should feel a fair and equitable exchange with the employing organisation. Such fair exchange contributes to job satisfaction. When the ratios are unequal, workers perceive inequity exists, and they should experience job dissatisfaction, at least if the exchange puts the worker at a disadvantage vis–a-vis others."
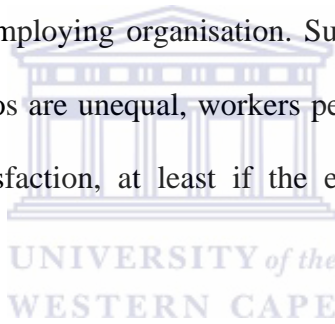
Fisher, et al (1999), indicates that these employee inputs may comprise of experience, education, special skills, effort, and time worked whereas the outcomes may include pay, benefits, achievement, recognition, and any other type of rewards. In equity theory, employees may compare themselves to individuals who are relevant; such as friends, neighbours, colleagues, or to jobs they may have been employed to in the past. This theory therefore acknowledges that individuals are concerned not only with the specific rewards or recognition that they are awarded with for their inputs and efforts, but also with the connection of the value of this to what others receive. These then result in judgments being made based on this connection between their inputs and outcomes and that of others (Robbins, 1998).

These judgments regarding perceived inequity may result in unpleasant feelings and tension, and individuals will apply a significant amount of energy to lowering this inequity to attain equity or a sense of fairness (Johns, 1996).

2.7.3.5 **Organisational size and stability**

The age of an organisation usually influences the size of an organisation, as well as the degree to which behaviour in the organisation becomes standardized and entrenched. The size of the organisation also influences the span of control that is applied, whereby bigger organisations encourage more bureaucratic structures (Gordon, 1999). Therefore, Gordon (1999) points out the importance of organisations to strive to remain flexible and adaptable as they age to ensure that they retain valued employees and in so doing ensure their survival.
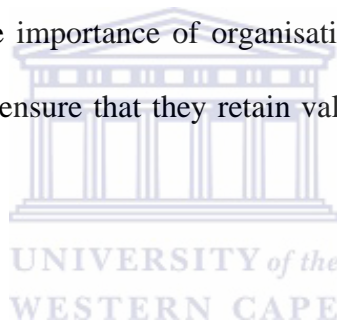
2.7.3.6 **Job security**

Martins (2000) and Schaufeli and Leiter (2001) points out that the impact of the changing world has led to employers requiring greater flexibility by expanding and shrinking the workforce to cope with the changes in customer demands, which has resulted in a greater sense of job insecurity. Employees are required to produce more with limited resources and in exchange they receive less in terms of career development, employment for life, and job security (Schaufeli & Leiter, 2001).

According to George and Jones (2005), job insecurity can result in the creation of stress for employees and their families and severely impact on the wellbeing of employees.

Increasing automation in the workplace has become an indicator of change for employees resulting in employees becoming concerned about their job security (Gordon, 2003).

2.7.3.7 **Cultural diversity**

Strydom and Erwee (1998) regard diversity as a synonym for multiculturalism, which refers to many cultures. O'Mara (1994) refers to multiculturalism as a system in which differences in others are valued and where the environment is free from assimilation. Cox (1993) acknowledges that diversity is about planning and embedding organisational systems and its practices in such a way that the organisation leverages fully from its advantages while its limitations are minimized. This is with the intent of maximizing the abilities of all employees to achieve their full potential and effectively contribute to organisational goals (Cox, 1993).
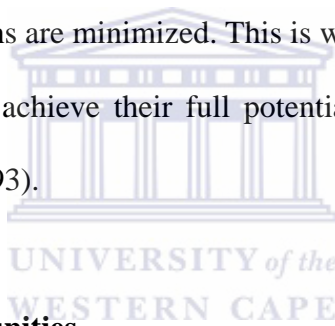
2.7.3.8 **Networking opportunities**

Robbins (1998, p. 6) defines networking as " Socialising, politicking, and interacting with outsiders." A study of 450 managers revealed that successful managers, in line with their speed of promotion in the organisation, networking was the biggest contributor of their success, which highlights the importance of social and political skills in advancing within the organisation. Swanepoel et al. (1998) also emphasize the significance of networking by recommending that employees join specific associations within their company or to become involved in work group or other related activities.

2.7.3.9 Open communication/ transparency

According to Robbins (1998), communication fosters motivation as it aids in providing clarity to employees about how well employees are doing and what they need to do to enhance their performance. Furthermore, communication is a mechanism for employees to release their emotional expression of what they are feeling as well as their fulfillment of social needs (Robbins, 1998).

Cook and Jaggers (2005) highlights the importance of open, honest and relevant communication that reflects the culture and values of the organisation. Furthermore they suggest that employers must use communication to inform their employees that their contribution is important and encourage employees to speak their minds freely. When employees feel free to give feedback, offer ideas and even criticize they are allowed to express their commitment to the enhancement of the organisation. Employees who feel that they cannot tell the truth will leave (Cook & Jaggers, 2005).
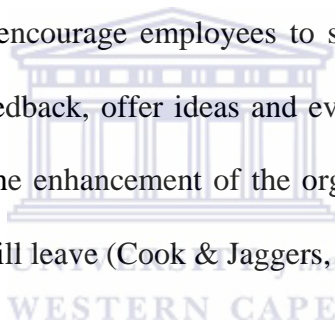
Lochhead and Stephens (2004) is in agreement that communication is a core component of ensuring good employee retention, as employees requires communication from its leaders that are open, responsive and two-way in order to enhance their connection to the organisation. Communication around business performance, industry trends, HR practices and the total benefits offering to employees give employees the opportunity to create positive judgments about their organisation which makes employees feel included reinforcing trust. Communication is therefore regarded as a basic building block of any retention strategy (Lochhead & Stephens, 2004; Kaye & Jordan-Evans, 1999).

2.7.3.10 **Formal information/ knowledge sharing**

Lochhead and Stephens (2004) articulate that the link between employee retention and knowledge sharing concerns the effective management of skills to ensure the right mix and level of skill to attain the required business objectives. Knowledge sharing may include cross-training, coaching and mentoring, job rotation and phased-in retirements with the support of technology-based tools.

Knowledge management can have a substantial positive impact on retention and are usually premised on the basis of good communication, the enhancement of skills in the workplace, as well as valuing the contributions of employees. Knowledge transfer can happen through job rotations, cross training, and job pairing (Sutherland, 2004).

2.7.3.11 **Organisational support and commitment**

The path-goal theory suggests that a leader is responsible for ensuring that employees achieve their goals and objectives by providing the necessary support and direction in line with the goals of the organisation. This theory is based on the foundation that an effective leader assist in making the path for the achievement of goals more visible and making the journey for the employees free from any stumbling blocks or pitfalls (Robbins, 1998).

Allen and Meyer (1990) regard organisational commitment as attitudinal in nature, which relates to empoyees' mindsets about the organisation. Dockel et al. (2006) proposes that organisational commitment is formed when a person is employed within the organisation.

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Organisational commitment is the way in which an employee identifies with the organisation and is a better predictor of turnover (Robbins, 1998).

2.7.4   WORK-LIFE BALANCE

Empirical studies assessing the effects of work and family benefits on organisational commitment conducted by Grover and Crooker (1995), found that employees with access to work/life policies expressed greater organisational commitment substantially reduced intention to leave their jobs. These work/life benefits included parental leave, flexible work hours, childcare facilities and information. Mobley (1982), regarded alternative work arrangements as a key factor targeting employee turnover and increasing employee retention. Mobley (1982) suggested that these include partial shifts and flexible working hours with the intention of creating a balance between individual and organisational goals.
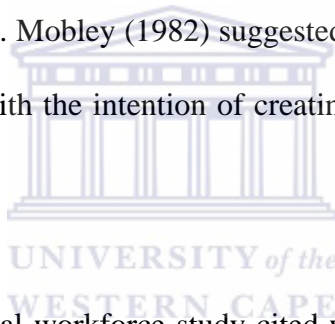
The 2005 Towers Perrin global workforce study cited work/ life balance as one of the top five drivers of retention globally, as well as being one of the top five attraction drivers globally (O'Neal & Gebauer, 2006). A global talent survey on retention conducted by Deloitte in 2005 found that there was a significant increase in the demand for work/life balance with over one third of survey respondents identifying this as one of the critical people issues facing organisations.

A South African study on the effect of retention factors on organisational commitment conducted by Dockel et al. (2006) found the relation between work/life policies and affective commitment extremely significant, which indicated that employees had an emotional attraction to the organisation because of work/life benefits extended to them.

In the study conducted by Dockel et al. (2006) it was found that many high technology organisations provide employees with family responsibility leave, referral programmes, flexible work arrangements and other human resources policies that supports balancing work and family responsibilities.

2.7.4.1 Child care facilities

Because a large percentage of the workforce are working mothers with young children , as well as a considerable number of working men who are responsible for young children, child care facilities are becoming a popular need for a large part of the workforce (French, 2003).

2.7.4.2 Extra vacation/ longer annual leave

Companies are giving significant attention to the organisations practices related to family leave that may include taking care of infants, family members or close relatives who are ill (French, 2003).

2.7.4.3 Flexible working hours

Moorhead and Griffin (1998) points outs that working for an organisation that offers flexible work schedules may be regarded as attractive to key talent. Flexible working hours has become an extremely popular scheduling option and allows employees to exhibit a degree of discretion regarding how they distribute the hours they work for the week (Robbins, 1998).

2.7.4.4   Option to work from home

Often referred to as telecommuting, whereby employees do their work from home on a computer that is linked to the office, has become the fastest growing trend in work scheduling (Robbins, 1998). Telecommuting has many benefits among which includes an increase in productivity, employees scheduling their own work hours, reduction in costs related to office space and time spent in traffic (French, 2003).

2.7.4.5   Geographic location of work

The relocation requirements of an organisation and its impacts on employees and their families have received greater attention in recent years. The possibility of relocation has particularly negative impacts on dual-career couples and families with young children, particularly teenagers, whereby the effects may result in resignation of employees if it is involuntary transfer (French, 2003).
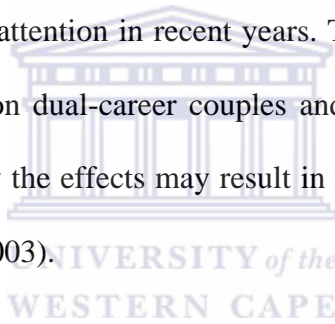
2.7.4.6   Business travel and global exposure

Moorhead and Griffin (1998) points out that an employee with numerous dependents may not favour a job with lots of traveling, whereas a person with no dependents may want and enjoy job related travel which will depend on the compatibility of an individual's personal and work life dimensions.

2.8   SUMMARY OF CHAPTER

Chapter two has provided a review of literature regarding the variables which are regarded as having an impact on retention of employees. The concepts of job satisfaction and employee retention were introduced as well as their antecedents and consequences. These factors, individually or synergistically could influence the likelihood or propensity of individuals to stay with or leave their organisation.

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CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter intends to provide a detailed background to the way in which the specific research problem was investigated. Firstly, the way in which the sample group or target population was selected was explored, followed by the procedure used to gather the necessary data for the study. The measuring instrument, which was in the form of a questionnaire, will also be discussed in detail. This will be closely followed by a discussion of some of the ethical considerations, as well as the confidentiality principles that is important to successfully carry out this study. Lastly, a synopsis of the statistical techniques used to analyse the data will also be discussed.
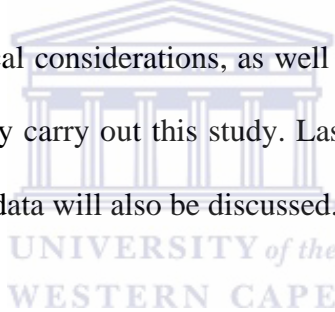
3.2 RESEARCH DESIGN

A non – probability sampling technique was used by means of a convenience sampling method to ensure appropriate gathering of data. This sampling method was chosen explicitly due to ease of accessibility and availability of the respondents. This technique also further enabled the research design process as it proved to be less time consuming and inexpensive to gather the necessary research information.

Welman and Kruger (2001, p. 62) strongly support this view by indicating "the advantage of non-probability samples is that they are less complicated and more economical than probability samples." They go on further to say that the convenience sampling method

would entail collecting information from members of the population that are near, easily accessible and readily available for the purpose of the research that is being conducted.

Sekaran (2000) also supports this view by stating that the advantages of the non – probability sampling technique are that it is less complicated, found to be less time consuming, generally less expensive and may have been experienced to be more free from statistical complexity.

Hayes (2001) and Dessler (2000) have indicated very similar points around the advantages of using questionnaires as a methodology when collecting data. These may include the following:

- ❖ Questionnaires have proven to be very useful in obtaining information from relatively large sample groups, and may be quicker and more efficient in this process;
- ❖ It can prove to be less costly and the researcher can administer the questionnaires to large groups of individuals at a time; and
- ❖ Questionnaires can also provide a high degree of anonymity amongst its participants.

Hayes (2001) also highlights some specific disadvantages that could be encountered when using questionnaires as a method of data collection:

- ❖ the response rate from the sample group used may be poor;
- ❖ inflexibility;
- ❖ information received back may not have the required detail; and
- ❖ the researcher may receive incomplete questionnaires that will have to be discarded.

In order to be aware of some of the possible delimitations of this sampling technique, it is important to highlight that Leedy (1993), found that convenience sampling is not always representative of the population and therefore could compromise the generalisability of the research results to that of other populations. This therefore suggests that due to a non – probability sample being used in this study, the external validity of the study was compromised.

A quantitative, cross sectional methodology was used in the assessment of retention amongst Black employees. The instrument used to gather the data was a questionnaire consisting firstly of two questions that is biographical in nature and a third question consisting of 49 work related variables that may have an impact on the retention of Black talent.

3.2.1   Population

The population group used in this study consisted of both permanent and contract employees (N = 150) who were all Black employees at a large financial institution in the Western Cape, which forms part of the financial sector in South Africa.

3.2.2   Sample

A relatively large group of employees were invited to participate in the study, and therefore one hundred and fifty (150) questionnaires were administered out of which one hundred and eleven (111) questionnaires were completed and returned. This therefore yielded a response rate of 74%. Sekaran (2000) indicates that a thirty percent (30%)

response rate is regarded as an acceptable percentage for most types of research. This high response rate of participating individuals could be linked to the fact that the research topic could have a particular interest and relevance in the organisation assessed and buy in from the Human Resources Director and members of the Executive Committee and other senior managers.

The sample (n = 111) consisted of both Black males and females, which included permanent and contract employees in the organisation, ranged from all occupational levels in the organisation.

3.2.3 Procedure

At the start of carrying out the study, permission was solicited and granted by the organisation's Human Resources director to conduct the study. As the research question was of particular interest to the organisation, permission was also granted to the researcher to have access to any relevant information, such as the organisation's exit information and statistics and Employment Equity report that was necessary to successfully carry out the research.

A week before the study was conducted an e-mail was sent out to the group of participants informing them of the study. The e-mail outlined important information abut the study to assist with creating interest and included the purpose and objectives of the study, the timeframe of the study with particular reference to when the participants can expect the questionnaires, and detail around the fact that completed information from respondents would be used for that of the research only. Lastly, it was important to

reassure participants of the confidentiality and anonymity of their responses to ensure maximum participation and honesty when completing the questionnaire.

One hundred and fifty (150) self administered questionnaires were distributed to male and female employees and included both permanent and contract employees at all occupational levels within the organisation. The questionnaires were sent out via internal memo with a covering letter detailing the purpose of the research, as well as key instructions around how to go about completing and returning the questionnaire. The covering letter, as well as the questionnaire also included a confidentiality clause that covered employees' responses and a statement reassuring participants of their anonymity. The distribution of the self administered questionnaires to the participants allowed the researcher to personally position the purpose of the study and answer any questions that participants had.
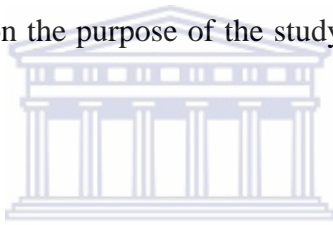
To ensure anonymity of respondents, participants were requested to return questionnaires to the researcher within one (1) week by submitting the questionnaires in clearly marked boxes. The researcher followed up weekly for a period of three weeks with the participants and solicited the assistance of some Business Unit Human Resources Managers and the organisation's Employment Equity Facilitators Forum to ensure co-operation and follow up.

3.2.4 Measuring Instrument

3.2.4.1 Self Developed Questionnaire

An adapted questionnaire based on the research of Birt et al. (2004) was used to assess retention amongst Black employees of a large financial services organisation in South Africa.

3.2.4.1.1 Nature and Composition of the Questionnaire

The Questionnaire consisted of eight questions, with question three having the bulk of the work related variables that will be assessed. The first two questions focused on the biographical information of the participants and included work related variables using a four point Likert scale: crucial (this is a 'make or break' characteristic for me in the job), fairly important (this is a significant plus or minus factor but not make or break), neutral (this would be nice to have, but it would not matter if it was not there), and irrelevant (this would not attract me to a company). In addition to this the participants were required to indicate whether or not the particular variable was perceived to be in place within the organisation.

There were four main categories of the work related variables that was assessed:

- ➢ Development and Work Environment
- ➢ Compensation and Benefits
- ➢ Company Environment
- ➢ Work-life Balance

The following table outlines these four categories and the work related variables that were measured under each of them.

TABLE 1: **Main category groupings of work related variables in Question 3**

Work/ Development Environment

➢ Very high manager integrity and quality

➢ Role clarity

➢ Challenging and meaningful work

➢ Autonomy/ independence

➢ Empowerment and responsibility

➢ Productive and friendly work relationships

➢ Excellent co-worker quality

➢ Internal mobility

➢ Exposure to new opportunities/ challenges

➢ Recognition

➢ Personal fit with company culture

➢ Cutting-edge work

➢ Advancement opportunities

➢ Development or learning opportunities

➢ Personal 'buy in' to business strategy

➢ Team work

➢ Pleasant daily work experiences

➢ Mentoring/ coaching programme

➢ Availability of teambuilding exercises

- ➢ Status

- ➢ Performance evaluation and feedback

- ➢ 360 degree feedback

Compensation and Benefits

- ➢ Guaranteed base salary

- ➢ Variable pay (i.e. performance related)

- ➢ Share awards

- ➢ Health benefits

- ➢ Retirement benefits

- ➢ Short Term Incentives (STI's)

- ➢ External equity (market related pay)

- ➢ Internal equity (remuneration)

Company Environment

- ➢ Competitive technology level

- ➢ Company reputation

- ➢ Senior team reputation

- ➢ Fairness

- ➢ Employment equity

- ➢ Organisational change readiness

- ➢ Organisational size and stability

- ➢ Job security

- ➢ Cultural Diversity

- ➢ Networking opportunities

- ➢ Open communication/ transparency

> ➢ Formal information/ knowledge sharing

> ➢ Organisational support and commitment

Work-life Balance

> ➢ Child care facilities

> ➢ Extra vacation/ longer annual leave

> ➢ Flexible working hours

> ➢ Option to work from home

> ➢ Geographic location of work

> ➢ Business travel and global exposure

3.2.5 Statistical Techniques

The Statistical Package for Social Sciences (SPSS) system was used to analyze the research data. The data analysis included descriptive statistics, as well as inferential statistics.

3.2.5.1 Inferential Statistics

3.2.5.1.1 Pearson's Product Moment Correlation Coefficient

Sekaran (2000) points out that the Pearson's Correlation Coefficient gives an indication of the degree of correlation between variables, as well as the strength of the association. Maloney (2007) refers to the Pearson Product Moment Correlation Coefficient as Pearson's Correlation or as the Correlation Coefficient. This statistical measure provides a measurement of the strength of the linear relationship between variables. In the event that the relationship between variables is not linear, then the Correlation Coefficient

would indicate an inadequate representation of the strength of the association between variables (Maloney, 2007).

To determine the degree of correlation between Compensation and Benefits; Work/ Development Environment; Company Environment; and Work/ Life Balance with the retention of Black employees, the Pearson Product Moment Correlation Coefficient have been utilized.

3.2.5.1.2 Multiple Regression Analysis

The Multiple Regression methodology establishes the relationship between a continuous process output (Y) with a number of factors (Xs) (Karthik, 2005). In multiple regression analysis, a number of predictors are mutually regressed against a criterion variable (Sekaran, 2002). This form of analysis considers the inter-correlations between variables involved, as well as the correlations among the predictor scores (Cohen & Swerdlik, 2002).

The Multiple Regression methodology was used in this study to establish the degree of inter-correlation between the independent variables and the retention of Black employees.

3.2.5.1.3 Analysis of Variance (ANOVA)

Merron (2003) describes Analysis of Variance as a statistical analysis technique that measures the difference between two or more means by evaluating the variances within and between groups. Analysis of Variance (ANOVA) also provides statistical guesses about the variability in test scores in relation to systematic differences in the ratings

allocated, as well as the differences in the ratings obtained (Murphy & Davidshofer, 2001).

3.3   SUMMARY OF THE CHAPTER

This chapter provided a detailed overview of the design methodology used in investigating the research problem. This therefore involved outlining the nature of the target population, the procedure applied to gather the required data, the background of the measuring instrument used, the statistical analysis techniques applied to evaluate the research hypotheses, some ethical considerations, as well as addressing confidentiality issues.

CHAPTER FOUR

PRESENTATION OF RESULTS

4.1   INTRODUCTION

In the previous section, the research methodology utilised during the study was discussed. In this chapter the empirical results and findings of the results are presented. The purpose of this chapter is to present the results that were obtained after applying the statistical techniques outlined in chapter 3. The results of the statistical analysis, determined through the application of descriptive statistics (measures of central tendency and dispersion) and inferential statistics (correlation, analysis of variance, and regression), are presented in the forms of tables, and graphical representations. The study analyses the retention amongst a sample of employees who were solicited to participate in the research at an organisation undergoing a transformation exercise. The level of statistical significance for null hypothesis testing was set at 5%, with all statistical test results being computed at the 2-tailed level of significance in accordance with the non-directional hypotheses presented (Sekaran, 2001).

4.2   DESCRIPTIVE STATISTICS

The descriptive statistics calculated for the sample are provided in the sections that follow. That is, the data pertaining to the variables included in the study, as collected by the measuring instruments employed, are summarised by means of graphic representation and the calculation of descriptive measures. In this manner, the properties of the observed data clearly emerge and an overall picture thereof is obtained.

4.2.1 BIOGRAPHICAL INFORMATION

Figure 4.1 indicates the length of service (tenure) of respondents.

Figure 4.1: Tenure
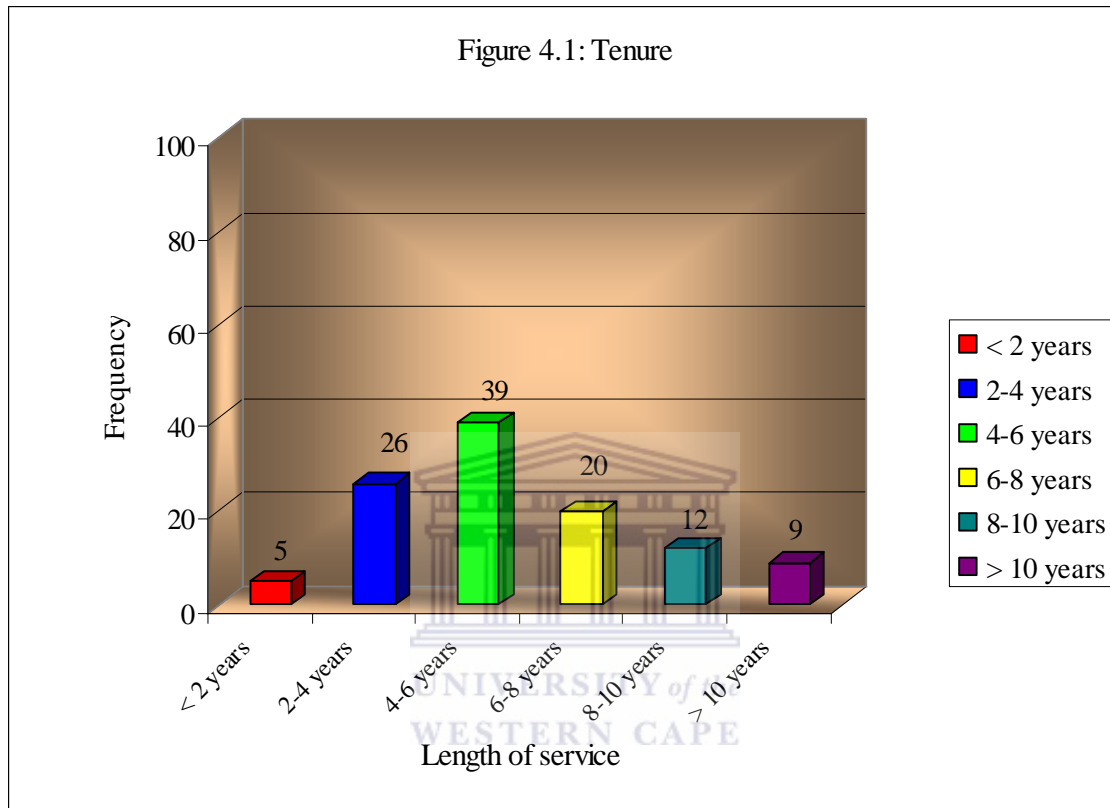
From Figure 4.1 it can be seen that the majority of the respondents (n=39, or 35%) have been with the organisation for between 4 and 6 years, with a further 26 respondents (23%) consisting of respondents with 2 to 4 years' length of service. Those in the category 6-8 years of service comprised 18% (n=20), while those with less than two years with the organisation comprising the minority (n=5, or 0.5%).

Figure 4.2 depicts the age distribution of respondents.
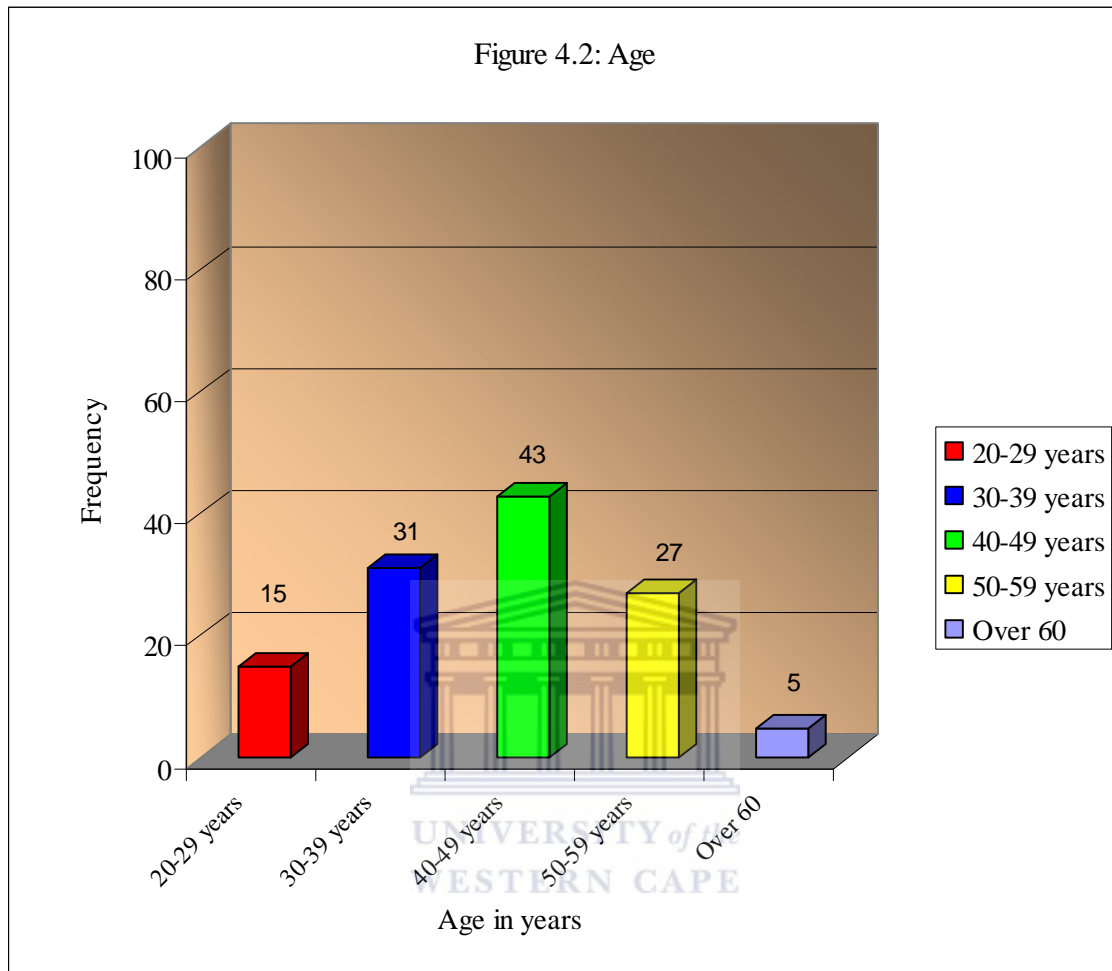
Figure 4.2 indicates that the majority of the respondents (n=43 or 39%) fall in the age category 40-49 years. Respondents in the age category 30-39 years comprised an additional 28% (n=31) of the sample, with 24% being in the age category 50-59 years (n=27). Those in the over 60 years of age category comprised the least (n=5) or 5%.

Figure 4.3 depicts the gender composition of the sample
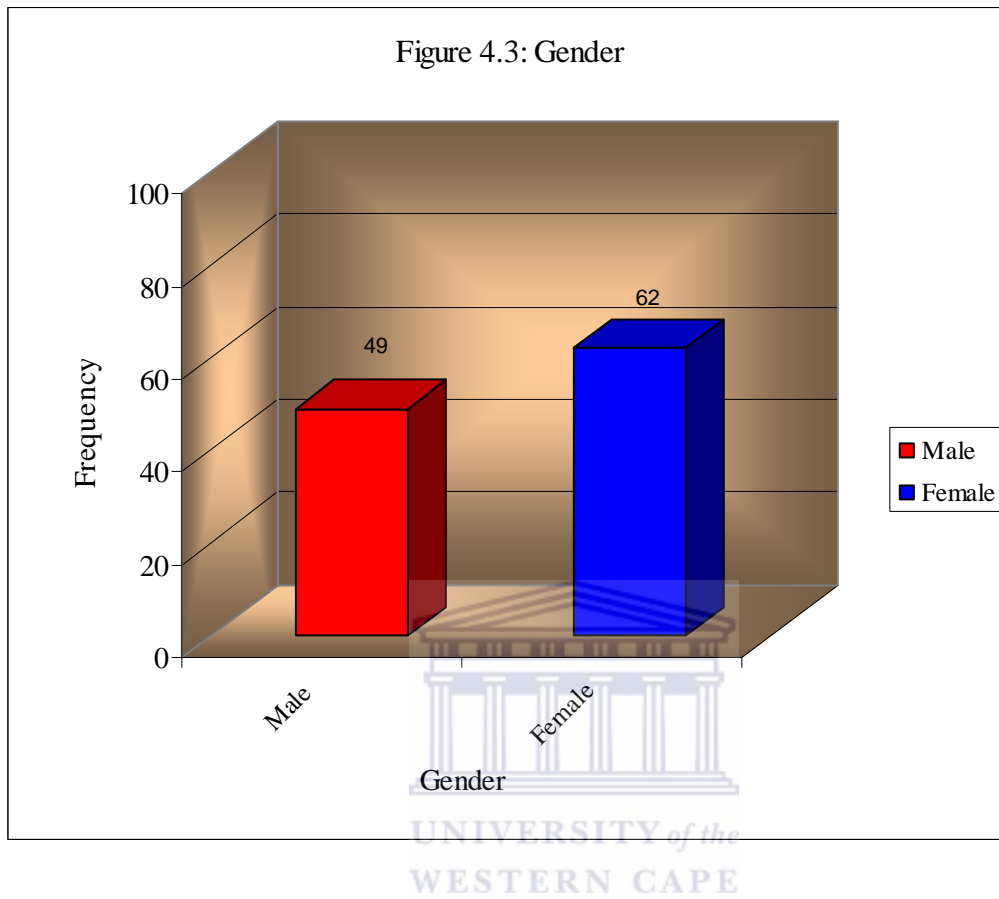
Figure 4.3: Gender

The sample comprised of 56% (n=62) female respondents, while males comprised of 44% of the sample (n=49).

Figure 4.4 presents the racial classification of the sample.

Figure 4.4: Race
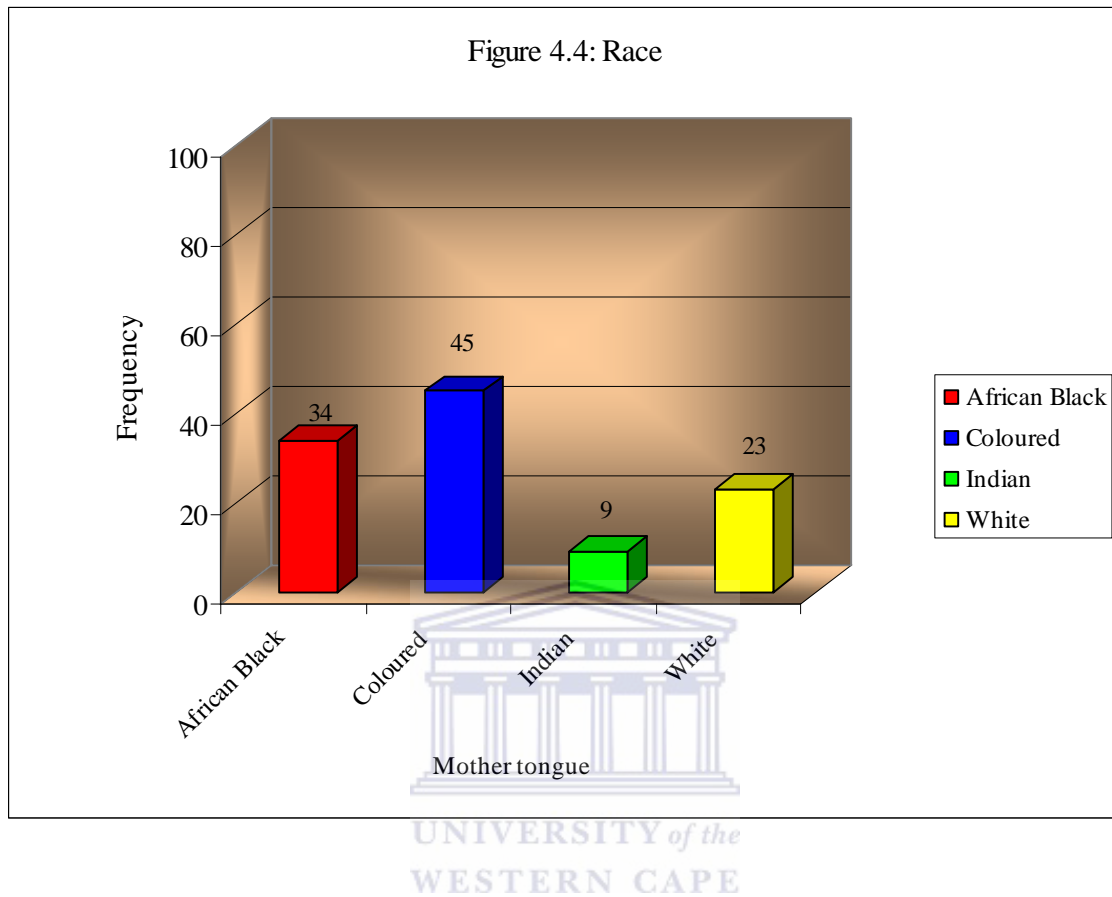
Based on Figure 4.4, it can be seen that the majority of the respondents is Coloured, comprising 41% of the sample (n=45), while Indians constituted 8% of the sample (n=9). Thirty-one percent (n=34) of the respondents were African Black while White respondents constituted 20% of the sample (n=23).

4.2.2   MEASURES OF CENTRAL TENDENCY AND DISPERSION

This section outlines the descriptive statistics calculated on the basis of the variables included in the questionnaire (see Table 4.1).

WORK DEVELOPMENT ENVIRONMENT	Crucial	Fairly important	Neutral	Irrelevant
Manager integrity and quality	88	11	1	0
Role clarity	77	12	1	0
Challenging and meaningful work	83	27	0	0
Autonomy/independence	49	43	7	1
Empowerment and responsibility	93	7	0	0
Productive and friendly work relationships	47	49	4	0
Excellent co-worker quality	57	41	2	0
Internal mobility	49	47	4	0
Exposure to new opportunities and challenges	87	13	0	0
Recognition	82	16	2	0
Personal fit with company culture	62	27	7	4
Cutting-edge work	72	21	4	3
Advancement opportunities	84	16	0	0
Development or learning opportunities	54	43	3	0
Personal buy in to business strategy	38	27	10	25
Team work	33	62	4	1
Pleasant daily work experiences	62	32	6	0
Mentoring/coaching programmes	45	49	6	0
Availability of team building exercises	21	43	17	19
Status	3	22	44	31
Performance evaluation and feedback	41	47	11	1
360 degree feedback	36	63	1	0
COMPENSATION AND BENEFITS	Crucial	Fairly important	Neutral	Irrelevant
Guaranteed base pay	72	38	0	0
Variable pay	72	19	9	0
Share awards	53	39	8	0
Health benefits	77	21	2	0
Retirement benefits	69	31	0	0
Short term incentives	65	35	0	0
External equity	64	36	0	0
Internal equity	78	22	0	0
COMPANY ENVIRONMENT	Crucial	Fairly important	Neutral	Irrelevant
Competitive technology level	59	34	5	2
Company reputation	75	21	4	0
Senior team reputation	32	23	28	15
Fairness	78	22	0	0
Employment equity	45	29	5	21
Organisational change readiness	57	21	20	2
Organisational size and stability	62	28	7	3
Job security	71	29	0	0
Cultural diversity	31	26	29	16
Networking opportunities	28	48	19	5
Open communication	39	43	10	0
Formal information	21	72	7	0
Organisational support and commitment	64	32	2	0
WORK-LIFE BALANCE	Crucial	Fairly important	Neutral	Irrelevant
Child care facilities	22	45	32	1
Extra vacation	17	43	12	28
Flexible working hours	15	37	22	26
Option to work from home	24	46	10	20
Geographic location of work	29	63	4	4
Business travel and global exposure	16	35	17	32

The five most important variables that emerged in this regard for immediate organisational focus are those of 'Challenging and meaningful work', 'Advancement opportunities', 'High manager integrity and quality', 'Empowerment and responsibility', and 'New opportunities/challenges'. It is worth noting that all these variables are intrinsic in nature and that they all fall into the category of Work/Development Environment.

Table 4.2   Means, Standard deviation, Minimum and Maximum scores for the retention questionnaire

Variable	N	Min	Max	Mean	Std. dev.
Retention	121	1	5	2.74	.78

The mean score (M=2.74) for retention indicates that subjects show a low level of retention. The standard deviation (sd = 0.78) shows little variation in the levels of retention. This is confirmed by examining the minimum and maximum scores. The minimum scores of 1 indicates low levels of retention while the maximum score of 5 indicates a high level of retention.

Table 4.3   Means, Standard deviation for the dimensions of the retention questionnaire

Variable	N	Mean	Std. dev.
Work development environment	121	1.64	.17
Compensation and benefits	121	1.15	.67
Company environment	121	1.33	.32
Work-Life balance	121	1.79	.64

The mean score (M=2.95) for compensation and benefits indicates that respondents show that it is one of the most crucial aspects for respondents in the organisation. The standard deviation (sd = .67) shows that there is little variation in the responses of research subjects. The mean score (M=1.64) for work development environment indicates that respondents feel that it is also crucial for retention. The standard deviation (sd = .17) shows that there is little variation amongst respondents.

The mean score (M=1.33) for company environment attests to the importance that respondents attach to this variable. Moreover, the standard deviation (sd = .32) shows that there is little variation amongst respondents with respect to this attribute. Finally, work life balance was regarded as crucial (mean = 1.79, sd = .64).

RESULTS OF THE RETENTION QUESTIONNAIRE

Hypothesis 1

There is a statistically significant relationship between the biographical variables (gender, race, age and tenure) and employee retention.

Table 4.4   Pearson correlation between retention and biographical variables

	Retention
Gender	.54**
Race	.17
Tenure	.35*
Age	.34*

* $p < 0.05$

** $p < 0.01$

Table 4.4 indicates the relationship between the respondents' biographical characteristics and retention. The results indicate that the strongest relationship exists between gender and retention ($r = 0.54$, $p < 0.01$).

There was no significant correlation between retention and race, educational qualifications, income, marital status and job status, respectively ($p > 0.05$). ***Hence, the null hypothesis is rejected.***

Hypothesis 2

The 4 independent variables (development and work environment, compensation and benefits, company environment, and work-life balance) will not statistically explain the variance in retention amongst employees.

Table 4.5: Multiple Regression Analysis of the dimensions of retention questionnaire

Multiple R	0.37651		
R Square	0.14176		
Adjusted R Square	0.10687		
Standard error	25.08685		
Degrees of freedom			
Regression	7		
Residual	123		
F	4.06328		
Sign F	0.0019 **		
Variable	**Beta**	**T**	**Sig T**
Development and work environment	0.329132	0.270	0.001**
Company environment	0.309654	1.171	0.004**
Work-life balance	0.346630	1.668	0.001**
Compensation and benefits	0.301364	3.003	0.003**

* $p < 0.05$

** $p < 0.01$

From Table 4.5 it can be seen that the multiple correlation among the dimensions of work motivation and satisfaction is 0.37651, as indicated by Multiple R. Furthermore, given the R Square value of 0.14176, it may be deduced that only 14.176% of the variance in retention can be accounted for work development environment, company environment, work-life balance and compensation and benefits. It should be noted, however, that the variance accounted for by these factors is relatively small, with the remaining 85.824% of the variance being explained by factors other than those considered.

Furthermore, it may be seen from Table 4.5 that when the other variables are controlled, all the dimensions are significant (p < 0.01). ***Hence, the null hypothesis is rejected.***

4.3   ANALYSIS OF VARIANCE

Hypothesis 3

There will be a significant difference in retention amongst employees based on their biographical characteristics.

Table 4.6: ANOVA- Biographical data and retention

	Retention	
	F	P
Gender	5.862	.001**
Race	4.926	.002**
Tenure	5.582	.005**
Age	6.854	.000**

* p < 0.05

** p < 0.01

Table 4.6 indicates that there are statistically significant differences in retention based on the biographical characteristics of the respondents. There was a significant difference in retention based on gender (p < 0.01), race (p < 0.01), tenure (p < 0.01), age (p < 0.01),

educational qualifications (p < 0.01), and marital status (p < 0.05). ***Hence, the null hypothesis is rejected.***

4.4. RELIABILITY ANALYSIS

Cronbach's Alpha is viewed as an index of reliability associated with the variation accounted for by the true score of the underlying construct (Cronbach, 2004). It is argued that Alpha coefficients range in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. However, there is no lower limit to the coefficient, however, the closer Cronbach's coefficient alpha is to 1, the greater the internal consistency of the items of the scale (Cronbach, 2004).

Table 4.7   Reliability of the Retention Questionnaire

Dimension	Number of items	N	Cronbach
Work development environment	5	98	0.78
Compensation and benefits	5	98	0.80
Company environment	5	98	0.70
Work-life balance	15	98	0.77

Cronbach's alpha was used to assess the reliability of the scale. Table 4.7 shows that acceptable Cronbach alpha coefficients were obtained for all the subscales, varying from 0.68 to 0.89. Scores on all the subscales seem to be distributed normally, because the skewness and kurtosis are within the guidelines of lower –2 or higher than +2 as required

by Tabachnick and Fidell (2001). As all coefficients were above 0.7, they can be regarded as acceptable (Nunnally & Bernstein, 1994).

The scores obtained for the retention questionnaire that was administered can be regarded as satisfactory in terms of the reliability of the instrument. George and Mallery (2003) argue that coefficients above 0.8 can be considered to be good indicators of the reliability of an instrument. Hence with the current study, this was exceeded, indicating a high degree or reliability.

4.5   CONCLUSION

This chapter objectively presented the results of the study using descriptive statistics to describe the results and inferential statistics to make inferences about characteristics of the population based on the sample solicited to participate in the study. This enabled the researcher to identify significant relationships and differences between the variables in the study.
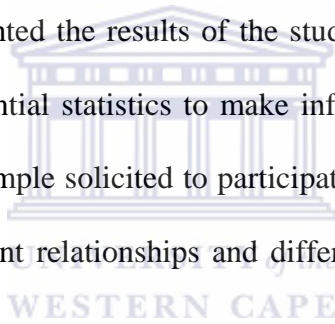
CHAPTER 5

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1   INTRODUCTION

The purpose of this study was to investigate the factors affecting the retention of Black employees in a selected organisation. According to de Cenzo and Robbins (2007), outstanding employees will always be scarce and competition for their services is considerable. "Identifying these employees and their skills is important, but one must also recognize that keeping them in the organisation is crucial. With less employee loyalty today, HRM must find ways to ensure that employees are retained (de Cenzo & Robbins, 2007, p. 127).
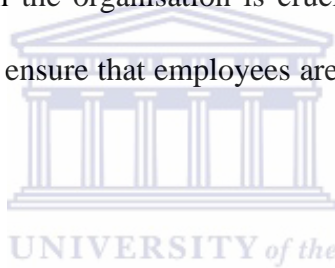
The quality of work life (QWL) is important to employee retention within an organisation to ensure that it retains its intellectual capital. Furthermore, the costs involved with turnover such as separation costs, replacement costs, training costs and the like are imperative aspects to consider, which makes it important for organisations to satisfy employee needs by instilling QWL within organisations (Cascio, 2003).

According to Levin and Rosse (2001), managers only start thinking about retention when people leave the organisation, which therefore results in a reactive manner in which the situation is handled. The loss of intellectual capital is extremely dreadful for organisations as they are a major source of competitive advantage. However, organisations are not only losing employees to local competitors but at an international level as well (Fourie, 2006).

5.2   BIOGRAPHICAL INFORMATION

The majority of the respondents (n=39, or 35%) have been with the organisation for between 4 and 6 years, with a further 26 respondents (23%) consisting of respondents with 2 to 4 years' length of service. Those in the category 6-8 years of service comprised 18% (n=20), while those with less than two years with the organisation comprising the minority (n=5, or 5%).

The majority of the respondents (n=43 or 39%) fall in the age category 40-49 years. Respondents in the age category 30-39 years comprised an additional 28% (n=31) of the sample, with 24% being in the age category 50-59 years (n=27). Those in the over 60 years of age category comprised the least (n=5) or 5%.

The sample comprised of 56% (n=62) female respondents, while males comprised of 44% of the sample (n=49). In addition, the majority of the respondents is Coloured, comprising 41% of the sample (n=45), while Indians constituted 1% of the sample (n=9). Thirty-one percent (n=34) of the respondents were African Black while White respondents constituted 20% of the sample (n=23).

5.3   CRITICAL RETENTION VARIABLES

The five most important variables that emerged in the study pertain to the provision of 'Challenging and meaningful work', 'Advancement opportunities', 'High manager integrity and quality', 'Empowerment and responsibility', and 'New opportunities/challenges'. These variables all fall into the category of Work/Development Environment.

This focus on intrinsic variables indicates that the continued provision by the organisation of these variables is also considered important in decisions to leave. While the organisation may not be able to completely control the employees' decision to leave by means of manipulating these variables, it seems as if focusing on these may still have a considerable influence. These variables have been found to impact positively on an employees' level of affective commitment, which has been postulated to increase retention, particularly amongst high performing employees (DeConinck & Bachmann, 1994; Meyer & Allen, 1997). These results also support an organisational focus on satisfaction: Meyer and Allen (1997) have stated that personal fulfillment is the main process whereby affective commitment develops; thus if the organisation conveys a supportive and just environment where individual contribution is valued, work experiences will be especially fulfilling.

The fact that intrinsic variables proved most important for this sample highlights Rankin's (2000) recommendation that retention strategies treat employees as if they were clients. This, according to Rankin (2000), will increase the success of such strategies as they convey the organisation's interest in the well-being and development of their

members, which can be accomplished through recognizing and rewarding personal goals, nurturing employees' strengths and providing them with appropriate opportunities and the discretion to solve problems and meet challenges.

Employees' perceptions with respect to whether these variables are provided by the organisation is of utmost importance. Lack of communication of benefits available to employees could result in negative employee perceptions that do not match reality (Michand, 2001). It may therefore be the case that in some instances, it is communication to the employees about the organisation's offerings that needs to be improved, and not necessarily the provision of such attributes. These findings also support the idea of 'cafeteria -style' programmes, whereby employees can choose to include in their employment contract what is most important to them, thereby better meeting individual employee needs and enhancing the fit between the individual's and the organisation's requirements (Cappelli, 2000; Mobley, 1982).
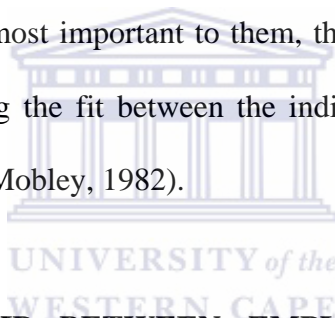
5.4   THE RELATIONSHIP BETWEEN EMPLOYEE RETENTION AND BIOGRAPHICAL VARIABLES

Table 4.4 indicates the relationship between the respondents' biographical characteristics and retention. The results indicate that the strongest relationship exists between gender and retention ($r = 0.54$, $p < 0.01$). There was no significant correlation between retention and race, educational qualifications, income, marital status and job status, respectively ($p > 0.05$). Moreover, there are statistically significant differences in retention based on the biographical characteristics of the respondents.   There was a significant difference in retention based on gender ($p < 0.01$), race ($p < 0.01$), tenure ($p < 0.01$), age ($p < 0.01$), educational qualifications ($p < 0.01$), and marital status ($p < 0.05$).

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5.4.1 GENDER

Kotze and Roodt (2005) investigated the factors that affect the retention of managerial and specialist staff among 120 Bank employees. They report that employee well-being of females are higher than males. They attribute this to the possible impact that changes in the workplace via the implementation of legislation promoting redress in the workplace.

Phillips and Irmhoff (1997) report that the career experiences and advancement opportunities of females differ radically from those of their male counterparts. They surmise that males advance faster, further and with greater compensation. Moreover, Moore (2000) states that most female jobs are characterized by low wages, limited access to training programmes and little or no chance for advancement. Frost (1999) further advances the argument that women are typically exploited in terms of less pay for harder work, limited career advancement and/or promotion, as well as fewer opportunities for self development and training. Thomas and Dunkerley (1999) suggest that the demands to work longer hours and the difficulties of balancing career and home life, have a negative impact on women managers. Huselid and Day (1991) report a significant relationship gender and employee turnover. Rothwell (1980, p. 26) contends that "Women returning to the labour market, after a family break, are sometimes found to be the most reliable employees (given flexible policies)."

The general contention appears to be that women as a group tend to less likely to leave their employing organisation than are their male counterparts (Cramer, 1993; Harrison & Hubbard, 1998; Mathieu & Zajac, 1990; Mowday et al., 1982). More specifically, a study by Loscocco (1990), revealed that women were more likely to report that they are

proud to work for their organisation, that their values and the company's values are similar, and that they would accept almost any job offered to them in order to remain with their current employer.

Mowday et al. (1982) attribute this to the fact that women generally have to overcome more barriers to attain their positions within the organisation. Harrison and Hubbard (1998) are further of the opinion that women are less likely to leave an organisation because they encounter fewer options for employment. Sekaran (1992), on the other hand, suggests that the situation may be explained by the fact that women are generally dual-income family members who would not be unduly concerned with making more money, but are inclined to derive satisfaction by doing the best job where they are.

Numerous other researchers have, however, failed to find support for a relationship between gender and retention (Billingsley & Cross, 1992; Ngo & Tsang, 1998; Wahn, 1998). It may, thus, be concluded that a growing body of evidence appears to support either no gender differences in propensity to leave an organisation (Wahn, 1998).

5.4.2   TENURE

Research overwhelmingly indicates that tenure has a positive influence on employee retention (Loscocco, 1990; Luthans, 1992; Luthans, et al., 1987; Mowday, et al., 1982). Moreover, Loscocco (1990) found tenure to be a particularly strong predictor of commitment in female employees.

A common view with regards to length of service is that "Separation is more likely to occur in the early weeks of employment when there is little to hold the new entrant to the

working group" (van der Merwe & Miller, 1988, p. 75). Length of service can provide a "useful measure of the development of adjustment to the work situation. It was found that labour turnover was a function of this developing relationship over time with the result that there were more leavers in the earlier stages of employment" (Nel, 1973, p. 117).

The reason for the positive relationship between tenure and commitment may be sought in the reduction of employment opportunities and the increase in the personal investments that the individual has in the organisation. This is likely to lead to an increase in the individual's psychological attachment to the organisation (Harrison & Hubbard, 1998; Luthans, 1992). It is further held by Sekaran (1992) that tenure generally carries with it some status and prestige, and that this induces greater commitment and loyalty to the employing organisation.
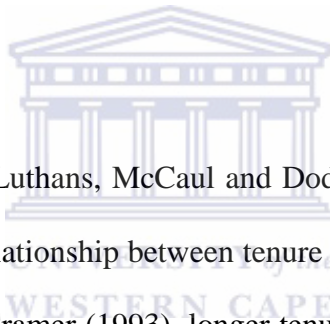
However, researchers such as Luthans, McCaul and Dodd (1985 cited in Cramer, 1993) failed to find support for the relationship between tenure and organisational commitment. This is because, according to Cramer (1993), longer tenure is not associated with greater commitment when age, rather than age at joining the organisation, is controlled.

5.4.3   RACE

Oakley-Smith and Winter (2001) showed in their research that White respondents tend to consistently demonstrate a higher degree of agreement than Black respondents regarding the presence of career advancement opportunities within their organisations. However, Killian et al. (2005) found that discrimination based on race and gender stereotypes is still a barrier to retention and advancement. Sadler and Erasmus (2003), Horwitz et al. (2005), Selby and Sutherland (2006) and Cruz (2006) maintain that Black people feel

marginalised and alienated from the current existing white corporate cultures as these noncultural values fail to consider workforce diversity, and push Black people out of these organisations.

South Africa's apartheid legacy, the socio-economic and cultural disparities that exists between the different racial groups has necessitated that the level of absenteeism between the different racial groups is investigated. Research is this area is limited, but a study conducted by Butler (1994) using a sample 238 employees, which includes employees, shop stewards and managers from 20 companies in the dairy, food cosmetics, industrial inks and clothing, light engineering and metal industries, found a statistically significant association between good and poor attendees and race (Butler, 1994). There was no significant difference between the good and poor attendees for the Asian and Coloured racial groups. For the Black group of employees, 39.1% had good attendance and 60.9% poor attendance. The White group of employees evidenced 85.7% good attendance and 14.3% poor attendance. What should be kept in mind, however, is that although White workers evidenced a lower frequency, the absence severity was higher (Butler, 1994).

5.4.4   AGE

In their research on retention amongst bank employees, Kotze and Roodt (2005) found that retention could be enhanced with strategies or interventions which are targeted at the indicated age categories where the identified problem exists. In addition, their research indicated that employees with medium or longer tenure experienced more problems that impact on retention than those who had shorter tenure.

Van der Merwe and Miller's (1988) research findings indicate that the younger an employee, the greater is the likelihood that they will leave the organisation. Mobley (1982) surmises that this can be attributed to the fact that younger employees may have more entry-level job opportunities, few family responsibilities and inaccurate job expectations, and are therefore not fulfilled in their early jobs. He argues that the possibility exists that their movement from one organisation is easier than their older counterparts.

The literature identifies primarily two reasons for the positive association between commitment and age. Firstly, as individuals age, alternative employment opportunities tend to decrease, making their current jobs more attractive (Mathieu & Zajac, 1990; Mowday et al., 1982). Secondly, older individuals may be more committed to their organisations because they have a stronger investment and a greater history with the organisation than do younger employees (Harrison & Hubbard, 1998).

Therefore, younger employees are generally likely to be more mobile and to have lower psychological investments in the organisation. The older employees become, the less willing they are to sacrifice the benefits and idiosyncratic credits that are associated with seniority in the organisation (Hellman, 1997).

Porter et al. (1974) used a sample of 60 psychiatric technician trainees to ascertain the relationship between age and turnover intentions. They found that there was a significant difference between the mean age of people staying within the organisation (31.4) and the mean age of people leaving the organisation (23.9). " The homogeneity of stayers and leavers concerning demographic characteristics is reflected in the absence of significant differences between the two groups with respect to education, male-female ratio and

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income." (Porter et al., 1974, p. 606). A common theme in top executive turnover in South Africa is that "it would be more difficult to make a move the older one became" (Crouch, 2000, p. 86).

5.5   CONCLUSION AND DISCUSSION OF CORE EMPLOYEE RETENTION FACTORS

The mean score (M=2.95) for compensation and benefits indicates that respondents show that it is one of the most crucial aspects for respondents in the organisation. The standard deviation (sd = .67) shows that there is little variation in the responses of research subjects. The mean score (M=1.64) for work development environment indicates that respondents feel that it is also crucial for retention. The standard deviation (sd = .17) shows that there is little variation amongst respondents.

The mean score (M=1.33) for company environment attests to the importance that respondents attach to this variable. Moreover, the standard deviation (sd = .32) shows that there is little variation amongst respondents with respect to this attribute. Finally, work life balance was regarded as crucial (mean = 1.79, sd = .64).

From Table 4.4 it can be seen that the multiple correlation among the dimensions of work motivation and satisfaction is 0.37651, as indicated by Multiple R. Furthermore, given the R Square value of 0.14176, it may be deduced that only 14.176% of the variance in retention can be accounted for work development environment, company environment, work-life balance and compensation and benefits, with the remaining 85.824% of the variance being explained by factors other than those considered.

Intention to leave is seen by many writers as the best predictor of turnover. The Corporate Leadership Council (1999) showed a strong correlation between intention to depart and actual turnover. Likewise, Maertz and Campion (2001) in their large-scale analysis of turnover research, find that "intention to quit" has demonstrated the most consistent bi-variate relationship to turnover behaviour with an r value consistently around the point 0.50 level. Many of the authors indicate the interdependence of job satisfaction, organisational commitment, and intention to leave.

The Corporate Leadership Council (1999) states that the link between "employee satisfaction" and "intention to leave" is weakening as, increasingly, highly satisfied employees leave their organisation for new opportunities. Cappelli (2000) distinguishes very usefully between loyalty and commitment in the new world of work. In particular, he writes that it is a false belief that commitment can only exist in a long-term relationship.
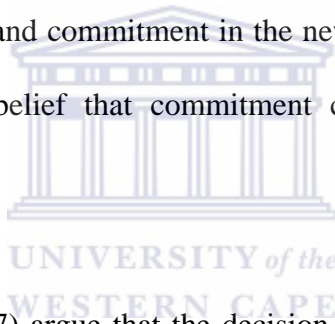
Milkovich and Boudreau (1997) argue that the decision to leave is influenced by many factors, over some of which the organisation has no control and over some of which the organisation has moderate control. The literature on specific antecedents can be divided into three sections: environmental antecedents external to the organisation; antecedents internal to the organisation and employee specific issues.

These precursors of turnover are those over which an organisation has almost no control and include: unsolicited approaches (Lee, Mitchell, Holtom, McDaniel & Hill, 1999); labour-market influences (Maertz & Campion, 2001); emigration caused by macro social problems (Bennett, 2003) and impacts of the Employment Equity Act (Van As, 2001). The antecedent factors internal to the organisation over which organisations have some

control are: shock events in the organisation (Allen & Griffeth, 1999); problems with a manager (Pine & Gilmore, 1998); pay (Milkovich & Boudreau, 1997); lack of development opportunities (Hay, 2001) and change processes (Baron, Hannon & Burton, 2001). Employee specific antecedents which are associated with individual employees' own career drivers include knowledge worker characteristics (Trevor, 2001) and family responsibilities (Milkovich & Boudreau, 1997).

Research has shown, with a reasonable degree of consistency that dissatisfied employees are more likely to quit their jobs (Kreitner & Kinicki, 1992; Vecchio, 1988). In fact, Robbins (2001) argues that the correlation between job satisfaction and turnover is stronger than the correlation between satisfaction and absenteeism. While certain researchers maintain that a direct relationship exists between job satisfaction and turnover, a growing body of literature suggests that the relationship is neither simple nor direct (Saal & Knight, 1988; Somers, 1996). Camp (1994), for example, found that job satisfaction exerts an insignificant direct influence on turnover.
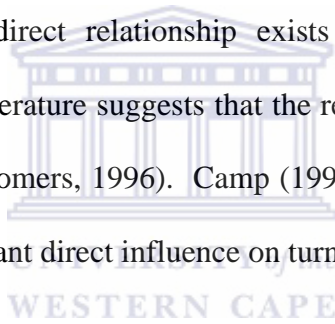
Studies generally indicate that dissatisfaction leads to turnover intent which, in turn, is the direct precursor to actual turnover (Jinnett & Alexander, 1999; Morrison, 1997; Pasewark & Strawser, 1996; Quarles, 1994; Saal & Knight, 1988). In fact, in a study by Hellman (1997) it was implied that every unit of decrease in job satisfaction reflects approximately a one-half standard deviation increase in intent to leave. It is further maintained by Smither (1988) that such turnover intent is the best predictor of actual turnover.

The relationship between job satisfaction and turnover is further complicated by the presence of moderating variables such as labour market conditions, expectations about

alternative job opportunities, the length of tenure with the organisation and organisational commitment (Robbins, 2001). Of these variables the most salient influence is exercised by the availability of alternative employment opportunities (McCormick & Ilgen, 1985; Vecchio, 1988). This is substantiated by Staw (1995, p. 94), who states that "Even if an employee is very dissatisfied with his job, he is not likely to leave unless more attractive alternatives are available."

As in the case of absenteeism, job satisfaction will not, in and of itself, keep turnover low. On the other hand, however, if there is considerable job dissatisfaction, high turnover is likely to be evidenced (Luthans, 1992). It would therefore be accurate to say that job satisfaction is an important consideration in employee turnover.

5.6 LIMITATIONS OF THE CURRENT RESEARCH

Although the present study has made a contribution to the body of knowledge on employee retention, a number of limitations are worth noting. The first limitation pertains to the fact that the study utilised a non-probability sampling method in the form of convenience sampling. As a result, certain groups have been under-represented. As a result, selection bias has been introduced, which reduces the extent to which the results of the study may be generalised to the entire population to which the research hypotheses apply.

Furthermore, although the sample size of was deemed large enough to be representative of the population under study, a larger sample would, nevertheless, have increased the generalizability of the research findings. The above shortcomings threaten the external validity of the study. Consequently, caution needs to be exercised when interpreting the

research results since the generalizability thereof to the entire population under investigation has been reduced.

Moreover, the ecological validity of the study is relatively low since the study was conducted only in one financial services organisation. The implications of this is that the research findings cannot be generalized to other similar organisations, or to organisations outside the Western Cape.

In addition to the above factors, potential extraneous variables raise doubts with regards to the internal validity of the study. That is, possible confounding variables, such as job involvement, which may have impacted on employee retention. The fact that these variables may have played a role, reduces the confidence with which conclusions may be drawn.

5.7   RECOMMENDATIONS FOR RESEARCH

On the basis of the present study, a number of suggestions may also be made with regards to future research that may prove fruitful. In order to counter the above-mentioned problems, it is recommended that future studies increase internal validity by utilising research designs that allow for the control of possible confounding variables such as job involvement, which could play an important role in employee retention.

It is further recommended that external validity be enhanced by the selection of a larger sample as well as through the utilisation of a probability sampling design. By drawing a random sample of participants from the population, selection bias will be reduced. Subsequently, the sample will be more representative of the population under investigation, allowing for greater generalizability of the research findings. It is further suggested that future studies raise ecological validity by focusing on the selection of

samples that are representative of a variety of manufacturing, service and industrial organisations in the country. Following such an approach will increase the scope of the applicability of the research findings by allowing for greater generalizability.

Utilising a triangulation approach could also prove beneficial, in that the researcher could gain greater understanding of the construct under investigation using qualitative information gathered from interviews and/or focus groups, in addition to the survey method usually employed.

5.8   IMPLICATIONS FOR MANAGEMENT

Cascio (2003) describes retention as initiatives taken by management to keep their employees from leaving the organisation, such as rewarding employees for performing their jobs effectively; ensuring harmonious working relationships between employees and managers; and maintaining a safe, healthy working environment. Literature surveys conducted by Dockel (2003) identified the following six critical factors that need to be considered in the retention of high technology employees: compensation (base salary); job characteristics (skill variety and job autonomy); training and development opportunities; supervisor support; career opportunities and work/life policies.

Branch (1998) contends that the objective policies should be to identify and retain committed employees for as long as is profitable both to the organisation and the employee. The literature reveals that there is a multiplicity of suggested methods for retaining talent, approaching retention on many different levels, and in many different ways as Ettore (1997, p. 49) note "…..at its most effective, corporate retention is a sophisticated juggling act". A worrying feature of the literature is how much of it

appears anecdotal, with very few empirical studies being reported. The recommendations in the literature can be classified into several groups:

5.8.1 Retention devices for the whole organisation

The suggested forms that this can take can be classified under: acceptance of increased mobility, including strategies to maintain knowledge (Olivera, 2000), and restructuring the organisation to make attrition less impactful (Cappelli, 2000).

5.8.2 Changing human resource systems

Some of the suggested systemic human resource changes are: adjusting hiring techniques, establishing appropriate organisational cultural and value systems, effectively utilizing exit interviews and root cause analysis, identifying key roles and individuals (Cappelli, 2000), differential management of good and poor performers (Ettore, 1997), pay system changes, and internal branding of the employee value proposition.

5.8.3 Retention devices for individuals

Some of the factors seen to contribute to individual knowledge worker retention are: ensuring employability via ongoing training and development (Tulgan, 2001); performance related pay (Cappelli, 2000); increased recognition of individual contribution, increased communication and involvement, giving work that can be done independently, giving more freedom (Kinnear & Sutherland, 2000); traditional fringe benefits, improving the quality of management, attending to work / personal life balance, giving challenging work, individual job sculpting, encouraging social ties and ensuring access to leading edge technologies (Kinnear & Sutherland, 2000).

5.8.4 Compensation

The empirical findings on the role financial reward plays in retaining individuals are contradictory. Williams and Sunderland (1999) report that money was the most important extrinsic factor in retention in a survey of 1800 employees. A 1999 survey (Capelli, 2000) found of the more than 50 retention variables surveyed, pay was the least significant. Compensation offers an opportunity for security, autonomy, recognition, and an improved self worth (Hoyt & Gerdloff, 1999). Igbaria and Greenhaus (1992) found salary to be positively related to organisational commitment and negatively related to turnover. Perceptions in fairness in compensation have also been shown to be positively linked to organisational commitment.

Money is still the primary incentive to lure high technology professionals. According to Higginbotham (1997), high salaries are not essential, but "good" and "fair" salaries showed a strong correlation with intention to stay, indicating that as long as the compensation is competitive, financial rewards are not the primary factor in retention. Kochanski and Ledford (2001) support this statement, which indicates that the actual level of pay is less important than feeling about pay raises and the process used to administer them. Employees want to understand how the pay system works, and want to know how they can earn pay increases. Once the pay level has been reached the intangibles such as career, supervisor support, work and family balance become important (Tomlinson, 2002).

Employees are very receptive to stock options, and are likely to base retention decisions on such options, particularly in organisations with high growth potential (Higginbotham, 1997; Kochanski & Ledford, 2001). It appears that salary alone provides insufficient motivation, but monetary compensation in the form of bonuses and profit sharing provides a measure of performance feedback that is often more effective with high

technology professionals, for example engineers. Elaborate benefits packages are becoming increasingly common in high technology firms, making them more of a compensation issue and less of an incentive to stay with the current organisation. These are the indirect financial rewards employees receive for their labour. They consist of time off, benefit processes and benefit levels (Farris, 2000).

DeYoung (2000) supports the notion that retention benefits are of an environmental and personal nature, for instance, luxury automobiles for anyone who has surpassed their goals, pets in the office because high technology employees spend a lot of time away from home, playrooms and quiet rooms to improve team work and reduce stress, and on-site gyms for employees to work out their stress.

5.8.5   Job Characteristics

Kinni and von Hoffman (2000) suggest that organisations can go a long way to improving the retention capability of the job by allowing greater autonomy and by providing challenging and meaningful work. Most employees prefer to do interesting work that challenges them and uses their skills and talents. Repetitive, narrow work experience with little individual discretion repels high technology employees (Kochanski & Ledford, 2001).

Research has shown that the design of high technology professionals' work content influences the stability of the technical workforce (Amabile, Conti, Coon, Lazenby & Herron, 1996). Furthermore, when high technology professionals view their tasks as challenging with opportunities for learning and information exchange they are also less likely to leave. According to Amabile et al., (1996) and Glynn (1996), high technology professionals, for example engineers, appeared to be more involved, more satisfied with their jobs, and more committed to the organisation than non-technical employees. Job characteristics, such as variety and autonomy, are well established determinants of

organisational commitment. According to Dubie (2000), loyal employees enjoy the autonomy they receive in their current jobs.

5.8.6 Training and Development Opportunities

According to Cataldo, Assen and D'Alessandro (2000), employees with key information technology skills have become increasingly hard to find. Many companies have realized that proactive strategies are required to build and retain a company's knowledge reservoir. Training is therefore essential for the survival of any information technology worker, and is the only way they can stay employable over the span of their careers.

Jiang and Klein (2000) suggest it is critical that organisations keep the leading edge by having their employees well trained in the latest technologies. Employees stay at companies that promote career opportunities through learning and the ability to apply their newly learned skills. According to Chang (1999), company provided training might affect the psychological states of employees. When employees believe that the company is doing a good job of providing proper training, they feel that the company is concerned with improving their skill and ability, making them attached to their company. If training is perceived as providing organisation-specific skills that contribute to status or economic advantage within the company, but will not transfer to jobs outside the organisation, a stronger continuance commitment will develop. Extensive training should have little effect of continuance commitment, unless the training involves organisation specific skills.

Employees who are aware of the expense of training, or appreciate the skills they have acquired, might develop as sense of obligation (normative commitment). This will hold them in the organisation at least long enough to "reciprocate". The employees might develop a moral obligation to give the organisation its money's worth (normative commitment), particularly, if the company funds the training (McElroy, 2001).

5.8.7 Supervisor Support

According to Kochanski and Ledford (2001), employees value the feedback from their co-workers and supervisors. Providing sufficient performance feedback to employees helps bolster positive attitudes toward the organisation and helps prevent early intentions to leave the organisation. Pare et al. (2001) indicate that recognition from the supervisor has been found to be related to affective commitment but not to continuance commitment. The reason for this might be that employees explore new solutions and get feedback and recognition from supervisors, which increase their feelings of self worth, and not their obligation to stay with the company.

5.8.8 Career Opportunities

Kochanski and Ledford's (2001) survey shows that career opportunities yield more significant predictors of retention than any other type of reward, followed by training opportunities and an employee's relationship with his or her supervisor.

According to Baruch (2004), perceptions of the organisation's adherence to career-orientated practices, including internal promotions, training and development and employment security are positively related to commitment. Psychological commitment is higher among employees who believe they are being treated as resources to be developed rather than commodities to buy and sell. Investing in employees send the message that companies value them.

Cruz (2006) reports that better opportunities for Black employees seem to be linked more to development and growth opportunities and the possibility of working in inclusive organisations where everyone is valued, as opposed to better remuneration packages.

5.8.9   Work/life policies

Work/life policies include flexible work schedules, such as part-time work; job sharing; variable starting and quitting times, family leave policies allowing periods away from work for employees to take care of family matters, and childcare assistance (Burke & Cooper, 2002). McCrory (1999) indicates that the majority of high technology employees value work/life initiatives as very meaningful. Grover and Crooker (1995) empirically tested the effects of work and family benefits on organisational commitment. These benefits include parental leave, flexible schedules, childcare assistance and childcare information.

Employees who have access to work/life policies are likely to show significantly greater organisational commitment and expressed significantly lower intention to quit their jobs. Work/life policies were reported by Pare et al. (2001) to be minimally related to affective commitment, and negatively to continuance commitment. This might be the result of the individual being forced to stay at the organisation to increase investments rather than to have less work/life conflict. Owing to the lock-in effect, employees are forced to focus more on work than their families, which may not make for a committed employee.

5.9   CONCLUSION

Attracting and retaining intellectual capital, a cadre of highly skilled, independent, internationally marketable and mobile individuals, is a critical feature of globalisation (Paul, 2000). In the changing world of work, the psychological contract between employer and employee has changed fundamentally (Lee, 2001) and long-term commitment to an organisation is no longer expected by either party (Armstrong & Murlis, 1998). Bussin (2002) reports that the issue of increasing retention and decreasing

turnover has become paramount in organisational life, and that attracting and retaining key talent has become a critical organisational competency. Trevor (2001) reports that over 1000 academics studies have been carried out on labour turnover. Despite the information gained from these studies, retention of key employees is probably the biggest challenge in human asset management today (Fitz-enz & Phillips, 1998).

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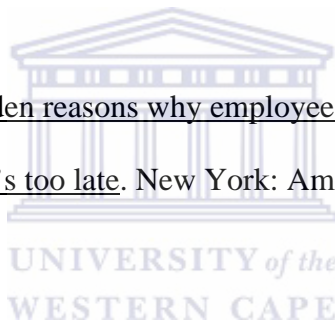
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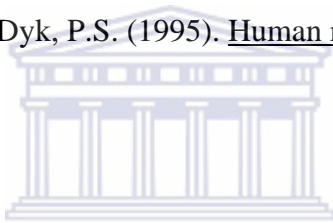
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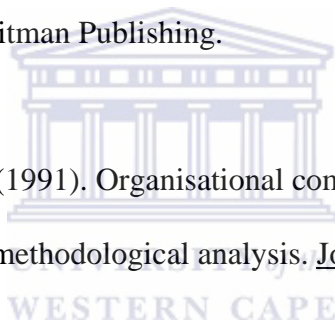
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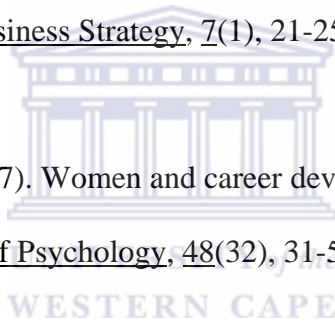
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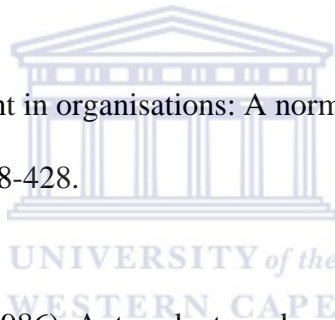
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