

**An investigation of the factors necessary in the
development of a retention strategy for a financial
organization**

Erika Gouws
604g2676

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Supervisor: Mr M. Routledge
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Abstract

The research study investigated the factors necessary for the development of an organizational retention strategy for a financial organization pertaining to key equity employees. Equity employees are those employees described as such in the Employment Equity Act 55 of (1998).

Bussin's (2002) Total Rewards Model was used as the theoretical framework for the study. The investigation was conducted within an interpretive paradigm and employed a qualitative methodology. Thematic analysis was used in the interpretation of the three data sources gained access through the data collection process. A previously completed employee relationship audit's findings, and the data derived from nine exit interviews formed the basis for the twenty-four semi-structured individual interviews, which were conducted with a sample of the employees. A purposive sampling technique enabled the identification of particular employees, who were the equity participants in the study.

An additional component of the Total Rewards Model, namely Talent Management was identified from an analysis of the results. Six salient factors were highlighted in the investigation. The factors identified were:

A need for a short-term incentive plan, which would provide recognition above and beyond an employee's monthly salary.

The need for career development opportunities.

The utilization of new skills from the training initiated by the organization.

The representation of women and Black people in senior management positions.

The need for formal performance support.

The standardization of the recruitment process, the management of unrealistic or unattainable expectations and listening to employees' concerns.

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‘Ek is jul almal ewig dankbaar.’

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Chapter 1

Introduction

1.1 Background

The research study is situated in the field of Organization Development where one of the prime goals is enhancing the effectiveness and performance of the organization and its employees. The researcher gained access through a gatekeeper to a financial organization. A meeting with the Human Resource manager was scheduled where an initial discussion for the research topic was explored. The need for a retention strategy was established and preliminary reading in the field followed.

The preliminary reading soon pointed to external influences, which regulate the labour market. In the Republic of South Africa the Basic Employment Act, Affirmative Action law and the Employment Equity Act 55 (1998) influence the labour market. It also became evident, through preliminary reading that a need to move from a broad based retention strategy to a focused retention strategy pertaining to a specific group of employees was needed. The researcher discussed this with the HR manager and an agreement for an investigation to retain equity employees as delineated by the Employment Equity Act, was deemed vital to the organization.

The Employment Equity Act was established in South Africa for addressing the past restrictions placed on certain individuals and race groups with regard to employment. In addressing the past restrictions, favourable labour market was established for professional equity employees. The demand for scarce skills in this labour market enables equity employees to change jobs frequently. Changing employment regularly is referred to as job-hopping and holds negative consequences for an individual and an organization. It negatively affects the individual as experience and extensive knowledge can only be gained by remaining in an organization for some time. The job-hopping also affects the organization since loyal employees leads to loyal clients, which enhances profit.

In light of the effects of job-hopping, certain questions were formulated before the research aim was finalised. These questions were; how do organizations retain the employees, whom the Employment Equity Act mandates to be employed in an organization? Does the retention of these employees affect the organization and does retention benefit the employee? Preliminary reading in the various areas of the study not only led to the decision based on a focused retention strategy but also led to the identification of Bussin's (2002) Total Rewards Model as the theoretical framework for the study. This model was found to incorporate the different aspects needed for the development of a retention strategy in an organization.

1.2 Objectives

The general objective for the study was to identify the factors necessary for developing a retention strategy to retain high-quality equity employees in the organization under review. The investigation aimed to present the organization with the relevant factors necessary to retain the equity employees and therefore to adhere to the mandates of the Employment Equity Act.

The study was conducted within an interpretive paradigm and employed a qualitative methodology. This research method offered the rich and detailed data necessary to ascertain the meanings, interactions and expectations employees attach to organizational life. Individual interviews with a sample of the employees in the organization enriched the basic data. A thematic analysis technique was used to analyse the responses. The themes identified were then interpreted within the framework of the Total Rewards Model and an additional theme was identified.

1.3 Structure of the thesis

The second chapter of the thesis deals with the literature relevant to the study. This chapter defines the various concepts and fields in which the study was formulated and concludes with a brief overview of the organization under study. Chapter three sets out the methodological considerations and comments on the validity and credibility of the study. Chapter four and five respectively present a detail description of the results and discuss the results in relation to the relevant literature. Chapter six concludes the study with a summary of the results as well as suggestions for future research. The reference list and appendices concludes the thesis.

Chapter 2

Organization Development and Retention

The study investigated the factors considered necessary in the development of a retention strategy for a financial organization. The literature review encompasses the relevant theoretical readings, which informed the research study. Organization development (OD), as the field in which the study was situated commences the literature review. The discussion explores the reason for the study being situated in the area of OD and the characteristics and values of the field.

The definition and benefits of retention follow the section on OD with consideration given to the various retention strategies proposed by authors in the field. The remainder of the review explains the relevance of the Employment Equity Act and the Total Rewards Model.

2.1 Organization Development (OD)

OD can be defined as “a set of behavioural-science based theories, values, strategies, and techniques aimed at the planned change of the organizational work setting for the purpose of enhancing individual development and improving organization performance, through the alteration of organization members’ on-the-job behaviours” Porras & Robertson (as cited in Dunette & Hough, 1992, p. 772). Robbins (1993) proposes that OD can be thought of as the road to empowerment for organizations. It can be the change vehicle for making people more accepting of and comfortable with change. OD facilitates planned change, which is the conscious decision to change the way an organization functions and it must be skillfully managed in order for it to be effective (Smither, Houston & McIntire, 1996).

Change intervention is necessary for an organization to survive in the changing world since organizations face dynamic changes, which requires them to adapt. Robbins (1993, pp. 663-667) proposes seven forces that acts as ‘stimulants for change.’

1. Nature of the workforce: The workforce is changing due to the change in employee demographics. The increase of women, older employees and cultural diversity in the workforce lead to a change in the human resource policies in order to attract and retain a more diverse workforce.
2. Organizational structure changes: Various organizations have begun to change their structures from a hierarchy to flat horizontal structures that focus on core processes. These structural changes transform the roles of managers and employees alike since they increase the responsibility of employees at lower levels and reduce supervision. Because these structural changes are taking place, changes in training, appraisal and remuneration systems are necessary (Smither, Houston & McIntire, 1996).

3. Technology: The changes in technology induce change in the nature of work. Organizations need to adapt to these technological advancements and so does the workforce. All technology will reach a point where no further progress can be made and a switch to new technology becomes necessary; if an organization does not keep this in mind they put themselves at risk of being overwhelmed by technological change when the inevitable occurs (Smither, Houston & McIntire, 1996).
4. Economic shocks: Unpredictable changes in the economy force organizations to adopt survival tactics, which include the development of an ability to adapt to these uncertain conditions.
5. Social trends: Various changes in the social make-up of society have led to companies having to adapt by changing themselves. Examples of social change provided by Robbins (1993) are: The increasing number of women studying, young people delaying marriage and divorce rates increasing, which leads to various conditions such as an increased number of single household families, which in turn creates a need for different products and services than the situation of a decade ago.
6. World politics: The ability to travel and improved communication between countries increase the opportunities for marketing products and expanding organizations across the globe (Smither, Houston, & McIntire, 1996). Globalization compels organizations to overcome cultural barriers as business across continents and cultures is increasing.
7. Competition: Due to the global economy, competition in the market place increases as the competition is no longer limited to the borders of the organizations' country but can be from any country in the world. The increased challenge in competition results in established organizations having to defend themselves against their traditional competitors (who develop new products and services) and small, entrepreneurial firms with innovative offerings (Robbins, 1993).

The seven 'stimulants for change' described above influence the performance and effectiveness of an organization. It is within these challenging situations that OD consultants enter an organization to help in assisting and empowering the organization and its employees to recognize and solve the problems hindering its effectiveness and performance. OD is therefore a field with distinctive characteristics and values. But its application is for any organization in any environment, from manufacturing plants to the corporate world of business. The next paragraphs will consider the characteristics and values in the OD field.

2.1.1 CHARACTERISTICS OF OD

The characteristics of OD noted below were derived from different definitions of OD proposed by a number of different authors.

- OD is used as a process for identifying the issues that prevent organizations from operating effectively (Smither, Houston, & McIntire, 1996). Bolsmann, Rugunanan and Routledge (as cited in Moerdyk & Van Aard, 2003, pp. 38-44) aver that OD may follow an approach called Appreciative Enquiry which "is a

process of understanding what is going right with the organization rather than what has gone wrong with it." The enquiry is a life affirming position and not a problem focused initiative. To place the focus on positive factors rather than negative factors often carries more power since the knowledge of what is possible gives more strength than focusing on the limited availability of resources.

- OD is a long-range initiative coupled with strategic business planning (Rothwell, Sullivan & McLean, 1995). It is not a simple solution to a problem as it involves complex change that moves beyond unworkable "quick-fix" solutions to organizational problems.
- Top management should support OD, since they are the change agents in any organization. Burke in Bolsman, Rugunanan and Routledge (as cited in Moerdyk & Van Aard, 2003) declares that top management usually controls the reward system and the resources, which are the most powerful agents for bringing about change. OD is less likely to succeed when top management is not fully behind or supportive of the effort.
- OD works chiefly but not exclusively through education (Bolsman, Rugunanan, & Routledge, 2003). "It expands ideas, beliefs and behaviours in order to apply new approaches to old problems" (p. 40). OD is not only an employee-training effort but also concentrates on the organization processes where new ideas need to be implemented.
- OD emphasizes the development of the organization's members. It is grounded in the belief that human beings have an intrinsic need for psychological growth (Smither, Houston & McIntire, 1996). OD practitioners believe that with the development of its members, the effectiveness of the organization will improve.
- OD emphasizes the participation of employees in the change effort (Rothwell, Sullivan, & McLean, 1995). It stresses the empowerment of employees by allowing them in the change effort (Bolsmann, Rugunanan, & Routledge, 2003).
- "OD emphasizes knowledge from the social sciences" and involves the relationships between individuals (Bolsmann, Rugunanan, & Routledge, 2003). The OD specialist is a catalyst in the change process. He/she is viewed as a professional person usually an outsider, acting with organizational members to assist them in working more effectively.

2.1.2 THE VALUES OF OD

As stated previously, OD focuses on the relationships between individuals, as organizations essentially do not exist outside the people who constitute them. The most meaningful changes come from individuals since they are central in the field of OD (Smither, Houston & McIntire, 1996). "Values give meaning to what a person does and guide behaviour...when a consultant is clear about his/her values, he/she is much more conscious of situations where he/she is behaving in a way consistent or inconsistent with his/her values" (French, Bell, & Zawaski, 1994, p. 38).

Therefore OD embraces a number of core values, which the consultants as well as the organizations need to use in guiding their behaviour.

- Humanism and human rights are a basic value of OD. The conduct of OD consultants must be guided in a manner which does not discount, diminish or dehumanise any person (Smither, Houston & McIntire, 1996). Individuals are respected and considered as being responsible and caring (Robbins, 1993).
- OD practitioners believe that virtually all workers are open to change and that most people need challenges and growth in their jobs. This view is grounded in McGregor's Theory X and Theory Y approach to organizations. Routledge (2000) declares that McGregor's approach proposes that a Theory X manager believes employees are unmotivated, and dislike responsibility whereas Theory Y managers believe that workers need challenges and psychological growth and a manager's responsibility is to create opportunities for their workers to reach their optimum performance. OD specialists believe firmly in Theory Y approach to managing.
- OD recognizes that emotions, personal values and interpersonal relationships are a critical part of an organization's success (Smither, Houston, McIntire, 1996). Rothwell, Sullivan & McLean (1995) believe that organizational functioning is enhanced when people feel comfortable about expressing their opinions and feelings; and that conflict, which can be expressed and addressed openly, can be very helpful in bringing about change.
- Hanson and Lubin in Routledge (2000) explain that people will support what they help create. People should be involved in the decisions surrounding change, as they will be more committed to implement those decisions (Robbins, 1993). Affording people the ability to be responsible in the organizational decision making and problem solving process creates the opportunity for them to apply it to their own lives (Smither, Houston, & McIntire, 1996).
- Smither, Houston & McIntire (1996) state that organizations must be considered as systems with interdependent parts and subsystems. Change in one part will affect the functioning of other parts within the organization. Therefore the influence of an intervention may not be visible for some time after the intervention has occurred and the delay makes evaluation of the successes of change efforts difficult.

OD covers a wide array of issues for application and the study was situated in this field because exploring the factors deemed necessary for retaining employees is vital in the enhancement of organizational effectiveness and the performance of its employees. Situating the study in the field of OD enabled the researcher to explore with senior management the different factors seen as necessary in retaining their equity employees. One of the basic principles of OD is that the client organization should become proficient in solving its own problems present and future by itself so it was therefore critical for the researcher to work hand in hand with the firms HR manager. The

discussion now turns to what retention is, why it is necessary, the benefits associated with it and the various strategies proposed for retention in organizations.

2.2 Retention

Dibble (1999, p. 4) holds that “retention is about keeping the skilled employees who make a difference.” These employees are referred to as the talent of the organization since they play a huge part in the performance and effectiveness of the business. Bussin (2000, p.2) states that to retain means to “engage the services of.” He feels that talented employees want to be engaged and not kept and it is for this reason that organizations need to shift their focus on what is needed to keep employees fully engaged within the organization.

Organizations, however, should firstly consider three facts regarding their performance before embarking on an investigation into what is needed to keep employees. Levin and Rosse (2001, p. 5) proposes the following three facts:

Fact 1: People will inevitably leave the organization. The process of leaving an organization is a natural phenomenon that occurs as people progress and grow in their careers.

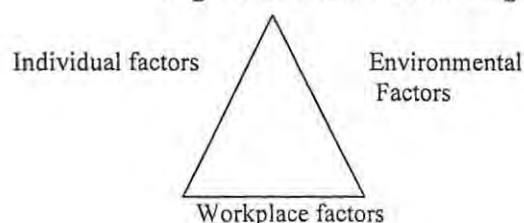
Fact 2: Hiring errors will inevitably occur in every hiring process. Some recruitment errors can be ameliorated through training or a job reassignment but others simply cannot.

Fact 3: Some good performers will inevitably become poor performers. The possibility of highly talented people becoming poor performers can be ascribed to the process of adaptation where good performing people become dissatisfied and respond with counterproductive behaviours.

It is imperative for organizations to keep these three facts in mind as they unequivocally profess that employees will leave, hiring errors will occur and some good performers will become poor performers without any particular fault in the organization.

Secondly, it is important for organizations to explore the reasons why employees leave. Turnover is a term used to describe the sum of voluntary and involuntary separations between an employee and its organization (Harvard Business Essentials, 2002, p. 60). The turnover process is illustrated as a triangle with balanced legs, according to Levin and Rosse (2001, p. 41).

Figure 1: Turnover Triangle



The individual factors, environmental factors and workplace factors relating to an organization can be explored to investigate the reasons for employees leaving (Levin and Rosse 2001, p. 41). Individual factors show the demographic characteristics, personal values and personality of the individual. Demographic characteristics include considerations such as; will women leave more readily than men or younger individuals before older individuals? Personalities of people will influence whether a person will stay or leave an organization, for example having a conscientious and conservative outlook might cause a person to stay, whereas being a person eager to explore new experiences might cause the person to leave earlier. Personal values are issues people hold dear to them and should match the job-relevant values of an employee. Incongruousness between job and personal values will cause someone to leave quicker than someone experiencing congruity between their personal values and those of the assigned position.

Workplace factors include the type of work, working conditions and the organization's climate. It is important for employees to experience job satisfaction, which shows whether the various workplace characteristics are considered favourable or not as this is a contributing factor to retaining employees. People want to feel good about what they do and deliver quality work through experiencing responsibility, meaningfulness of the work done and performance feedback. Contributors to a supportive working environment for enhancing employee satisfaction include aspects such as making provision for the development of employees, rewarding them for accomplishments, providing opportunities for advancement and allowing flexibility with regard to working hours.

Environmental climate includes the broad economic or societal factors involving the labor market. In positive economic circumstances two challenges arise for organizations; firstly employees are more likely to look for jobs since its more readily available, regardless of their satisfaction and secondly the employees' expectations are much greater when access to work is plentiful. Hence, the pressure on organizations to retain employees increases when the economy flourishes (Levin & Rosse, 2001).

The turnover triangle explains the first reasons for people leaving. Ahlrichs (2000) feels that organizations should continuously review their attraction and retention efforts in order to understand why employees leave. He suggests different reasons between the reasons why newly hired employees and experienced employees leave. Ahlrich (2000, p. 152) puts forward four reasons for newly hired employees leaving:

1. Counteroffers: in the form of career progression, flexi- time and increased remuneration packages are all offers that could cause a newly hired employee to return to his/her previous employer.
2. Second offers: employees apply for positions with more than one employer and often accept an alternative offer of employment. It is vital, according to Ahlrichs(2000) that the recruitment interview should include questions about issues to be discussed by both parties- the applicant and employer.

3. On-the-job experience does not match the interview job description: expectations held by the applicant and the expectations formed by the employer in the recruitment interview should match the actual experience in the position.
4. Poor orientation process: it is important to allow the newly hired employee a bonding session with colleagues to decrease the discomfort of the new environment and colleagues.

Ahlrich (2000, p. 156) states that experienced employees leave for different reasons but the most common ones are that they

1. Do not see a link between performance and pay.
2. Do not see advancement or growth opportunities
3. View their work as unimportant
4. Do not feel appreciated
5. Do not use all of their abilities
6. Perceive unclear/unrealistic management expectations
7. Feel they have no (or limited) support/resources
8. Will no longer tolerate "corporate abuse"

Reasons for employees leaving the organization can only be discovered when management direct their attention to looking for the reasons. Dibble (1999) claims that if an organization is slack in finding why employees leave they will also never know how to keep them. Organizations can conduct exit interviews when employees resign. Exit interviews are a process through which organizations can assess the working conditions, management practices and job satisfaction of their employees. This activity can reduce turnover and can change the image of the company in the mind of the employee who leaves (Fletcher, 1996).

The discussion on retention has thus far focused on the meaning of retention and what the possible reasons can be for employees leaving organizations. It is now essential to consider the benefits associated with retaining employees and what effort organizations can pursue to accomplish retention of the talented employees.

2.2.1 BENEFITS OF RETENTION

The Harvard Business Essentials (2002) put forward three reasons why organizations would want to retain employees.

1. The importance of keeping intellectual capital that was developed and encouraged by the organization. Losing this capital not only means that the organization is losing a skill but also that a competitor in the market is gaining or accessing that skill.

2. The existence of the causal link between employee satisfaction and customer satisfaction because satisfied customers lead to increased profit.
3. The cost involved with the turnover of employees. Recruitment and training of new employees often costs the organization more money than is anticipated (Ahlrich, 2000).

Bussin (2002) also states five benefits associated with retention.

1. The consistency in the quality of work, products and services remain.
2. Knowledge of the history and background of the customers and business prevail.
3. Efficiency and productivity increases
4. A particular skill and knowledge capability is retained
5. The culture of the organization remains consistent

Retaining employees therefore increases the effectiveness, performance and success of the organization. In the light of this understanding one can see the usefulness of OD as a backdrop to an investigation of the factors necessary for retaining employees.

2.2.2 EFFORTS AIMED AT RETAINING EMPLOYEES

The review of the literature on retention is now directed to the strategies aimed at retaining key employees. However a brief look at employee loyalty issues is useful because an understanding of why employees stay can also direct an organization to what they can do to keep employees.

A certain level of loyalty is evidenced in employees who remain in organizations. Loyalty is the commitment of an individual to an organization on an emotional and cognitive level. The emotional level of loyalty encompasses the feelings an individual might have about being associated with an organization almost regardless of its successes whereas the cognitive level involves the experience and logical commitment that comes with time and positive experiences (Furnham and Taylor, 2004). Employees can develop a sense of loyalty because the organization provides an individual with his/her basic needs such as security, social contact, identity and the platform for using their talent.

Apart from loyalty, employees also remain in organizations due to factors such as being proud of the organization, respecting their immediate manager, receiving competitive compensation, being exposed to learning and training and having a meaningful position which satisfies, stimulates and leaves the employee with a sense of productiveness (Harvard Business Essentials, 2002). Therefore, employees become committed to organizations, where affiliation with the specified organization fosters pride. It is due to this that an organization will aim to

become an Employer of Choice (EoC). Ahlrich (2000, p. 5) provides three considerations for organization to become an EoC, these are:

Attract qualified candidates to enhance existing departments

Balance desirable turnover

Minimize unwanted departures

The added knowledge of why employees remain in an organization forms the foundation for the suggestions of many authors on how businesses can retain their staff. The Harvard Business Essentials (2002, p. 66) state that retaining employees is very difficult as the demographic characteristics, cultural expectations and the changing economy bring different aspects to the working environment. They therefore suggest that a retention effort should craft specialised strategies to include the different needs of a diverse workforce. Different generations, gender and races require different strategies for retention.

Younger workers bring freshness, energy and “state-of-the-art technical knowledge” into the organization’s workforce (Harvard Business Essentials, 2002, p. 67). However they are particularly interested in defining their career paths and taking jobs that will help them advance to their next position. They are also more comfortable with rapid change and flat management structures than older employees. Many young employees want their employer to define a career ladder for them and the availability of an assigned mentor or coach to assist in their career progression. Older employees have extensive knowledge and business experience where the need for flexibility, interesting work and a tailored compensation system exists. Females as well as different race and ethnicity employees need support from the organization in the form of promoting them as being competent leaders and eradicating any “glass ceilings” that might still exist in the organization.

A retention strategy should be at the core of its business strategy when an organization aims to retain key employees (Dibble, 1999). Groysberg, Nanda, and Nohoria, (2004, p. 98) ratify this claim through their research by claiming that: “in business, the only viable strategy is to recruit good people, develop them, and retain as many as possible.” Dibble (1999) states that in order to retain employees an organization needs to redefine the job descriptions of all positions, as this forms the foundation for retention. Job descriptions should include the purpose of the job in the organization, the basic responsibilities, a list of the required skills that are necessary to perform the job and a description of the working conditions. He claims that money and career are the top considerations for leaving or staying in a company.

Waterman, Waterman and Collard (2001) proposes the empowerment of a career-resilient workforce, as this would enable a company to thrive in an era where skills needed to remain competitive are accessible and available. A

career-resilient workforce means one “dedicated to the idea of continuous learning, where they stand ready to reinvent themselves to keep pace with change, take responsibility for their own career-management, and are committed to company’s success” (Waterman, Waterman, & Collard, 2001, p 14). They state that the focus must shift from “employment” to “employability” for employees, where they take the responsibility in managing their own career and the organization’s responsibility is to provide them with the tools and environment to develop the necessary skills.

Butler and Waldroop (2001) however claim that a person will only stay in an organization if the job matches their deeply embedded life interests. This encompasses the entwinement of passions and personality. They propose that companies should execute “job sculpting” as a measure for retaining talented individuals. “Job sculpting” is the art of matching people to jobs which allow their deeply embedded life interests to be expressed. It is the art of forging a customised career path in order to increase the chance of retaining talented people” (p. 181). An effective performance review can cover a question for assessing the passions and interests of people because an effort from the company to know the “hearts and minds” of its employees will “turbo-charge” the retention effort.

Pfeffer (1998) concurs with views about “knowing the hearts” of the employees when he proclaims the philosophy of the human equation: putting people first. He states that commitment is reciprocal requiring both the organization and the employees to be committed to each other. Putting people first means repeatedly stating the importance of the employees in making the organization a success. Richard Branson’s perspective supports the vitality of following this philosophy as quoted in Pfeffer (1998, p. 293)

“Because the way management treats the associates are exactly how the associates will treat the customers. We know that the customers’ satisfaction, which generates important recommendations and fosters a repeat purchase, depends on high standards of service from our people. And we know that a high standard of service depends upon having staff that are proud of the company. This is why the interest of our people comes first....In the end the long-term interest of the shareholders is actually damaged by giving them a superficial, short-term priority.”

It is also vital, according to this philosophy, that all the people in the company must have access to the company’s leaders. Putting the employees first in an organization will foster a reciprocal relationship of satisfaction and commitment.

Sears (2003) states that the engagement of employees is about the maximisation of the value of people in a mutually rewarding work relationship. “People leave the company when the cost of staying exceeds the reward of leaving” (p. 174). He proclaims that the successful attraction and recruitment of employees will deliver talented

people and an orientation process is very important. The hiring process should be selective and new personnel should be considered on the basis of skills that cannot be learned.

Organizations should also keep in mind the management of the rewards in relation to the expectations of their employees. An explicit importance lies with the psychological contract between the employee and employer. A change in this contract is necessary for keeping employees. A shift from imposed relationships characterized by controlling and commanding to a mutual relationship of commitment, participation and involvement (Bussin, 2002). Ahlrich (2000, p. 227) presents the changes that are needed in a table format as follows:

Table 1: Changes in relationships

THEN	NOW
Lean and mean	Lean and nice
We don't have time to train people	We budget to train people
We want to hire people who can hit the ground running	We want to hire people who can learn
Career development is up to the employee	Career development is up to the organization and the employee
If you don't like it here, leave	If you don't like it here, why?
You should be grateful just to have a job	Thank you – your contribution matters!
Anyone off the street could do your job	Only you will do!
(if someone gives notice) Don't let the door hit you on the way out!	(if someone gives notice) If you must leave us, we hope you will join the alumni club and play golf with your old friends in the spring.
It's not personal; it's just business	It's all personal

It is not only the challenge of facing the change in the psychological contract but also the challenge of finding themselves in a freewheeling labour market, which encourages organizations to adapt to a market driven retention strategy (Cappelli, 2001). This strategy acknowledges that a long term across the board retention strategy is not desirable for employee loyalty. The focus should shift from broad retention strategies to highly targeted efforts aimed at particular employees. A shift in the goal of Human Resource departments also occurs where they influence who leaves and when (Fisher, & Sutherland, 2005). This happens, because organizations need to accept the fact that the market, and not the company will determine who moves. An organization needs to know who they want to keep, and tailor programs for keeping this specified group. Some ideas for companies to retain these employees include a look at the compensation system such as paying signing bonuses in stages rather than in lump sums. Job design and customization is also important where a position is tailored to fit the needs of an individual even creating part-time arrangements like meeting a parenting need and allowing the development of social ties as people tend to be loyal to colleagues more than to the organization. Due to the focused retention strategy the research study focused on investigating the factors necessary for retaining key equity employees.

Because of the focused retention strategy, the review now turns to the reasons for concentrating on equity employees and what equity entails.

2.3 Equity Employees

Equal opportunity solely refers to a policy of fairness (Reed, 2003). The increased focus on the development of people in this study pertains specifically to people affected by the Apartheid legislation in South Africa. This legislation supported the unfair treatment of certain race and gender groups, where certain citizens were denied basic freedoms. In regard to this discrimination, new legislation was put in place to prohibit any form of unfair discrimination towards any group or citizen (Reed, 2003). South Africa strives towards an environment of equity. Ramphela (1995, p. 5) holds that this vision entails for the people of South Africa;

- Increased access to resources and opportunities
- Greater focus on the development of people, a person-centered development process.
- Change in the institutional culture to allow for greater diversity, recognizing the contributions of men and women, blacks and whites, rural and urban dwellers.

In the Republic of South Africa the Employment Equity Act 55 (1998) was promulgated for the establishment of equal opportunities for all South Africans. This Act effects employers by mandating them to implement equity plans to redress imbalances. A focused retention strategy pertaining to equity employees was conducted in light of this legislation.

2.3.1 THE EMPLOYMENT EQUITY ACT 55, of 1998

PREAMBLE

The preamble to the Employment Equity Act 55, of 1998 recognises that in the light of the injustices caused by the Apartheid and discriminatory laws, dissimilitude exists within employment, occupation and income in the labour market. Those disparities create such definite disadvantages for certain categories of people that simply abrogating discriminatory laws cannot redress them. Therefore, in order to espouse the constitutional right of equality and exercise true democracy the Act was promulgated to eliminate unfair discrimination in employment, achieve a diverse workforce and promote economic development in the workforce of South Africa.

EQUALITY AND DESIGNATED EMPLOYEES

The Act is applicable to 'designated groups' where 'designated' refers to black people, women and people with disabilities and where "Black people" is a generic term referring to Africans, Coloureds and Indians. It is in place to achieve workplace equity and fairness and regulates that no person or employer may unfairly discriminate

directly or indirectly against any employee. However it is not unfair to discriminate when an employer takes affirmative action measures consistent with this Act to exclude or prefer a person on the basic requirements of a position. The incorporation of the Act should be undertaken by designated employers, where a “designated” employer, is one who employs 50 or more employees, or has an annual turnover that is equal to or above a defined amount. Every designated employer should implement affirmative action measures for people from designated groups, and ensure that these groups have equal employment opportunities in order to achieve employment equity. The Act further imposes on the employer an obligation to conduct an analysis, consult with its employees and prepare an employment equity plan, which then needs to be reported to the Director-General for reviewing progress. If an employer refuses to comply with the rules of the Act, a court will impose a heavy fine.

The Employment Equity Act, 55 of 1998, clearly stipulates the promotion of employees from designated groups in order to re-establish the balance within the general labour market. This Act, has led to an unrestrictive labour market for Black employees from the ‘designated group’ since many positions are freely available for the skilled Black employee. In the light of this position Ramphela (1995) voiced a concern with regard to the job-hopping notion; “job-hopping is a phenomenon, which has worrying implications for the future career development of young blacks who spend too little time in their jobs to acquire useful skills” (p. 20). To this end, the formulation of a retention strategy for equity employees is seen to be not only necessary but critical, since career development and skill acquisition take place when employees stay with an organization for a certain time period. It is also vital for the future well being of any organization.

The study therefore dealt with key equity employees of the organization under review and investigated the factors necessary for developing a focused retention strategy. The conceptual framework for the study was the Total Rewards Model as set out by Bussin (2002). The literature review now turns to an exploration of this model and its components.

2.4 Total Rewards Model

Different authors have proposed strategies to assist organizations in retaining their talented employees, but one of the most relevant models is Bussin’s (2002) Total Rewards Model. This model served as the conceptual framework for the study as it incorporated different aspects of the organization and various factors proposed by the different authors.

The Total Rewards Model as set out by Bussin (2002) has four components namely: Pay, Benefits, Learning and Development and Work Environment. Each of these components has several sub-components, on which the main components are built. Two salient factors affecting the model are what are seen as the internal and external

influencers. Internal influences are the ideology, the culture of the company and the funding available for business strategies. External influences are the economy, government mandates and the labour pool (all of these forces are beyond the immediate control of the organization). The first component, Pay, deals with the different aspects of remuneration as a start to an overall retaining effort. It covers aspects such as base pay, variable pay, recognition and share options. The second component, Benefits, covers aspects that would improve the standards of living of an employee such as health care, retirement, savings, time-off and perquisites. The third component, Learning and Development, specifically relates to the career development and personal advancement of an employee; aspects that are considered here are performance management, succession planning, career development and training. Work environment, the fourth component, encompasses the organization climate, leadership, performance support and the work/life balance of employees. The climate of an organization needs to be one conducive to employee satisfaction as this can serve as a catalyst in retaining employees (Paulus, Seta, & Baron, 1996). It is therefore vital to assess the current levels of employee satisfaction and their expectations when developing a retention strategy. The model can be displayed as follows;

Pay <ul style="list-style-type: none"> ▪ Base salary ▪ Variable pay ▪ Recognition ▪ Shares 	Benefits <ul style="list-style-type: none"> ▪ Health care ▪ Retirement ▪ Savings ▪ Time-off ▪ Perks
Learning & Development <ul style="list-style-type: none"> ▪ Career development ▪ Performance management ▪ Succession planning ▪ Training 	Work environment <ul style="list-style-type: none"> ▪ Organization climate ▪ Leadership ▪ Performance support ▪ Work/life balance

Figure: Total Rewards Model, Bussin (2002, p. 2)

2.4.1 Pay

Pay concerns the compensation made by employers to employees for work delivered (Ahlrich, 2000). The first component, namely Pay, is divided into the different categories of a compensation package, necessary for retaining key employees. Bussin (2002) proposes that these categories are base pay, variable pay, recognition and share options, all of which will subsequently be defined.

Base pay: Dibble (1999) defines base pay as the pay furnished by an employer to an employee for work delivered. Wilson (1995) defines it as the stable, regular income that people receive for doing work. He declares that base pay should be a reflection of the importance of the specific position to adding value in an organization.

Variable pay: Dibble (1999) defines variable pay as the increase on base pay of an employee at the start of each new year. The annual increases to cover increases in the cost of living are given across the organization, to all the employees and are not based on merit or performance.

Share options: It is an option to buy a share in the organization at a particular price (the offer price). If the value of the shares increases, then the difference between the offer price at which the shares are purchased and the price at which they are sold becomes a 'profit' in the hands of the recipient (employee). But the aim of share options in an organization is to give the employee a long-term stake in the company and not to have him/her sell the shares when their value on the stock market increases in the short-term (Bussin, 2002).

Recognition: can be awarded in terms of monetary compensation or the spoken word on the performance and contribution delivered by an employee (Dibble, 1999). The monetary form of recognition can also be described as the "merit pay" given to an employee. An individual is given a merit increase or bonus depending on his/her performance in relation to pre-determined targets, agreed in advance by the employer and employee (Wilson, 1995). If there are "windfall" profits 'earned' by the organization through good luck or "An Act of God" (i.e. not through better performance), the employer might, share this good fortune with his/her employees. Such a "windfall" might accrue to a gold or oil producer when prices rise because of international developments or incidents (e.g. a high international oil price because of China's greater consumption of fuel, or an increase in the gold price because of political developments in the Middle East).

Typical objectives of a compensation package for an organization include the attraction and retaining of high-quality employees, motivating employees to meet the short or long term objectives of the organization and to provide average to above-average compensation at market-place levels (Ahlrichs, 2000). In the same light, employees expect their compensation package to be competitive with the relative compensation packages offered by organizations in the same business market and to be proportionate to their performance (Ahlrichs, 2000). An additional expectation of employees is that pay should be distributed in an equitable manner. The equity is based on external equity (comparison of pay across similar jobs in the labour market), internal equity (comparison of pay across different jobs in the same business) and individual equity (the extent to which an individual's pay reflects his/her contribution) (Cronje, Du Toit, & Motlatla, 2002, p. 458).

The compensation package afforded to employees is based on the philosophies and plans of an organization. Pfeffer (1998) maintains that comparatively high compensation is contingent on organizational performance and also motivates employees since they know that they will share in the profit of the business. Wilson (1995) suggests that the compensation package should be standardized to the pay levels in the right market and be examined

annually albeit not necessarily adjusted annually. Modern management theory on compensation holds that people's pay can be increased in a number of ways:

1. Annual increases: in basic pay depending on;
 - (i) The labour market conditions: (i.e. what other businesses are paying for similar jobs) (Barker, 1999).
 - (ii) Strategy: (i.e. where a particular organization wants to position itself in relation to the general labour market (e.g. in the upper quartile- better than 75% of the market or the lower quartile- worse than 75% of the market) (Reading, 2002).
 - (iii) Affordability: what the organization can afford to pay, bearing in mind its particular circumstances.
2. Merit increases: the quantum depends on individual performance in relation to pre-agreed targets. Not all people get the same increase/bonus – it depends on how each of them performs.
3. Windfalls: one of good fortune is shared between shareholders (owners) and employees.
4. Cost of living increases: if an organization does not determine its pay scales in relation to market conditions (determined by a survey), it might increase the pay of all employees and its pay scales by a fixed amount annually to compensate for the reduced value of money (inflation) (Heller, 1998).

Compensation policies of organizations can therefore improve the total quality of the business, encourage employees to focus on satisfying customers, support the equitable treatment of employees and assist the organization to achieve a competitive advantage in the market (Milkovich, & Newman, 1993). Effective pay structures cause a snowball effect in organizations. Employees develop an eagerness to learn and develop with the goal of a pay increase. The eagerness to learn gives rise to their development, which in turn affords them more exposure to learning experiences. Increased exposure leads to more experience and hence provides the organization with a competent and performing workforce (Milkovich, & Newman, 1993, p. 51).

In summary, it is clear then that organizations need to re-examine their compensation package and policies annually since compensation is crucial for the development, performance advancement and retention of employees. The crucial role of compensation in the retention of key employees is highlighted by Ahlrichs (2000) who claims that compensation is seen as the third most important reason for people leaving an organization. Notwithstanding the importance of compensation in retaining key employees Groysberg, Nanda, and Nohria, (2004) assert that compensation is not the only element to be reviewed for retaining high-quality employees. The rest of the components and sub-components in Bussin's (2002) Total Rewards Model will subsequently be explored.

2.4.2 Benefits

The second component of Bussin's (2002) Total Rewards Model forms part of the remuneration package afforded to employees of an organization and can be viewed as an indirect form of compensation. The benefit packages are directly linked to employment and not to the performance of an individual employee (Swanepoel, Erasmus, van Wyk, & Schenk, 2000).

Decisions made by an organization regarding the inclusion of features in a benefit package are based on four salient issues. Milkovich and Newman (1993) put forward the following issues:

1. The relationship of the cost features of the benefit package to the total compensation costs
2. Costs of the benefit package and the commensurate return on these costs for the organization such as attraction, retention and motivation affect on employees or would be employees.
3. Meeting legal requirements
4. Considering the competitors' benefit package offerings

Based on these considerations the organization has the opportunity to include a number of different features in its benefit package, based, as far as possible, on employees' preferences. Employee preferences for different benefit package features are determined by individual needs. These needs arise out of feelings of perceived fairness relative to what others receive and the needs relevant to the age, gender, and number of dependents and marital status of an employee (Milkovich, & Newman, 1993). Regardless of these preferences it should be kept in mind that the main intention of a benefit package is to improve the quality of work life for organizations' employees (Swanepoel, Erasmus, van Wyk, & Schenk, 2000, p. 557).

Dibble (1999) contends that the Benefits package cannot assist an organization in retaining valuable employees but should nevertheless be competitive in the market. By being competitive the organization places itself in line for becoming an Employer of Choice (EoC). The benefits associated with being an Employer of Choice were previously explored in paragraph 2.2 on retention and indicated that one benefit of being an EoC was the increased ability to retain employees.

Bussin (2002) depicts the sub-components of the Benefit component in the Total Rewards Model as being the most relevant for creating a benefit package that would form part of a competitive remuneration package in the quest for retention. These sub-components are defined as follows:

- Health Care relates to the medical aid scheme where an employee and his/her dependents are provided with a range of medical assistance.

- A pension fund allows employees to make a monthly contribution, which will eventually help to support them once they retire (Kimmel, 1990).
- Savings: can be a program offered by the organization where employees can voluntarily make use of a savings scheme for assistance in saving money.
- Time-off may refer to the annual leave days offered by the organization. In South Africa the Basic Conditions of Employment Act (75) of 1997 specifies the minimum number of leave days that are to be provided for employees. The Act further stipulates the amount of maternity leave, family responsibility leave and sick leave that must be made available to employees. Providing more than the minimum number of specified leave days could be seen as an additional valued benefit.
- Perquisites (perks) can be defined as extra benefits afforded to employees. Perks can range from shaded car parking space and car valets to subsidised canteen meals.

Milkovich and Newman (1993) suggest a flexible benefit package for palliating the challenge of creating the perfect package. Previously a range of benefits (apart from Pension and Medical Aid fund) was seen as a major benefit in South Africa because there were tax benefits in being rewarded in this fashion. However, the tax laws have been revised in such a way that there is less perceived benefit (and greater costs) in being paid in kind. Many firms are now paying their staff an extra x% (usually 25%-35%) of their basic pay, from which the individual staff member can structure whatever package he/she wants, and change the nature of the package as needs change with age and family circumstances. Gildenhuis (2004) states that this is seen as the All-inclusive package offered by many organizations in South Africa.

2.4.3 Learning and Development

Learning and development, the third component in the Total Rewards model is seen as very important as many employees want to experience continuous learning and challenges, which are synchronised with a manageable set of responsibilities. Talented employees often express the need for plenty of excitement in their positions and never feeling 'stuck' on a career plateau (Harvard Business Essentials, 2002). Organizations need to prioritise this component with its four sub-components when they want to develop a retention strategy for talented employees.

CAREER DEVELOPMENT

Career development may be defined as the pattern of planned changes that occur during a person's career (Paula, Seta, & Baron, 1996). Different career choices have different requirements for the paths which lead a fully developed career position. Peterson, Sampson and Reardon (1991) propose that certain prerequisites are necessary before an individual should make career decisions. A clear understanding of oneself, knowledge of occupations and the ability to synchronise between the two is required when making a career choice.

Developing a career allows an individual to grow and be constantly challenged. Various programs are implemented in organizations to assist employees in acquiring new skills and competencies and for developing in their respective careers (Paula, Seta, & Baron, 1996). An efficacious approach to career development requires an employee to have an accurate self-knowledge, knowledge of the specific organization and concrete goals with definite plans for reaching those goals (Paula, Seta, & Baron, 1996). Career development is not only beneficial to the individual but also for the organization.

Organizations benefit when they support and assist employees with their career development endeavors by seeing that programs are in place to enhance the skills and abilities of individuals. This, then, expands the performance and effectiveness not only of the individuals but also the organization (Dibble, 1999).

Employees in search of career development should not only focus on formal training and development programs but should also, as Dibble (1999) suggests, focus on certain non-traditional forms of career development. Filling in for a supervisor, job shadowing, job rotation, mentoring, self-learning, teaching, volunteer service and on-the-job learning can be as essential to career development as formal training programs.

An indispensable form of career development is assigning a mentor to an individual. Mentors play an important role in the career development of an employee since they set high standards for the specific individual, make themselves available for discussions with the employee and coordinate developmental experiences (Harvard Business Essentials, 2002). Employees obtain essential experience and 'tricks of the trade' when they feel confident around their mentor and experience reciprocal trust and respect from him/her. Employees experience certain effects, noted below, when going through career transitions, the mentor can assist the employee in the career transition process (Grundy, & Brown, 2003). Grundy and Brown (2003, p. 61) note the following cycle experienced by employees in career transition.

Expectation-building- develops due to the exciting opportunities offered by the change

Disappointment- when these expectations are disproved or only partially met

Adaptation- to the new environment, through modifying one's usual style; and

Consolidation- of the new role- by scheduling the things that are working

Regardless of the fact that this change cycle may be challenging and tiresome for an employee, the focus on career development remains a goal for most employees who attempt to reach their goals through continual growth, learning and improved performance. It is from the desire for performance improvement that the next sub-component of Learning and Development, performance management, is highlighted.

PERFORMANCE MANAGEMENT

Spangenberg (as cited in Swanepoel, Erasmus, van Wyk, & Schenk, 2000, p. 48) defines performance management as an approach for managing people. The approach “entails the planning of employee performance, facilitating the achievement of work goals, and reviewing performance as a way of motivating employees to achieve their full potential in line with the organization objectives.”

Performance management is set in motion by the performance appraisal or performance review. A performance review can be defined as the steps undertaken by an organization to provide employees with feedback concerning their present performance (Paulus, Seta, & Baron, 1996). The review can form part of the organization’s program for career development if the review is executed in a detailed and constructive manner (Paulus, Seta, & Baron, 1996). The performance of an employee is measured against the goals, which are jointly formulated by the managers and the employees reporting to them. Performance is directly linked to the behaviour for which the employee is compensated, as this is the desired behaviour which is valuable to the organization (Landy, & Conte, 2004).

Performance reviews serve individual and organizational development purposes. Swanepoel, Erasmus, van Wyk and Schenk (2000, p. 408) declare that the review has several individual implications:

- Feedback on the strengths and weaknesses of an employee and the provision of guidelines on how to improve future performance.

- Expedite career planning and development

- Provide inputs for personal corrective interventions

They also note that reviews have organizational development implications, which entail:

- Assisting organizational development by setting performance levels and recommending training needs

- Offering crucial information for Affirmative Action programs and job redesigning

- Promoting effective communication within the organization by facilitating interaction between managers and junior staff.

The implications for both individuals and organizations point out the need for performance reviews in managing the performance of an organization and its employees. The fact that high-quality employees express the desire for growth clearly shows the need for the inclusion of performance management as a factor in retention.

SUCCESSION PLANNING

Succession planning is regarded as the action taken by an organization for the formation of a career ladder where talented and dedicated employees may move through progressively more challenging and responsible positions (Harvard Business Essentials, 2002). Succession planning is an ongoing process to ensure leadership continuity in all key positions in the organization (Developing new leaders, n. d.). It further helps to ensure that there are highly

qualified people in each position. The succession plan should reflect the way in which the organization needs to change in order to achieve its strategic goals. Rothwell (1994) declares that succession planning should be linked with the organization's strategies and missions in order to be efficient. Succession plans should ensure that leadership growth keeps pace with organizational growth.

The benefit associated with succession planning rests in the assurance that recruited individuals will develop their skills and be prepared for advancements while the organization retains them. This ensures a return on the organization's training investment (Developing new leaders, n. d.). Succession planning involves the understanding of the organization's long-term goals plus objectives and identifying the workforce's needs (Developing new leaders, n. d.)

Succession planning can also assist in the development of a diverse workforce by enabling the decision-makers to look at the future make-up of the organization as a whole. Effective succession results can increase retention, establish valuable training goals, and increase preparation for leadership through enhancing employee satisfaction, commitment to work and improvement of the image of the organization (Developing new leaders, n. d.). Management of succession could involve career movements.

Career movements can take several forms, for which Swanepoel, Erasmus, van Wyk and Schenk (2000) depict as lateral, vertical or diagonal movements. Lateral movements are comprised of movements across the same level but to another department or branch. Vertical movements can be in the form of promotion or demotion and diagonal movements can mean the assumption of a position up or down but across disciplines. In South Africa promotion has become a contentious issue due to aspects such as Employment Equity (EE) and Affirmative Action (AA). In the past, promotion was awarded on work performance and history of the individual in the organization. However because of AA and EE, and flatter structures in organizations, which cause a limit to promotional opportunities, for certain non-designated employees, an expectation of unhappiness and debates among the workforce are anticipated (Swanepoel, Erasmus, van Wyk & Schenk, 2000).

The factors influencing succession create a major challenge for Human Resource departments in organizations when dealing with succession plans. Other challenges that are to be considered when developing a succession plan in South Africa is that in the context of AA and EE the following should be kept in mind. These are clearly set out by Swanepoel, Erasmus, van Wyk and Schenk, (2000, p. 449).

Every employee should be informed about promotional opportunities

The criteria for promotion should be clearly delineated

Unsuccessful candidates should be provided feedback regarding the reasons for their failure to be promoted

Designated employees, as described in the Employment Equity Act, must be groomed for promotion. Every employee must be provided with a career path, sufficient training and skills necessary at each stage of their career in order to be in line for promotion. The organization's Affirmative Action plan and goals should be considered when making the final decision about the candidate being considered for promotion.

Succession planning has a definite role in a focused retention strategy. Identified employees need to be trained in order to qualify for promotion. To this end, the review now considers the next component of the Total Rewards Model, namely training.

TRAINING

Training "is the systematic and planned process to change the knowledge, skills and behaviour of employees in such a way that business objectives are achieved" (Cronje, Du Toit, & Motlatle, 2000, p. 466). Training is directly related to the improvement of an employee's job-performance in the organization. "Employee development is directed mainly at creating learning opportunities and making learning possible within a business." (Cronje, Du Toit, & Motlatle, 2000, p. 466).

The difference between "training" and "development" programmes is then that "training" is aimed at overcoming a perceived problem or set of problems where the main difficulty is identified as a deficiency in performance. The performance deficit is thought to be able to be overcome by the application of a specifically designed training initiative.

"Development", by contrast, is a more diffuse activity, aimed, at equipping individuals in a general way for more responsible promotion roles. Development activities include sending promising future executives to programmes run by business schools- management development programmes, where participants learn a variety of new skills, which will stand them in good stead in future promotion positions. But this is seen as a long-term strategic activity and is not meant to solve short-term problems identified through performance appraisals and where the solution, or partial solution, might lie in the application of a 'tailor made' training initiative.

Training plays a profound role in the encouragement, support and development of employees and has a major influence on the success of an organization. It is important to optimize the contribution of employees to the aims and goals of the organization. Training and development should be viewed as an investment in people and ensure an adequate supply of employees who are technically and socially competent, and capable of career advancement into specialist departments or management positions (Mullins, 1999, p. 688). The benefits associated with training

are applicable to the organization as well as the individual employee. Harvard Business Essentials (2002, pp. 101-115) hold that when organizations develop their employees several important benefits arise for the organization: Development of individual employees increases the value of the organizations' human assets.

Development ensures that competent individuals will be able to move up, as vacant positions appear further up the hierarchy.

Development establishes a pool of employees who understand the organization as well as the industry, and are therefore prepared to assume leadership positions as the organization grows.

The development of employees contributes to effective retention of key skills.

Mullins (1999, p. 689) states that training can lead to the following possible benefits for employees:

- Increases the confidence, motivation and commitment of the employee
- Provide recognition, enhanced responsibility, and the possibility of increased pay and promotion
- Give a feeling of personal satisfaction and achievement, and broaden opportunities for career progression.

Training is therefore a key element of improved organizational performance. It assists with the gap between desired targets and actual level of work performance. However, although the potential benefits of training may seem clear, it does not necessarily follow that training, will lead to improved performance (Mullins, 1999).

Training can easily become an agenda for conformity and will only help if organizations learn how they can use an individual's capability and connect talent with the culture and processes of the organization in order to serve the business goals (Mullins, 1999, p. 689).

Training programmes like succession plans need to be congruent with the strategies and goals of the organization. The training programmes should be well planned, organized, activated and controlled. Landy & Conte (2004) suggest Kirckpatrick's four level model as the well-known framework with which to evaluate training endeavours. This model can help organizations to review the extent of congruence and relevance of the training program to the strategies of the organization.

1. Reaction criteria: it is the measure of the trainee's impression of the program, whether they liked the experience, or not.
2. Learning criteria: measures how much was learned in the programme.
3. Behavioural criteria: measures of how well the acquired skill from the programme transferred to the job, i.e. how they newly learned issues resulted in changed behaviour.
4. Results criteria: measures of how well the training resulted in improved organizational outcomes such as productivity gains, cost savings, error reductions, or increased customer satisfaction.

Training is vital to the development of employees and to the improved efficiency of the business. It is clear from the literature that the use of learning and development factors with all their sub-components is critical in developing an employee retention strategy. The review shifts the attention on the literature concerning the fourth component in the Total Rewards Model, the work environment.

2.4.4 Work environment

The fourth component in Bussin's (2002) Total Rewards Model includes the organization climate, leadership, performance support and work/life balance. The work environment and its sub-components have a critical role in the retention of key employees. The manner in which an organization treats its employees also has a direct influence on retention (Dibble, 1999). Each of the sub-components will now be discussed to examine its importance.

ORGANIZATION CLIMATE

The organization's climate is interpreted by Childre and Cryer (1999, p. 111) as "the collective atmosphere of a workplace: the attitudes, perceptions and dynamics that affect how people perform on a daily basis." The climate of an organization influences the behaviour and perceptions, of employees in their specific positions and these collective behaviours portray the nature of the organization.

Brown and Leigh (as cited in Childre, & Cryer, 1999, p. 112) stipulate six dimensions, which affect an organization's psychological climate;

1. Supportive management: illustrates the extent to which people feel supported by their immediate manager
2. Clarity: means the extent of knowing what is expected of an employee in a particular work role
3. Contribution: the view of employees that their contribution is worthwhile. Employees need to feel they have a purpose in the organization (Curry, 2005).
4. Recognition: an employee's awareness that their contribution is recognized and appreciated in the organization
5. Self-expression: having the option to honestly question the way things are done
6. Challenge: the premonition that one's work is challenging.

The feelings held by employees in each of the abovementioned dimensions demonstrate their perceptions of the psychological safety and meaningfulness of the organization. An organization's well-being and performance is a reflection of a financially and psychologically healthy organization (Harter, Schimdt, & Keyes, 1999). A positive organizational climate encourages employee performance, effort and involvement with their work.

In turn the performance, involvement and effort portrayed by an employee reflects the satisfaction he/she experiences with his/her job. Job satisfaction displayed by the employees of an organization offers important clues about the health and profitability of an organization. De Beer in Mashonganyika (2004, p. 37) puts forward the following definition of job satisfaction: “the attitude of workers toward the company, their jobs, their fellow workers and other psychological objects in the work environment.” Job satisfaction is a global concept that also includes elements such as pay, promotion, relationships with coworkers, the quality of supervision and the nature of work itself. It is important for the employer as well as the employee to understand the factors impacting on the satisfaction with employment since it will determine whether or not an employee will continue in a position (Judge, Parker, Colbert, Heller, & Ilies, 2001). Satisfied employees are usually more cooperative, efficient and stay committed longer to an organization.

The extent to which employees are committed to an organization is therefore directly related to their motivation and satisfaction. If an employee is committed there is a tendency for the employee to be high in achievement motivation, display a positive attitude towards colleagues and superiors, be more autonomous and have the opportunity to display skills and abilities (Schultz, & Schultz, 1986).

LEADERSHIP

The term leadership in social psychology means: “the process through which one member of a group (its leader) influences other group members towards attainment of shared group goals” (Baron, & Byrne, 2000, p. 566). This definition, applied to organizations refers to the management team that leads the employees towards the achievement of organizational goals. The leadership of an organization affects the performance, motivation and morale of the employees. Managers are the leaders of an organization and control the issues of authority; power, influence, delegation and responsibility. The performance of any organization is in direct proportion to the quality of its leadership (Cronje, Du Toit, & Motlatla, 2000). Swanepoel, Erasmus, van Wyk, and Schenk (2000, p. 369) summarized the many theories of good leadership as follows:

- Recognise individual differences in employees.

- Place people in positions that are congruent with their personality, potential and skills.

- Formulate specific goals for employees.

- Provide immediate feedback on how employees are performing.

- Ensure that the goals formulated are perceived by the employees as attainable

- Link rewards to performance

- Individualise the rewards by realising that people have different needs and are therefore motivated by different rewards

Place great importance on intrinsic motivators as most people work for money and the monetary rewards remain a significant motivator.

A longitudinal study over a ten-year period was conducted with 160 companies to ascertain what factors or elements really work for successful business performance. Nohoria, Joyce and Roberson (2003, p. 45-50) found four primary management practices and two secondary management practices in which organizations should excel for business success. The four primary management practices are:

1. Strategy: Consistently communicating a clearly stated and focused strategy.
2. Execution: developing and perpetuating a flawless operational execution.
3. Developing and maintaining a performance-orientated culture. It is imperative to build the right culture where fun is not as important as promoting high performance and ethical behaviour. The responsibility for ensuring the success in the company should be ascribed to management and employees. Employees can only be held to perform at high standards by sharing in the responsibility and success of the organization when a high level of achievement is reached.
4. Structure: building and maintaining a fast, flexible, flat organization. Red tape can impede progress and dampen employee enthusiasm. Therefore management should strive to make the structure and processes as simple as possible.

Four secondary practices are:

1. Talent: hold on to the talented employees and attract and develop more. The best way to determine whether an organization holds great talent is shown when an executive leaves and he/she can be replaced from within the business. Companies should develop, train and encourage employees by preparing them for new positions. The assumption was that employees were alone responsible for developing and preparing themselves for new positions but a more recent view is that this responsibility can be helped by the organization's culture, policies and processes.
2. Innovations: make industry-transforming innovations. Innovation also includes the ability to foresee and prepare for disruptive events.
3. Leadership: find leaders who are committed to the business and its people. Some CEO skills have to be shown such as building relationships with people at all levels in the organization and inspiring management to do the same. Present them as fellow employees rather than masters and positive attitudes, which translate to the corporate performance, can be more readily fostered.
4. Mergers and partnerships: seek growth through mergers and partnerships.

The success of an organization depends on the quality of the leadership guiding it. Good management involves giving people clear goals, continuous and helpful support, hopeful feedback, advice for managing change and

continuous good communication (Furnham and Taylor, 2004). Blanchard and Hersey's notion of situational management styles, where the leadership style of the leader must correspond to the development level of the follower, are vital for successful management ("Situational leadership," 1999). The leadership in organizations are the change agents for initiating the decisions that would drive the company to success and effectiveness. A study conducted by Martins and Von der Ohe (2002) looked at trust, as a factor in determining how to attract and retain talent and found that leadership is a determining factor in attracting and retaining talent. In regard to this fact, the leadership also plays a major role in the retention of high-quality employees.

PERFORMANCE SUPPORT

Performance support is necessary for the motivation of employees to work more productively and to increase their feelings of satisfaction and involvement in their jobs (Schultz, & Schultz, 1986). Performance support can be in terms of coaching, shadowing or mentoring employees.

"Mentoring is a term used to help, advise and guide employees through the complexities of the business" (Cranwell-Ward, Bossons, & Gover, 2004, p. 26). Mentoring has several applications, which can include; fast tracking, succession planning, culture change, equality, diversity, leadership and new staff induction. The context of an organization is divided into two categories, which are the external and internal influences that in turn create relevance for mentoring employees in organizations. The external influences include the business environment, globalisation, technological change, restructuring of organizations, mergers, diversity in the workplace, changing the shape of development, managing stress at work and the work-life balance of employees. The internal influences are the development of organizational capabilities, succession planning, and the attraction of talent. A focus on business performance, increased motivation and individual development and improvement (Cranwell-Ward, Bossons, & Gover, 2004, pp. 8-21).

Bluckert (as cited in McDermott, & Jago, 2005, p. 8) holds that coaching "is the facilitation of learning and development for the purpose of improving performance and enhancing effective action, goal achievement and personal satisfaction. It invariably involves growth and change, whether that is in perspective, attitude or behaviour."

The main focus of coaching is teaching people how to lead and manage themselves more effectively. The difference between mentoring and coaching is seen in the focus. Coaching is focused on training whereas mentoring is focused on development (Meyer, & Fourie, 2004).

Benefits associated with mentoring and coaching are the acceleration of Employment Equity, its contribution to employee retention, harnessing full potential and talents of employees, promoting a learning culture in organizations and helping the company to achieve business objectives (Meyer, & Fourie, 2004).

Shadowing: "is a technique in which a person wishing to learn a skill (student) accompanies, observes and collaborates with another (mentor), while that person is employing their expertise on a value-producing assignment." (Elash, & Long, n. d, p. 1.). Shadowing strengthens the judgments and thinking abilities of the 'student'.

Mentoring, coaching and shadowing enhance and support the performance of employees, which as a result positively influences the ability of an organization to retain its employees.

WORK/LIFE BALANCE

Employees in modern society have an increased number of roles and responsibilities, according to Gottlieb, Kelloway, and Barham (1998). Traditionally, organizations separated work from family responsibilities and created separate positions based on gender. Organizations regarded family responsibilities as intrusive in terms of work duties and made no allowance for employees to attend to family matters during work time. Men also placed their work as first priority in their lives and women were regarded as being solely responsible for family care. In modern society, the priorities changed, as more women are following careers and men have increased their role regarding family responsibilities. Employees in modern society hold multiple roles such as earning a living, meeting family obligations and a significant number are pursuing further education or activities like volunteer work. It is in the light of these changes in roles, both employees and employers face the daunting challenge of creating a balance between work and life.

To this end, several arrangements have been initiated for assisting employees with balancing their lives. These arrangements also benefit the organization, as many organizations do not understand the cost of life balance or the interference with work priorities when the working arrangements do not directly address the impact of personal life issues. Gottlieb, Kelloway and Barham (1998, pp. 47-52) suggest some arrangements that could be beneficial to both employee and organization.

The first suggestion is Flexitime or flexible work hours, which consist of a flexible workday with different start and finish times. Organizations adapting to this alternative arrange with their employees for them to be at work during certain specified hours for customer and operating efficiency. Job sharing is another suggestion, which is an arrangement where two people voluntarily share the responsibilities, salary and benefits of one full-time position,

each working part-time on conventional basis. Job sharers devote more time on the job, which is a value-added arrangement for the organization. It is a creative way to balance the demands of a family and community life. Another suggestion is Telecommuting, an arrangement in which an employee works at home or at a customer's office for part of or for the full week. Communication with their managers takes place through phones or computers. Employees are often able to work at home when family demands intensify as long as they alert managers to their whereabouts. A Compressed work week is the last suggestion whereby a standard work week is compressed into fewer than five days, the pattern may be four ten-hour days or three twelve hour days. These suggestions regarding arrangements by an organization for assisting employees in balancing their lives also empowers employees since they have more control over how, where, and when they perform their duties.

The initiatives by organizations may be of great value to employees in balancing their lives. The most prominent problem however is the challenge of a work/life balance still faced by women. It was found that professional South African women of different cultures and backgrounds experience similar pressures and challenges when faced with balancing their different life roles (Whitehead, 2003). Life balance should be approached as life balance moments and not as a single life experience. Women should know themselves, take responsibility for their decisions and actions and apply proactive coping strategies in order to alleviate the guilt of working and raising children. The best way for women to cope with balance is to trust in others for assistance and support and activate organizational support (Whitehead, 2003).

Providing flexible work arrangements for working parents is a vital component of the talent flow management plan. This viewpoint arose from a study conducted by Galinsky and Bond in 1998 (as cited in Levin and Rosse, 2001) on business work – life issues and the flexibility of working arrangements available to working parents, such as leave for family and childcare assistance. The results indicated that both management and colleagues needed to believe in the flexibility of such a work strategy for it to be successful. It was further found that child-care benefits should be part of a cafeteria benefit package. This package allows employees to configure a benefit package that best meets their individual needs. Initiatives by organizations can definitely assist and alleviate the stress associated with balancing work and personal life, which is a critical factor in the retention of key employees.

2.4.5 In conclusion

The review of the relevant literature pertaining to the study started with the field of Organization Development, moved to a discussion of retention, an exploration of the Employment Equity Act and then defined and investigated the Total Rewards Model and its various components. Throughout the review, the importance of retention was highlighted. The relevance of the Total Rewards Model as the conceptual framework for the study was clearly evident as this model was the most comprehensive in suggesting factors necessary for the retention of employees.

2.4.6 Brief overview of organization

The study was conducted in a financial organization in Johannesburg. The organization is a high quality financial engineering business, structured into five divisions namely, A Debt and Equity Structuring Unit, Market Activity, Risk Management and Finance and Corporate Services. The company underwent a transition period little over a year ago. They not only experienced a name change but also an exercise of downsizing the company. The transition led to the retrenchment of many employees and a climate of instability and uncertainty. The environment has stabilized since then. An external consultancy conducted an Employee Relationship Audit highlighting the areas of strength and areas in need of attention within the organization. One of the identified areas was the need for a retention strategy.

The researcher gained access through a gatekeeper and went for an interview with the HR manager to assess the situation. Both parties agreed on the research topic and permission to access the organization and relevant information was granted for three months. A report on the results of the study was presented to the HR manager and a PowerPoint presentation was delivered to senior management, including the Chief Executive Officer (CEO). During the presentation questions were posed and discussions were raised. The researcher left the organization after the three-month period.

Chapter 3

Methodology

3.1 Aim of study

The aim of the study was to investigate the factors necessary for the development of an organizational retention strategy within a financial organization for employees from designated groups. Designated groups are as defined in the Employment Equity Act 55 (1998) as equity employees and will be henceforth referred to as either designated or equity employees.

3.2 Method

The research study was conducted within an interpretive paradigm and employed a qualitative methodology. Prime concerns in interpretive social sciences are how people interact and how people create and maintain their social worlds (Neuman, 2003). The interpretive paradigm enabled the researcher to investigate the meanings, interactions and expectations of the employees through individual interviews. A qualitative methodology offered the richness and detail of data, which was necessary to uncover the meaning that employees attached to organizational life. The researcher also applied the creative and critical thinking necessary for qualitative studies (Patton, 1990). Considering new ideas and looking for imperfections increased the validity of the study.

3.3 Participants

The research study was focused on a retention strategy pertaining to equity employees at management and employee levels. The financial organization has five divisions, namely: A Debt and Equity Structuring Unit, Market Activity, Risk Management, Finance and Corporate Services. Every division is again divided into different sections, each with a manager. There are currently thirty managers of whom nine fall into the category of 'designated' employees.

Nine managers and twenty-one employees, a total of 30 employees were selected as participants for the individual interviews. This sample was drawn by using a purposive sampling technique. Purposive sampling uses the judgement of an expert in selecting cases, or selects cases with a specific purpose in mind, which fits particular criteria by using different methods (Neuman, 2003, p. 212). This sampling technique aided the researcher in identifying particular participants across the five divisions of the organization. "Particular participants" refer to 'designated' employees as set out in the Employment Equity Act (1998), referring to Black people, women and people with disabilities. The thirty participants were selected from different hierarchical levels in the organization with the exception of personal assistants and Executive members. The focus of retention lay in key positions,

where incumbents were easily poached by rival organizations and where a scarcity of equity employees existed in the labour market.

The Human Resource manager provided the researcher with an employee list of the people in the organization. Equity employees as well as the nine managers falling into this category were highlighted. The employment list was then reduced to contain only key equity positions as the study focused on positions where incumbents were easily poached by rival companies and for whom a scarcity existed. The researcher then selected cases across the divisions, with the assistance of the HR manager, for verification of the status of an equity employee.

An email was sent by the HR manager to the selected sample, which explained the purpose of the study and requested their participation. The researcher then sent e-mail appointment requests to all thirty employees. Twenty-eight of the participants responded and four declined participation. Overall, twenty-four employees participated in the research study.

3.4 Data Collection

Data collection took place by means of accessing three different sources of information. The first was the Employee Relationship Audit, which was conducted a little over a year ago by an established consultancy. The report indicated the strengths and weaknesses of the organization and made suggestions for improvements. One of the suggestions was the development of a retention strategy pertaining to equity employees. This suggestion noted the need for an investigation into the factors necessary for the development of a retention strategy in the organization. It identified the need to improve organizational effectiveness, which is in line with Organization development, and substantiated this research study. The second source of information was the exit interviews conducted after a downsizing activity was undertaken. The exit interviews were a rich source of information. The last source of information was the transcriptions made from the twenty-four individual interviews conducted by the researcher. Consequently, the data for the study was collected in three stages. The data collection process commenced with the examination of the Employee Relationship Audit Report showing the existing levels of job satisfaction experienced by the employees. The report was used to assess the satisfaction levels and climate of the organization. It was further utilised to inform the interview guide.

The second stage was gaining access to the exit interview records. The exit interviews were based on a structured questionnaire approach. The Human Resource manager granted permission to access these nine exit interviews and strict ethical standards were maintained throughout the process. Anonymity and confidentiality were maintained by ensuring that the identities of the previous interview respondents and survey participants were kept confidential.

The analysis of these interviews, the Employee Audit and the Total Rewards Model were used in the construction of the interview guide for the individual interviews.

The final stage of the data collection process involved the conducting of individual interviews. An interview is described by Kvale (1996, p. 14) as “an inter-change of views between two persons conversing about a theme of mutual interest.” Kvale (1996) further declares that a conceptual and theoretical understanding of phenomena under study is critical to establish a base to which new knowledge will be added. Knowledge of the phenomenon “retention” was required to formulate significant questions. The researcher rigorously followed the guidelines provided by Kvale (1996) in order to conduct valid and reliable interviews.

Semi-structured interviews were conducted since it allowed the researcher to probe responses to structured questions and to obtain additional and clarifying information (Leedy, 1997). The interviews were held in a private room, in the conference area of the organization. This allowed the participants to speak freely and without noise since most of the employees sit in open offices. The interviews lasted for between 30 to 50 minutes. A copy of the interview guide can be found in the appendix marked ‘A’. All the interview sessions were tape-recorded and transcribed, maintaining strict ethical standards. Every participant was requested to complete and sign a consent form as well as a release form for the purpose of making a tape recording of the interview. Only the researcher had access to the tape recordings and they were destroyed after the transcriptions and analysis were completed.

3.5 Data analysis

Data analysis throughout all three stages of the data collection process was performed by making use of thematic analysis as described by Kvale (1996). Thematic analysis is the process by which some general themes were derived from reading the literature and more themes added as the analysis process continues (Miles & Huberman as cited in Ryan, & Bernard, 2000). In the case of the research study the researcher, as previously stated, used the Total Rewards Model developed by Bussin (2002) as the theoretical framework against which the themes were formulated. Elaboration of these themes was made possible by comparing the themes with additional data drawn from the interviews. The themes finally derived from the research process were then interpreted within the framework of the Total Rewards Model where the analysis process identified an additional theme with sub-themes.

3.5.1 Validity, credibility and dependability

Several techniques as discussed by Kelly (1999), Babbie and Mouton (2001), and Durrheim and Wassenaar (1999) were employed for enhancing the validity, credibility and dependability of the study. These authors propose several techniques for enhancing an interpretative study. The researcher attempted to apply the techniques apposite to the study in a rigorous fashion.

Firstly, the genuineness of the data analysis and interpretation was verified with the participants and the HR manager. This action was executed in relation to the technique called member checks developed by Babbie and Mouton (2001) for enhancing the genuineness of an interpretive study. The researcher further aimed to pursue different ways of interpreting the analysis by reviewing the interpretation against theoretical readings and the Total Rewards Model as a conceptual framework.

Secondly, attention was given to any discordant information by the adoption of a critical stance towards the research process. The researcher continually looked for discrepant evidence as a means of producing a rich and credible account (Durrheim, & Wassenaar, 1999). The results and interpretation of the study provided detailed information to allow readers to form an independent opinion of the research process for the assessment of the validity of the study.

Thirdly, by presenting the results to senior management the research study undertook communicative validity (Kelly, 1999). The professional audience asked questions and could criticize any points in the study and the researcher had to substantiate the claims made in the study. This activity increased the validity of the study since it attracted criticism and recognition for laying claim to the accuracy of the results (Kelly, 1999).

Fourthly, the researcher aimed for a dependable research study as the researcher expected the employees and the organization to behave differently if the same study was done again and that the exact same results may not be obtained (Durrehim, & Wassenaar, 1999). The dependability of the study was also increased through the provision of the thick, rich detailed descriptions of the study. This showed the reader how certain actions and opinions were rooted and developed throughout the interaction.

Fifthly, by employing data triangulation in interviewing and analyzing other data sources, the richness and dependability of the data was enhanced (Patton, 2002; Kelly, 1999). Triangulation strengthens a study by combining the methods (Patton, 2002). Therefore the use of the Employee Relationship Audit Report, exit interviews and the individual interviews strengthened the study by making it more dependable.

Lastly, the data was systematically analysed and previous experience in interviewing increased the competence of the researcher (Patton, 2002). These methods enhanced the quality and credibility of the qualitatively study. It was therefore clear that the application of all the previous techniques and methods strengthened this research study.

The researcher also maintained strict ethical standards throughout the study. The three ethical principles described by Durrheim and Wassenaar (1999) were applied throughout the study. The researcher respected the autonomy of all the persons participating in the research work, by addressing issues such as voluntary and informed consent and the freedom to withdraw from the study at any time. The second principle of nonmaleficence for doing no harm to the participants or organization was carefully guided. The aim of the study was to benefit the organization as well as the employees, which adhere to the third principle namely, beneficence.

In summary, careful methodological decisions were made. The researcher aimed to strengthen the quality, credibility and dependability of the study by employing several techniques. Adherence to strict ethical principles were very important to the researcher as the trust inherent in gaining access to sensitive information and to employees were necessary for a high-quality study.

Chapter 4

Results

The results of the research study were divided into three sections. The first section was comprised of the thematic analysis of the exit interviews. The second section covered the analysis of the Employee Relationship Audit. The third section encompassed the results of the thematic analysis of the interviews conducted with the twenty-four participants.

4.1 Results of exit interviews

Nine exit interview records of designated employees were received from the HR manager and were subsequently analysed. The exit interviews followed a structured format, which made the responses structured and easier to analyze. Thematic analysis was used together with the Total Rewards Model as the conceptual framework for the themes. The components were identified as the themes for the analysis and expounded upon. The results were used to inform the interview guide.

Theme 1: Pay

Salary

Questions regarding the level of satisfaction with their salaries were posed to the employees who had resigned. Six of the nine interviewees felt that the salary they received was not market-related. They felt that they were underpaid and not paid according to their performance. The remaining three interviewees felt that their salaries were good. Since the majority of the responses were negative, the researcher felt that it was necessary to gauge opinions concerning salaries of the participants in the subsequent interviews and therefore included it in the interview guide.

Benefits

The exit interview asked questions regarding the benefit package offered by the company. The medical aid scheme was seen as not being good by half the interviewees. There was one complaint about the distance to the allocated parking area, off the premises. The organization has two parking areas, with one being on the premises and the other parking area a distance from the premises at another organization. The majority of employees have allocated parking bays at the premises and a few at the distant parking area. The interviewee's complaint about the distance of the parking area felt that the parking area on the premises should be enlarged for convenience and security reasons. These were the only opinions voiced with regard to the benefit package. A question on the benefit package was included in the interview guide, for further exploration.

Theme 2: Learning and Development

Career development

Six of the nine interviewees claimed that advancement opportunities were limited due to the flat structure and size of the company. There were more opportunities for advancement in junior levels but there was seem to be a definite ceiling on the career growth of any employee beyond junior level. Three participants stated that opportunities do exist and one claimed that these opportunities should have been publicized before people left. The majority of the responses indicated a limited career growth and the existence of a ceiling in the organization. It was therefore vital to include a question in the individual interviews regarding the career plans of the employees in the organization.

Feedback on performance

Three interviewees felt that feedback was not adequate and one of them stated that there was only one performance appraisal in two years. Six of the respondents mentioned that feedback was adequate and given by the manager but they did not respond to the actual performance review process. Irregularity in the adequacy and sufficiency of feedback indicated the need for posing a question with reference to feedback in the interview.

Training received

Three interviewees responded very positively towards the training they had received in the company and felt it was adequate and made no suggestions for improvement. However mixed responses were found among the remainder of the six interviewees. Two said that they did receive some external training but that more was needed. They also said that junior staff received more training than senior staff and that certain product training was too generic and needed to be tied only to the company. A further two felt that people should be sent on training courses more often as no real training has been received. Suggestions regarding training procedures included the need for the company to allow people to go on training courses and to be trained in the specific aspects of a position. A question on the training received and desired was incorporated into the interview guide as to assess the current situation in the company.

Theme 3: Work Environment

Organization climate

The majority of responses viewed the company as a great place to work and noted that the people were professional and a pleasure to work with. The organization, as stated previously, went through a downsizing activity and a name change. In light of these changes, it was noted that the current organization did a better job in creating a comfortable climate than in the past under the old name. However a situation was still seen to exist which divided the company into an 'us and them' environment, with a division between new employees and those that had been in the company for some time. There was also a concern about the lack in teamwork within the organization. The company was complimented on being an extremely rewarding place in which to work and two of

the respondents said they had gained valuable experience. The majority of interviewees responded positively when asked if, given the opportunity, they would return to the organization. This result reflects positively on the environment of the company and further exploration was done in the Employee Relationship Audit.

Leadership

The predominant response from the interviewees was that they had a good relationship with their respective managers. Only one noted that he had a mentor in the company. One mentioned that his manager had no experience. The ability of the managers to lead their subordinates was again reviewed in the Employee Relationship Audit before considered for inclusion in the interview guide.

Communication

The feeling of the interviewees was that a lack of communication was evident in the company, even to the extent of making work difficult. There was a need for improvement in communication and especially communication between departments, staff and managers. Because of these comments a question was incorporated in the interview guide on how participants felt about the communication in the company.

Work/life balance

Only one interviewee responded on the issue of the company's accommodation of an employee's work/life balance. The concern was that when taking time off an individual felt that he/she was disturbing others' routine. Due to the low response rate, a question was posed in the interviews on the ability of the participants to balance their lives.

Reasons for leaving

The interviewees were asked the reasons for leaving the company. The answers could assist the company in identifying possible factors for improvements, which would assist in retention efforts. Five interviewees felt that other organizations seemed to offer better personal growth prospects. Three left for more pay and an ability to balance family and work life. One left because of frustration and the inability of superiors to listen and resolve his/her complaints. These reasons were noted for further elaboration in the interview guide.

4.2 Results of Employee Relationship Audit Report

Only the results of the Employee Relationship Audit conducted by outside consultants applicable to this research study were used. The Report was specifically commissioned to assess the work environment of the organization because a work environment conducive to employee satisfaction plays a vital role in the retention of key employees. Added indications in the report were necessary to corroborate the data derived from the exit interviews and were used to inform the interview guide.

Work environment

The Employee Relationship Audit survey indicated that the employees appreciated and approved the flexibility in the organization. The flexibility regarding work hours, dress code and execution of tasks fostered an environment of employee satisfaction. The participants further described the environment as an aesthetic appealing work climate. The overall results of the survey indicated a relatively 'healthy' organization with lots of potential for the future and to become an Employer of Choice. Notwithstanding this positive news of the work environment in the organization, a number of other aspects were highlighted and identified in the analysis.

Communication

A lack of effective and efficient communication was identified within the organization. The survey indicated that the communication flow from management, between departments and within divisions were all in need of attention. This issue was also identified in the exit interviews and was consequently included in the interview guide for the individual interviews. Communication affects the environment and climate of an organization and it is for this reason that a need to re-assess the communication flow in the organization was vital.

Training

The Audit indicated that a lack in opportunities, especially regarding training was evident in the organization. The participants in the Audit survey said that no opportunities for training were made by the organization and that a desperate need existed. This resonates with the results from the exit interviews. It was therefore, necessary to include a question on training in the interview guide.

Career development

The results signified a perceived ceiling with regard to career opportunities within the organization. A lack of opportunities and training led to the inability for individuals to develop in a chosen career. These results impeded the progress of the organization and the question about career plans was necessary for inclusion in the interview guide.

Leadership

Management was perceived as unapproachable, unavailable and unsupportive of their subordinates. The leadership of an organization had a strong influence on the retention of key employees. This result albeit not as strongly evident from the results of the exit interviews indicated the necessity for the inclusion as a question in the interview guide.

Feedback

The results demonstrated that recognition, praise and appreciation for quality work, did not seem to be a priority in the organization. This may have led to demotivated employees, and a question to assess whether the organization had addressed this issue was relevant for the investigation of factors necessary for the development of a retention strategy.

The abovementioned results were derived from the Employee Relationship Audit, which was conducted a little over a year ago. Suggestions were presented to the organization for improving the areas in need of attention. Some actions were implemented by the organization to address certain of these issues. The inclusion of these issues in the interview guide was crucial for the investigation into factors necessary for the development of a retention strategy in the organization. A copy of the interview guide can be found in the appendix marked 'A'. The results of the individual interviews are now presented.

4.3 Results: Individual interviews

The following themes have been identified from the results of the twenty-four individual interviews. The themes that were identified during the analysis of the Employee Audit and Exit Interviews were incorporated with the Total Rewards Model to develop the interview guide. The interview guide assisted the researcher in conducting twenty-four semi-structured interviews and the results were as follows:

Theme 1: Pay

The question posed to the participants asked how they felt about their salary and whether they thought it was market related. Participants answered the question in relation to their monthly salaries and three types of responses were obtained:

Participants feeling that their salaries were market related

Sixteen participants expressed satisfaction with their salaries and felt that they were market related. The perception among some of these responses was that pay is in relation to worth in the organization. Some participants also said that the company based the salaries of their employees on a survey conducted among competitive companies and that the salaries mainly fell between the 50th and 75th percentile, with increases given annually according to the market. Some comments substantiating these results for purposes of clarification and substantiation were:

"We are well paid people"

"I feel I want to get compensated for what I am worth"

"Your money should be in line with your responsibility"

Participants feeling their salaries are not market related

Six participants thought that their salaries were not market related. Two of these participants compared their salaries to advertisements for a similar position in another organization and found that they were paid below the rates advertised for the posts in the other organization. Another two falling in this category said that they regarded the experience gained in the organization as invaluable and the salary was not a prominent factor in their career. The remaining two participants claimed with certainty that the organization was in the process of reviewing their salaries and their salaries were therefore not bothering them at present.

"I look at ads and see people are earning more or I think so."

"My salary is not bad but I know I can get more somewhere else but in terms of exposure there is a lot more than at other places."

"At this stage probably not but I know they are working on a remuneration structure."

Participants ignorant with regard to the market relatedness of their salaries

Two participants were uncertain whether their salaries were market related or not.

"To be honest I'm not sure whether it's market related."

The responses indicated that the remuneration package offered by the organization was market related.

Sub-theme 1.1: Recognition

Forms of recognition in the organization were reviewed as respondents received either verbal comments or monetary rewards. The majority of the participants said that verbal recognition from their respective managers was sufficient. *"Credit was given where credit was deserved."* Praise for high-quality work delivered was mentioned by some participants however others felt that recognition was sometimes only given to those that promoted themselves 'right' and not necessarily on the basis of work well done. In terms of financial recognition, share options were seen as a form of recognizing the participant in the company and those who had not received this option noted the absence but mentioned need for monetary recognition such as a short-term incentive plan.

Sub-theme 1.2: Shares

Positive responses were received from participants with shares or the option to obtain shares in the organization. Share options were viewed as a retention strategy, as motivation, a form of recognition and as having made a contribution in the company.

"With the share options I am making some sort of contribution to the company and with giving me that option they would love to retain me, which is a good sign."

The option to obtain shares by selected employees was viewed as giving the organization a leading edge since some of the respondents' peers in other organizations did not have the option.

Participants who did not have the option to gain shares expressed their discontent towards the organization. The participants felt worthless, easily replaceable and as if they were not worth retaining. The action from the organization in not providing another retention and recognition scheme led these participants to believe that they were not valued by the organization and not needed enough to be rewarded for their contribution.

"They are cutting the entry level, the bottoms won't get share options and that sometimes bothers me as I think they don't want to keep me, I am quite replaceable and they don't value me or (see me as) worthy enough to be retained."

n effective monetary reward system such as a short-term incentive plan is seen as the first factor necessary in the development of a retention strategy for the organization, specifically pertaining to equity employees.

Theme 2: Benefits

The participants were asked how they felt about the various benefits, including the bonuses they received and whether the benefit package was market related or not.

Twenty-two of the participants felt that the benefits they were receiving were market related and two had no idea as they had recently graduated from university. Of the twenty-two participants, five felt that the benefits are good and that they would not change a thing.

"We have everything we need: travels a lot for courses and go for lunches. Salary and bonuses are more than market related."

The remainder of the twenty-two participants felt that the benefits offered by the organization were the standard, basic benefits package offered by any organization in a similar corporate environment.

Sub-theme 2.1: Health care

The medical aid scheme offered by the organization was a problem for many of the participants. There was a common concern about the adequacy of this scheme. Some participants even felt that they would pay more just to be part of a different scheme. Others felt that the only solution was to give them more than one option for a medical aid scheme.

Sub-theme 2.2: Retirement

The majority of participants voiced their satisfaction regarding the pension fund offered by the organization. Only one participant made a suggestion where switching between the pension fund and a provident fund may lead to the individual being more in control.

Sub-theme 2.3: Bonuses

Predominantly positive responses were evident when the participants discussed their bonuses. Participants viewed their bonuses as good and evidence of an aim to retain them by the organization. A concern for the big amount difference between certain departments was seen as a demotivating sign as some participants said that they worked as hard and were unable to see why others got so much more. Some comments in regard to these views were:

"I have good bonuses which is a sign that they want to keep me."

"Bonuses are fair, they relate to your performance and you want that transparency."

"The benefits are good, maybe they can reduce the difference between the rainmakers and the risk people."

"The company expect you to deliver, at the end of the day it is whether the benefits justify the effort you put in and I love my work, don't mind to put in the hours as I find it very satisfying and to top it off in the end: is the bonus."

Sub-theme 2.4: Leave

The sub-theme identified as leave refers to both the annual leave as well as maternity leave allocated to employees in the organization. The annual leave allocated to employees was viewed as being inadequate in comparison to the rival companies in the same financial market as only being allowed 21 days annual leave was less than the competitors' offers. The participants felt that an allocation of 5 more days would be sufficient. Despite the dissatisfaction expressed about the annual leave days, maternity leave was seen as being very generous.

Sub-theme 2.5: Perks

The perks mentioned were seen as the most important reward issues in the work-life of the participants. The importance attached to some perks was therefore viewed as a factor in the retention of key employees.

- ✓ A valet service for your car once a week
- ✓ Subsidized canteen and paid company lunches
- ✓ Available parking, with allocated bays, shading and security
- ✓ Travel for courses, small gym
- ✓ Ability to log into internal server from home

Four suggestions for adding relevant services to the benefit package were made by four participants. These suggestions included a car and home loan subsidy, special arrangements at stores to assist the professional women to look presentable and providing more getaways for the organization as a whole.

Theme 3: Learning and development

Participants were asked a series of questions relating to performance reviews, training and their career development plans. Learning and development were identified as important actions in the lives of these participants.

Sub-theme 3.1: Career development

Two salient responses were identified during the analysis. Participants either had a fixed career development plan or they felt that a predetermined plan might hinder their opportunities. Those participants with a fixed plan knew where they wanted to be and how they were going to get there. The other participants expressed a desire to follow their own career path, which would afford them more opportunities than with a predetermined plan.

"I am in a specialized field there will be a certain type of career path and that is not necessarily what I want. If there is interrelated fields I want to explore that, so I wouldn't want to limit myself."

Three key words were identified from the different responses given by the participants on how they saw their career development in terms of the specific organization. These words can serve as a reflection of the ambition of the participants in following a career and not just having a job. This idea is best portrayed by a response given from one of the participants: *"people are responsible, we here have careers not just a job."*

1. Growth: The participants expressed a desire for growth in their positions as well as in their careers. The responses were made around the condition of staying in the company for as long as there was growth in their career. Some comments:

"I would like to see my career going somewhere but there is more politics going on."

"Growing upwards and not stagnating like doing the same things year after year."

"The onus rest on myself to develop, I am very ambitious...want to reach senior management..."

"I believe I must drive my own career plans and I think 'company' is supportive..."

"I feel I have something to offer 'company' and they have something to offer me. Same time it is about my development."

2. Challenges: the participants felt that they were satisfied in the company since they were constantly being challenged in their positions. Some comments made were:

"It (job) changes all the time I am not remotely doing the same as what I was doing then...I always need that challenges."

"My job is still challenging..."

3. Learning: The majority of responses were situated around the action of learning. The exposure to different opportunities or interrelated fields within their areas of interest served as part of their career development plans. Comments:

"I want to learn a lot...and I am willing to ask questions."

"It's been a great learning curve, it gives you the confidence to voice your opinion."

"I want to learn a lot till I get to the place where I can specialize...in one area."

"I am trying to develop more like a skill based thing"

"It is still in a learning curve which I like and prefer."

Satisfied participants voiced the above-mentioned responses with regard to their respective positions. However seven of the participants' felt that the exact things that they desired in their career development were not available within the company. These aspects can be divided into two categories:

1. The hindrance of growth: participants felt that there were no opportunities for growth and development in their current positions. Some comments:

"I can't see myself moving here..."

"Where I am coming from and where I want to go I see no growth opportunities."

"I do not see in the future that there will be anything that would allow me to grow." "It is a small company and there is no growth it is money wise but not career wise."

2. The hindrance of learning: the participants felt that they were not learning enough in their current positions.

"I just look at what they do I don't get a chance to do something."

"The things I learned at university are not utilised in my position."

The lack in career development opportunities as voiced by some of the participants is identified as the second factor necessary in the development of a retention strategy in the organization.

Sub-theme 3.2: Performance management

The performance review has only recently been re-instated in the organization and a re-definition of job descriptions were done before the full implementation of the review commenced in the last month of the study. The participants were asked what they felt about the performance review as a performance management system. The responses also display the effectiveness of the performance review in the organization.

There were three definite kinds of responses from the participants. There was the group consisting of young graduates expressing their ignorance about the process as well as the possible benefits associated with completing a performance review in the company. The second group of responses consisted of participants who had past experience of performance reviews. This experience was either in the organization under review or at their previous employer. This group identified the importance of having performance reviews and could also see the benefits associated with them. Those who had past experience of this activity in the organization under review had negative comments but still viewed the review as an important process. The third group was of the opinion that the process was important but whether there were benefits associated with the process in the organization under study remained to be seen. The three definite responses can be verified with the following comments.

1. Don't know:

"I don't really know. Essentially you just see that you are where you should be etc."

"I've been here too short a time to really know what the benefits are."

"We had to discuss objectives and goals, was very difficult as I didn't know the job then but one is coming up so that will be better. So I didn't like it then."

"... Only looks like formality... the whole performance review thing doesn't help filling in all that forms and he (line manager) has to buy into the story about my personal career path."

"I haven't done one yet but I get the impression that they are not taken seriously, they need to explain what the benefits are, it needs to tell you that because I meant that what is my reward or if I don't then that is my punishments, that is not clearly defined."

2. Important:

"They are important but everybody knows that they have been neglected in the past and at one stage they were superficial...was a forced thing...it wasn't a flowing communication or informal feedback...it is important to get that feedback"

"it is very good, they explain every section of your job and tell you what they expect from you."

"They are important, everyone needs goals and achievable ones...people might think they are a waste of time due to past where it wasn't used."

"They are good provided that managers take in and listen to what you say."

"Most of the time it is the only time you get to sit with your manager and then like even though he knows what you are doing he is expecting effort from you...and someone says you did good or can improve on that. One wants that recognition." *"Necessity and beneficial...have been dysfunctional. We need that formal or concrete review."*

"It's a sounding board...gives you idea where you are and gives the company an idea of your developments."

3. Apprehensive:

"Hate doing them because of paperwork but it is important because people need to know where they are going...they can be too restrictive...can make growth stagnate." *"Process is good but there needs to be follow ups...they are not always done very seriously and also there is thing that it is done differently in different departments...it is difficult but needs to get done objectively"*

"Good in theory but it doesn't work here. It is rushed and the process is not viewed everyday. Problem is that it is left on to due date. It is not continues and not a fair reflection of your six months work."

"It is important...but I think just do it I don't see it as beneficial or as stepping stone. "Previously useless...don't think it is beneficial...KPA's only for your bigger organizations...in smaller organizations people very soon realize if you are not doing your job...so I don't think we can benefit that much."

The participants also saw the need for regular feedback, which may be assisted by the performance review. Two manager participants mentioned that they provided regular feedback to their staff. Other participants identified a need for regular feedback and verbal recognition for high-quality work done.

Sub-theme 3.3: Training

Training was seen as a commitment from the company to develop and manage their talent. Participants were asked to answer what training they had received in the company and what training they still desired.

Four categories were identified from the various responses:

1. On the job training: the majority of participants' felt that it was very important to receive training in the workplace and in the position occupied. They also expressed the need to get on the job training and that the current situation within the company fostered this type of training. It was viewed as an effective form of training and no suggestions were made for improvements. Some comments:

"Free to go on whatever training they would like but most significant and most beneficial training was on the job training. I think that has been more beneficial than any course one can go to."

"On the job training just learning the system as we go along."

"I am learning from the guy I am working with."

"You don't get formal training you just look at what somebody else is doing and then you ask them, so there is on the job training."

"Formal training can only take you that far I think on the job training is much better."

2. The organization is accommodating training. The participants all agreed on the willingness of the organization to send them on training courses. They also claimed that the organization allocated budgets for training courses and promoted training among their employees. Responses verifying these points:

"I haven't had any problems they (company) always pay."

"They do encourage you to study."

"No problem in obtaining training...the training I have done in the last year is more than I have done in the past 8 years."

"...The budget has been provided."

"We are free to go on whatever training we want..."

"Management never says no to courses if it is going to help us."

"If you want to do a course there is budget for that..."

3. Unwritten philosophy. Notwithstanding the praises given for accommodating training an unwritten philosophy emerged through the analysis. The organization did not hand the training to their employees; it was rather based on an initiative of the employee to suggest the training course to his/her respective manager.

"There are training opportunities it is just literally taking them and making training your own can't wait for somebody to send you because that doesn't happen in 'company'."

"If you want to go (on courses), you can. You have to show your initiative, I had no understanding of anything but you ask questions and get involved...I think that has been great deal part of my success."

"It depends on your interests, then they will help you. They don't tell you, you just have to be interested and learn that way."

4. One concern: participants felt pleased with the way the organization approached training and expressed that it demonstrated the company's commitment in developing their employees. Nevertheless a major concern was raised pertaining to the company using the employee's newly acquired knowledge:

"They pay easily for training it is encouraged, but when you have gained the knowledge it is like they are not utilizing it. That needs to be addressed as to get more value for their money." This concern appertains to the career development need evident among the employees.

There were four additional minority responses. Two participants stated that they had not received any formal training and one claimed that learning the system from someone else was not sufficient as it limited the ability to take advantage and discover new ways of doing the work. Another of these participants felt that an induction course to the company was vital as one needed to feel comfortable and to get settled.

The need for using the newly developed skills derived from the training in the organization was identified as the third factor necessary in the investigation for the development of a retention strategy for the organization.

Theme 4: Work environment

This theme incorporated a wide scope of responses as it dealt with all the key aspects concerning the organizational environment. An environment fostering employee satisfaction, motivation and comfort was needed to retain employees. The assessment of the organization's environment was undertaken by consulting the Employee Audit and re-assessing issues that were highlighted in that report.

Sub-theme 4.1: Organization climate

Participants were asked to name the most prominent qualities characterizing the organization. These qualities assisted in describing the current work climate of the organization. The qualities mentioned by the participants can be divided into three prime categories.

The first category depicted the fostering of personal development in the form of learning, growing and gaining experience in a career. The second category concerned the environment of the organization. The participants portrayed the environment as dynamic, flexible and vibrant. The organization was further praised for treating their employees as adults and with affording them the necessary responsibility to do their work assignments. The third category was a description of fellow employees or colleagues working in the organization. These people were depicted as being friendly, allowing their colleagues to feel comfortable and eventually developing into a second family. The prime categories are shown below:

Development:
Learn, Grow,
Experience



"It is niche, challenging it is a new business there is lots of opportunities, open communication."

"That is what's keeping me here that I am used to my max."

"...In terms of benefits not exactly benefits but room to grow that is basically that counts for me."

"The size is not too big so there is a lot of scope to learn"

Environment:
Flexible, Vibrant,
Dynamic



"They are vibrant"

"Profitable since inception so ja its dynamic."

"They are very flexible, they are not hard on you."

"They don't look over you shoulder"

"Are not put in a box...you create your own work...master of your own destiny."

"I like the culture, the openness, the size of it."

"It is dynamic"

"Treat us like adults, expect us to work like adults...we are a sexy company."

People: friendly,
family and
comfortable



"...It is like a family and gives it a fantastic vibe."

"It is small everyone knows everyone."

"People are friendly"

"The friendliness, happy people it is like a family"

"I can try to remember everybody's name for me that's comfortable."

"Become part of each other not just colleagues...like they make you feel comfortable"

"For me it is like a family...people are concerned about each other...they are friendly always helping."



Three discordant responses surfaced during the course of the analysis. The participants concerned could not find any positive quality in the organization. It was either seen as the organization not meeting certain expectations or the dissatisfaction in the position caused the participant to experience a negative attitude towards the organization.

The semi-structured interview format allowed participants to add comments and responses not explicitly asked during the interview. The relationships between races and between genders were raised by one of the participants as a facet influencing the work environment. It was further explored in subsequent interviews. The question posed to the participants was how they perceived the relationships between the different genders as well as the different race groups within the company. This question was posed to fifteen of the twenty-four interviewees. Nine of the fifteen participants said that they perceived a positive relationship between both genders and races. They did note the existence of a separation between races during social events and at lunchtime that could be addressed.

Comments:

"I intermingle with all races and genders. But there are people that stick together but that happens everywhere. It is like goes to like."

"I don't think it is a problem...but different races still sit together in the canteen they don't mingle socially. All together in the working environment but as soon as it is in a social environment there is a division."

These participants made some suggestions for overcoming this barrier that can be seen in the comments that follow.

"Something that was nice that we had last year was these cultural days every Friday where different culture backgrounds will host breakfast and tell about their culture...that bridged the gap for people being unaware and people talked to each other."

"Getaways like the one 'company' had help in overcoming the bridges between cultures and races."

Concerns regarding the absence of women in senior management positions and the minimal presence of Black people were also raised by ten of the participants.

"...There are no women on 'senior management' and a need exists for women to see that there is a possibility for a woman to get there."

"I need to see that there is the possibility for women to get there that encourages me."

"More Black people in senior management."

The concern about the absence of women and limited representation of Black employees in senior management positions will definitely influence retention. As a result, it is identified as the fourth factor necessary for the development of a retention strategy in the organization.

Sub-theme 4.2: Leadership

The majority of participants expressed a positive attitude regarding the leadership of the organization.

"Quite happy, Executive committee are well connected with their employees, they are not sitting far away, but are close to the business. The effects of their leadership are visible."

Three responses did reflect some problems regarding management. Issues in addressing the style of management were raised and the lack of allocating sufficient time to interact with their subordinates.

"Have to make time for the people because it is their responsibility to manage, develop and build relationships with people. Have to manage them in a way to get the best out of them."

Communication was an area highlighted in the Employee Audit and the Exit interviews. The need to re-assess the levels of communication between management, departments and colleagues was clearly evident and a question in regard to communication was asked in the interview. Participants were asked how they felt about the communication in the company between management and subordinates and between divisions and colleagues. Three dominant perceptions existed.

The majority of participants felt that communication was excellent, open and relaxed. The possibility existed for approaching anyone in the organization. The participants praised the information sessions held by the Chief Executive Officer (CEO) and the establishment of an Employer of Choice forum.

"...I think that people who are moaning is just not opening themselves to communication." "It is a small business environment everybody can speak to anybody and there is no real structure of talking first with your boss, but you can go to whoever."

"Top down is very good. We have regular meetings with our head of department. We get good feedback it is the best I had in my work environments."

"Also an Employer of Choice Forum where you can anonymously send your complaints and if the board thinks it is valid they will take it up with management."

Only two participants felt that communication from management was not sufficient nor completely honest or open. The absence of an induction program was also voiced as fostering the lack in communication.

"Terrible, things just don't filter through only hear what you need to...communication from management has improved but still there is things that don't filter down."

The third perception reflected that a part of communication in the organization was good but that there were still areas where communication needed to improve. Regular feedback, visibility of the CEO by junior participants was voiced and an improvement of communication between departments or divisions was seen as vital.

"Perhaps Executive committee doesn't walk around enough to ask how you are doing but they are friendly when you see them...especially the juniors need it."

"It has improved I think it can be improved more in terms of the communication between departments...a lack of understanding exists across departments..."

"Factual information is sufficient...there is no personal development communication. There is no softer issue communication like you have done well or you should focus more on that. People have a need for that they need to know they are doing ok, this is besides the performance review...that is too factual."

"CEO more visible and approachable. Across departments it can be improved."

Sub-theme 4.3: Performance support

Guidance was seen as the performance support provided by a company and that it was an important way to manage and develop the talent of a company. The participants were asked whether they felt that sufficient guidance existed in their job. The majority of participants felt that the guidance they received although not formal was sufficient. They felt that there was openness in the company, which enabled them to ask for help and assistance.

"If you don't know something you can go and get it."

"I can always go to management. And I do that, I speak to my superior and my direct boss, they are approachable."

"... Wouldn't say there is a lack of guidance or leadership it is there for the taking."

The responses divided the young graduates from the more experienced participants since the young graduates felt that availability of guidance could be improved. The young graduates explicitly expressed the need for formal guidance since being new in a career and organization hinders one from approaching someone they did not know.

"It will be nice to have a dedicated mentor showing you what to do that will give you confidence especially in this market. It's a weird place to learn."

"Not really, maybe I do but it is not formal. There isn't someone that comes and ask how things going and want to know how you are doing in the job."

"I don't think so. I don't have like a mentor of coach who show you around."

The need for formal guidance from the young graduates was identified as the fifth factor in the investigation for the development of a retention strategy. This factor pertained predominantly to the young graduates but the benefits

associated with formal guidance might have assisted more experienced employees as well, which might then have had an influence on their retention.

Sub-theme 4.4: Work/life balance

The balance between personal and work life was a necessary factor in fostering positive morale. An organization needs to assist its employees in balancing their work and personal lives to obtain their maximum output at work. Participants were asked how they were balancing their work and personal lives. Participants responded that they were balancing their lives but could not maintain this balance without the flexibility offered by the organization. The possibility of coming in late, leaving early or taking a longer lunch due to personal issues assisted participants in balancing their lives.

"Go out lunchtime to pick up my children and drop them. If there is a crises I will go home and then come back at night to finish the work."

"Sometimes something happens in your personal life and you have to go on a two-hour lunch...they accommodate that just as long as the work gets done which would mean that you sometimes have to work overtime to balance that and get the work done."

Four of the respondents felt that it was difficult to balance their lives and made suggestions as to how the company could assist them.

- Creating an option for mothers to work half day
- Working out a flexi time schedule where mothers work four days in a week longer hours and have the fifth day off
- Creating flexible hours such as allowing some people to start at 7:15 and leave at 15:30. This will give parents just that bit of extra time with their children.

Two participants felt that they were not balancing their lives at all but did not attribute this to the company but to a conscious effort, which they needed to make.

"I don't, it is something that is concerning me, but it lies with me how I want to structure that."

The analysis indicated an additional theme and an extra component for the Total Rewards Model proposed by Bussin (2002). It showed that talent management was necessary to consider when developing a retention strategy. This theme was also the sixth and final factor identified in the investigation of factors necessary for the development of a retention strategy for the organization.

Theme 5: Talent management

Talent management was identified as the sixth factor from the analysis. Schweyer (2003) describes talent management as the ability to attract, recruit, motivate, develop and retain staff. The attraction and recruitment process of the participants were reviewed as a means to discover the effectiveness of the company in attracting talent or key employees as the recruitment process was identified in the literature review as the start in the process of retaining key employees. The researcher thought that Schweyer's (2003) definition of Talent Management clearly described the theme identified through the analysis and used it as the *in vivo* code for the additional component of the Total Rewards Model.

Sub-theme 5.1: Recruitment process and expectations

The participants were asked how they were recruited and to voice their opinions with regard to the recruitment process. The results indicated that different issues attracted the participants, giving the organization a wide array of processes to recruit talented employees. There were four sources, which were seen to be prominent in attracting the current participants to the company:

1. Recruitment took place at a specific university. Some participants heard of positions in the organization through their professors or the organization recruited them at the university.
2. A recruitment agency. Nine of the twenty-two responses from participants were attracted to a position by a recruitment agency.
2. Approached (headhunted). A person in the company, who enquired whether they were interested in a position, approached some of the participants.
3. Word-of-mouth. A friend or an acquaintance in the company attracted some of the participants to the company by informing them of a vacancy. All of the candidates send in their CV's to the relevant person and came for an average of two interviews.

Participants were asked about their views on the recruitment process and interviews. The number of interviews for recruitment ranged from two to four interviews. Nineteen responses indicated that the recruitment process was standard and nothing beyond the ordinary. Five of the participants felt that it was a tedious process and were negatively influenced in terms of morale when they heard that other employees had had fewer interviews. Current expectations and expectations that were fostered during the recruitment process were also assessed to ascertain whether expectations were reasonable and confirmed.

The initial and current expectations were grouped according to the sources that originally attracted the candidates.

1. Attraction through University: The candidates who came fresh out of university realized at the time that it was an entry-level position with "lots of scope to learn." Two of the three candidates in this category had

worked for less than two years and felt that they were on track with what they initially expected from the position.

"I did make it clear when I came in, and so far I've been through... (everything participant wanted up to now)."

One candidate felt that more responsibility had been given although the participant was still in the same position but had learned as expected:

"Pretty much the same type of work but you take on a senior role and it is quite project driven...there is more responsibility. It is mainly informal not very formal but you will take a lot more senior role and delegate to juniors."

2.A recruitment agency: One candidate began work in a different department from that in, which he/she was initially appointed. She/he soon realized it was good for learning but the position had subsequently become routine and she/he had not gained further responsibility after four years. Another candidate's expectation of the company was not met because the participant anticipated a more modern system but, now, four years later, although she/he had moved departments the position was still boring with few challenges.

"It looked better than I initially thought but I thought I will get more experience"

One participant who wanted more experience had only worked less than a year for the organization.

"I expected a lot more growth, the position has never challenged me."

Another participant had worked for the company for three years and felt that initially the position was not clear, but it had become exciting.

3. Approached (headhunted). Expectations were met for the participants who were approached by individuals in the organization.

4. Word-of-mouth. Some expectations were met however other expectations generated in the recruitment interview never materialized.

Assessment of the expectations allowed the researcher the opportunity to determine whether certain expectations formed initially were unreasonable. There was a slight indication, albeit not formal, that participants new to employment set unobtainable expectations, which might lead to them leaving the organization precipitately. It was therefore essential to include the recruitment process and expectation management as a factor for developing a retention strategy.

Sub-theme 5.2: "Hearing" employees

To hear the suggestions and opinions of the participants created a platform for the organization to identify certain reasons why employees left the organization. Suggestions for keeping employees were also provided by the participants and assisted the study in verifying certain factors necessary for the development of a retention strategy. Organizations need to know the views of their employees and establish a platform to listen to their suggestions on

pressing issues regarding the company. The participants were asked what would cause them to leave an organization as well as their ideas on how the business could retain employees.

The participants were asked to think of any possible reason(s) that would cause them to leave an organization. These responses are not specifically related to the organization under study. It identified pressing issues, which might have caused a participant to leave their current position and seek new employment. The responses could be divided into three categories:

1. Balance in life: the participants felt that a position in a company that would accommodate them in spending more time with their families would entice them to leave.

"Something that will accommodate my home life a bit more...make a career but not at the expense of my family"

2. Culture or environment: participants felt that the culture and environment in an organization was very important and if it was unsatisfactory they might leave.

3. Hindering growth: the majority of participants felt that when they come to a point in their position when they are not being challenged, learning or growing they would definitely leave the organization.

"My career nothing else."

"Besides money, if I have learned everything that I could here."

"A job that is challenging...doesn't matter if you pay me more or less, I yearn for job satisfaction and challenges."

"Maybe if I don't grow in my career"

"If there are no real opportunities any more."

4. Remuneration: a remuneration package, which is not competitive, would also cause some participants to leave an organization.

"Comes down to rewards, if I am not recognized in what I am doing or for my potential needs."

The participants were further asked to provide suggestions about how they thought the organization might retain its employees. The suggestions could be divided into four crucial areas, which were verified by verbatim comments.

Career, challenges and environment:

- ✓ "People leave because they want a new environment and want to meet new people. "Want a change of place."
- ✓ "People need challenges."
- ✓ "They are remunerated but not growing...it is not always about the salary."

- ✓ “Don’t loose the culture in sense of belonging. Maybe if they don’t get to the point where there are no new opportunities or challenges as long as we are always a player in the market and new opportunities are there I would like to think we could retain our people.”

Management:

- ✓ “There is a problem with how management manage. If you don’t get that right you will keep on loosing people.”
- ✓ “Each manager must honestly make a decision about each person irrespective of whether they market themselves or not and also favoritism and buddy-buddy system needs to be addressed”

Black Economic Empowerment and Employment Equity candidates:

- ✓ “We need to remember our BEE numbers and AA posts. We will get highly qualified people who will stick around for a couple of months and leave again not because there is a problem with the company but because they can get better options.”
- ✓ “Look at the Black people and give them opportunity. You have to give them guidance from above and support from around you to run the business.”

Financial:

- ✓ “We need proper incentive plans.”
- ✓ “Pay must be good...salaries must be competitive.” “...Recognize your people in formal and informal feedback.” “I think it has to do with money.”

Three participants expressed their satisfaction towards the organization and praised it for doing things right. The organization could learn when they establish a platform for hearing the suggestions and opinions of their employees. Consequently together with the recruitment and expectation management, hearing employees were the last factor identified for the development of a retention strategy for the organization.

Chapter 5

Discussion

The Total Rewards Model was used as the conceptual framework in the study for investigating the factors necessary for the development of a retention strategy. The results indicated one additional factor required for the development of the retention strategy specifically pertaining to the key equity employees at the organization. The results will now be considered in relation to the theoretical readings on aspects relating to retention for verification purposes.

5.1 Pay

Pay, the first component of Bussin's (2002) Total Rewards Model was assessed by enquiring about the different aspects of the compensation package. A competitive compensation package is the first crucial element for an organization to be a player in the environment for keeping talented employees (Bussin, 2002). The results showed that the majority of employees felt that their pay was competitive relative to the financial business market, in which they found themselves. The majority of the participants thought their salaries were satisfactory and said that they could see an explicit effort from the organization to provide competitive salaries. The participants interpreted this explicit effort as an indication of an employee's worth to the organization. The result, then, reflects the organization's financial performance as Pfeffer (1998) declares that high and competitive compensation is dependent on the performance of an organization and it also reflects a message to the employees that they are valued.

The employees who recorded that their salaries were market related and competitive furthermore professed that the salary, which they received, demonstrated the level of contribution they made towards the organization and was not based on the level or position in the hierarchy one occupied. The statements of these employees, then, reflect the philosophy, strategy and plans of the organization to compensate employees according to performance, since the flat structure affords little opportunity for promotion. Pfeffer (1998) and Milkovich and Newman (1993) support the link and fit between the pay system, strategies and plans of an organization. These authors claim that the manner in which employees are paid has a direct bearing on how the organization treats them. The philosophy and strategy of the organization to pay their employees based on their performance is supported by Wilson (1993) who declares that an organization should remain flexible and adjust base pay on the performance of an individual, team or organization.

The results indicate that the strategy of the organization is to encourage employees to become specialists in their field since the flat structure and small size (referring to number of employees) creates difficulties with promotion

or succession. This result will also be discussed later, when the results of the component “learning and development” are explored. Some of the participants knew about a survey conducted by the organization to assess market compensation and it left them feeling valued and cared about. Ahlrich (2000) declares that employees expect their compensation to be competitive and proportionate to their performance and that issues around pay is the third major cause for people considering leaving an organization. It is vital for organizations to relate their pay levels to the market in order to motivate their employees and to attract and retain high quality employees (Wilson, 1995).

Despite the fact that the majority of employees were satisfied with their salaries and declared them to be competitive, a few judged their salaries to be less than market related and one or two were not aware of the market relatedness of their salaries. The four who judged their salaries not market related weighed it either against the invaluable experience gained in the organization or the knowledge that the organization was in the process of reviewing their pay. The ignorance about the competitiveness of their salaries and knowledge of not being competitive reaffirms the statement made by Groysberg, Nanda, and Nohria (2004, p. 99) that retaining stars requires more than good salaries.

One of the sub-components in the Total Rewards Model for Pay is Recognition. The results for the Recognition factor of the compensation package signified the importance and need by the participants for recognition in the form of verbal comments and monetary rewards. It is not uncommon for employees to expect recognition from management and the organization in the form of verbal comments and monetary rewards (Dibble, 1999). The results relating to the need for verbal recognition is aligned with the participants’ need for regular feedback and is further explored under the component “learning and development”.

The participants talked of monetary recognition as share options, which are only awarded to a selective few employees in the organization. The participants who did have shares in the organization saw the share option scheme as a retention effort, motivating factor and a sign of recognition from the organization. This feeling, as a result, reveals to the organization a positive form of monetary recognition, which motivates and retains a few of their key employees. Even so, the rest of the participants voiced conflicting feelings regarding the lack in monetary forms of recognition by the organization. They mentioned the need for a reward system to be put in place. A reward system based on individual performance boosts the behaviour of employees and can have a positive impact on motivation (Wilson, 1995).

The fact of the participants expressing the need for a monetary reward system as tangible evidence of recognition in the organization might present another factor necessary for retaining key equity employees in the organization. It

is therefore noted as one of the first identified factors necessary in the investigation for a retention strategy pertaining to equity employees in the specified organization.

5.2 Benefits

The second component of the Total Rewards Model is the Benefit package offered to employees as part of their remuneration package. The benefit package is, unlike Pay, not linked to performance but to just being employed by an organization (Swanepoel, Erasmus, van Wyk, & Schenk, 2000).

An analysis of the organization's benefit packages showed that they are market related. However, the participants perceive the package as comparable to that of any other organization in the relevant market sector. This shows certain ambivalences in the attitudes of the employees. The positive element confirms the actual intention of a benefit package, which is to improve the quality of work life for employees (Swanepoel, Erasmus, van Wyk, & Schenk, 2000). The negative element indicates the organization as not being singled out in the market place, which as a result hinders them from becoming an Employer of Choice. It is vital for an organization to strive towards becoming an Employer of Choice because the pride and affiliation, which comes with this status, improves the chances of key employees remaining in that organization (Ahlrich, 2000).

Milkovich and Newman (1993) state that organizations are directed by four important factors when making decisions regarding the inclusion of features of a benefit package. Besides the legal requirements, the most salient decision is based on the benefit package's cost effectiveness; does it assist with motivating, attracting and retaining high-quality employees? The interviews, which showed that participants felt their package to be only average, would seem to indicate that the packages were not totally cost effective.

Milkovich and Newman (1993) furthermore show that employees' preferences for specific features in the benefit package relate to their individual needs. The participants were appreciative of certain features and critical of others. Participants raised concerns regarding the medical aid and annual leave days offered by the organization. They made suggestions for the organization to amend the package in order for it to have more impact. In addition the participants liked the features of the maternity leave provisions and the bonus system. It is therefore evident that the participants perceived the entire benefit package to be average and not a major advantage for the organization's recruitment and retention efforts. Although the benefit package was perceived as average there was no evidence that improvements would be a major factor in retaining key employees.

As seen then, the organization offered a reasonable yet average benefit package. A significant point made in the interviews was a feature which would allow an employee to have ownership or stake in the organization seeing that

only a few share options were on offer. The compensation system should allow the employee to feel recognized from both a monetary basis as well as being praised verbally. This feature can be in the form of a short-term incentive plan based on goals achieved and on individual performance. Consequently, the establishment of a short-term incentive plan is identified as the first factor necessary for the development of a retention strategy.

5.3 Learning and development

The third component in the Total Rewards Model portrays not only the commitment of employees towards learning and development but furthermore gives evidence of the commitment of an organization to the development of its employees.

Career development

Clear and precise responses were given when questions regarding participants' career development were posed. A clear understanding on career and a working development issues is true of high-quality employees. Harvard Business Essentials (2002) claim that talented employees frequently express the need for career progression.

The need for career progression indisputably exists among the participants. However the interviews disclosed a definite split in two major responses on the future career plans of these participants. The first responses can be grouped together and give evidence of a fixed career plan for the future. These participants knew exactly how they wanted to develop their careers and firmly believed in developing and adhering to a well-defined plan in respect of their respective careers. The second group of responses was from participants who refrained from creating definite career development paths. These participants felt that by setting an exact career development path, one is restricting one's options, which might prevent one from exploring interrelated career fields. A fear of missing opportunities is verified by the Harvard Business Review (2002), which points out that talented employees have a need for excitement and never want to feel 'stuck' on a career plateau. This result then clearly indicates that development initiatives should be in line with individual needs and perceptions of deficiencies in skills and career aspirations.

Another aspect of career development paths was exhibited in the responses from the young graduates who only recently started their career compared with those of participants who had gained work experience and been in employment for several years. The young graduates responded with a definite need for career development guidance. They had scant knowledge of organizational prospects and were therefore unable to plan career paths. The organization currently does not provide career guidance and this served as a deterring factor and caused frustration among this sector of the workforce. Young graduates required different attention from the organization than more experienced employees and can be addressed by applying Hersey and Blanchard's notion of Situational

management where management styles need to change to accommodate the different “levels of maturity” of different groups of “followers” on the staff (“Situational management, 1999”). The experienced employees in the organization contended that career development was their own responsibility.

Among the participants’ responses three key words were identified as indications of career progression. These words depict the factors necessary for career development in their lives and were identified as “growth, challenges and learning”. Participants expressed strong feelings about these key factors when considering their career progression and loyalty to the organization. Each of the key factors will subsequently be discussed.

“Growth” as one of the key words identified as being a dominant factor in career development was depicted as the explicit forward movement in one’s position relative to one’s career plans. The word was further associated with the experienced employees who claimed full responsibility for knowing where they want to go and how they are going to get there. This result is in congruence with the literature proclaiming that among high-quality employees, a drive for personal growth is displayed (Harvard Business Essentials, 2002).

“Challenges”, was identified as the second key word in career development. It depicts the activity of being constantly stretched by new work in the same position. The desire for challenges is given expression by the fear of doing the same type of work day after day and falling into a rut characterized by boredom and stagnation. The fear of growing feeble or falling into a routine is evident among talented employees (Harvard Business Essentials, 2002).

“Learning” is the final key word of three factors necessary for the development of a career. Exposure to opportunities within the employee’s current position and also opportunities in interrelated fields were voiced in association with the key word, learning. Peterson, Sampson and Reardon, (1991) state that such opportunities allow the employee to develop a vast knowledge of occupations and the organization, which assist in the development of a career.

These three key words were significant for the organization in its effort to develop its employees. The absence of the issues relating to any one of these key words would leave the participants disgruntled. The extent of their discontent was so serious that participants were contemplating or would contemplate leaving the organization. This was the first indication by the participants of a reason for breaking employment. Retaining talented employees, means providing them with growth opportunities and challenges (Groysberg, Nanda, & Nohria, 2004).

Career development, was therefore the second salient factor identified in the investigation of factors necessary in the development of a retention strategy for the financial organization.

Performance management

Performance management is an approach to managing people and the instrument used to facilitate this approach in organizations is the performance appraisal or review (Swanepoel, Erasmus, van Wyk, & Schenk, 2000). The research study therefore concentrated on the awareness of the participants regarding the nature and effect of performance review in their organization.

The responses again showed that the participants were divided into two groups, which were the young graduates starting their respective careers and those employees with experience. The young graduates displayed a lack in knowledge concerning the processes and benefits of a performance review. This is ascribed to not having past experience of a review as they had recently graduated and the organization had only recently reinstated the performance review. The responses from the experienced employees displayed knowledge of reviews, some from past reviews conducted in the current organization and others from their previous employer. The experienced employees did acknowledge the importance and benefits of performance reviews.

These employees pointed out that the importance of performance reviews is displayed in the fact that being informed about one's job description and the goals related to one's position are vital for determining where one is going. The second issue is the feedback gained from one's manager on one's performance. The importance of performance reviews is outlined by Swanepoel, Erasmus, van Wyk and Schenk (2000). They point out both of the issues voiced by the participants and an additional one, which is the promotion of career development, and planning. None of the participants saw the performance review as a tool for assisting with their career development. This can be the key to the young graduates showing ignorance of any career development knowledge. It is therefore clear that the past performance reviews did not include the facilitating opportunity to plan and develop a career.

Regardless of the participants voicing the benefits associated with the performance review, the actual effectiveness of the two benefits associated with the review is not evident in the organization. Feedback on the strengths and weaknesses of performance are not provided to the employees on a regular basis. A lack of verbal recognition was associated with the lack in regular feedback. A desire for being rewarded for work well done and to be shown ways of improving work was voiced by the participants. Hence, the importance for including the goals of a position, feedback on performance and promotion of career development and planning in a performance review and to do it effectively is crucial in the search for challenging and growing talent (Swanepoel, Erasmus, van Wyk, & Schenk,

2000). The performance review can form part of the career guidance or development program in an organization and can therefore be used as a catalyst in career development for the employees in the organization (Paulus, Seta, & Baron, 1996).

The organization needs to see the importance of the review as the review can not only assist in the development and performance of the organization, but also provide important information. Important information regarding the progression of Affirmative Action and Equity plans can be revealed through an assessment of the review (Swanepoel, Erasmus, van Wyk, & Schenk, 2000). The review may furthermore facilitate the promotion of communication in the organization, which is an issue that will be explored further under the component work environment. It is thus crucial for the performance review to be executed and used in an effective manner.

Effectiveness of the performance review will be enhanced when management support the review (Landy, & Conte, 2004). This is however, currently not the situation in the organization. Due to the lack in support from some managers, some participants are also not supporting the review. It is clear that the challenge lies with the HR department in establishing the importance and selling the benefits of the review to management and employees so as to allow the review to be effective.

The comments about performance reviews in the organization, gave evidence that the review can be more efficient and could be more beneficial if it is used in a sensitive manner. It can encourage career development and provide regular feedback, which have been identified as necessary for developing a retention strategy.

Succession planning

Succession planning is the action taken by an organization to establish a career ladder for high-quality employees to move through progressively more challenging and responsible positions (Harvard Business Essentials, 2002). High-quality employees desire succession planning for challenges and growth and to avoid a career plateau (Harvard Business Essentials, 2002). The participants expressed the desire for succession planning although the presence of a visible “ceiling” across the organization exists. It is due to the flat structure of the organization that the ceiling prevails across all positions. Swanepoel, Erasmus, van Wyk, and Schenk, (2000) note the reason for a ceiling when they show that flatter structures and the legal requirements concerning employment, such as Affirmative Action and Employment Equity policies, place restrictions on succession planning. It limits the organization in creating a career ladder for all its high-quality employees as a flat structure leaves little opportunity for progression and government regulations stipulate that ‘designated employees’ should be promoted above white males regardless of the work quality of the white male.

The organization attempts to lighten the load a little by establishing an organization strategy of fostering specialized employees. This strategy produces consequences for the compensation package, career development, succession planning and the recruitment process. The employees are compensated, as discussed previously, according to performance and succession planning activity is very limited. A definite concern among some participants exists due to an absence in succession. This result brings to the organization a challenge that can only be bridged with aligning their strategy relative to their compensation package, career development plans, recruitment and the attraction process. It is therefore critical for the organization to foster specialization among their talented employees when attempting retention.

Training

The training of employees in an organization is a key element of improved organizational performance (Mullins, 1999). The responses indicated the commitment of the organization in allocating a budget for training programmes. The majority, with the exception of four participants, voiced their satisfaction with the organization in regards to the organization's promotion of training programmes. The possible benefits for accommodating training for employees of an organization are inestimable as the value of an organization's human assets increases and individual employees become competent individuals to move up when vacant positions appear (Harvard Business Essentials, 2000; Mullins, 1999).

The most praised form of training was on-the-job training. On-the-job training provides the employee with experience directly concerning the specific organization and can be executed by means of assigning a coach (McDermott, & Jago, 2005). The participants were happy with the relevance and extent of on-the-job training provided by the organization.

However the accolades by the participants towards the accommodation of training by the organization indicated confusion among the employees of the organization. This confusion was in the distinction between training programmes and development programmes.

The organization seems committed to providing development programmes to their employees since employees may attend the programmes they initiated for personal development and not necessarily for the improved performance in their position. This, inability to draw distinction between training programmes and development programmes was further evidenced in the unwritten philosophy, where it is the initiative of the individual to suggest training to his/her manager who then recommends permission for the training. Individual employees need to initiate the training programme to their manager and not the organization identifying the training programme for the employee. This, shows that the development of an employee remain the employee's responsibility. A definite

division resurfaced in the results between the young graduates and experienced participants with regard to this action from the organization. The experienced participants felt at ease with the action by the organization of the responsibility resting on the individual to seek the relevant training course for development and aligning it with the strategy and goals of the organization. However the young graduates expressed the need for guidance in selecting relevant training courses for development. Guidance in the form of mentors can be vital for training and developing employees (Cranwell-Ward, Bussons, & Gover, 2004) and will be discussed under “performance support”. Guidance is therefore a factor in retaining the young graduate equity employees.

The concern raised by the participants of the organization, in not using their newly acquired skills through the training paid by the organization might be alleviated when the distinction are explained to the employees. However, the organization needs to learn wise methods for using individual’s capabilities and marry the talent of their employees with the processes, strategies and business goals of the company in order to foster stars and retain talent (Mullins, 1999).

It is therefore clear that although the participants’ responses pointed to a confusion between training programmes and development programmes, the need for using the newly acquired skills need to become a priority for the organization and is consequently, the third factor identified for retaining employees.

5.4 Work environment

The work environment needs to be one conducive to employee satisfaction to retain employees (Dibble, 1999).

Organization climate

An Employee Relationship Audit was undertaken to assess the work environment in the organization. The audit indicated a climate conducive to employee satisfaction. Indication of the strengths and weaknesses of the organization were highlighted in the Audit and suggestions for improving the weak areas were presented. Measures, as suggested were implemented in some identified weak areas.

An analysis of the organization climate survey shows a display of attitudes, perceptions and dynamics by the participants, which are indicative of a positive organizational climate. These attitudes, perceptions and dynamics affect the daily performance of employees in an organization (Childre, & Cryer, 1999). The manner in which employees described their work environment; colleagues and superiors reflected the job satisfaction experienced by them. Participants were asked in regard to this what their impressions of the organization were.

The results indicate that the participants described the organization in terms of its environment, people and the extent of their development. Schultz and Schultz (1986) claim that commitment towards an organization is displayed by the employees in the positive attitudes towards colleagues, being autonomous and the capacity to display their skills and abilities. The environment of the organization was seen as being flexible, dynamic and vibrant. This environment increases the organization's ability to attempt retention of their key employees. Flexibility of the organization was seen in a positive light and will be discussed in the work/life balance section.

The participants further indicated that the people in the business were friendly, like a family, and encouraged comfort within the organization. This provided the opportunity for employees to commit to a social group within the organization. Employees would rather commit to a social group within the organization than to the organization as a whole (Furnham, & Taylor, 2004). It consequently, places the organization in a favourable position for employee commitment, which influences retention.

The third quality portrayed by some participants was the development promoted by the organization. Learning, growing and gaining experience were essential facets highlighted by the participants expressing this quality. Organizations need to encourage development, learning and growth in their employees to retain high-quality employees (Harvard Business Essentials, 2002).

The indication of a positive organization climate, where employee satisfaction is fostered positioned the organization well in its attempt to retain high-quality equity employees. Nonetheless, the interviews showed up several concerns raised by the participants, which may in future hinder this positive view of the organization. The nonexistence of interaction between the race groups at social gatherings was one of the concerns raised. Participants did voice a positive relationship between the races but thought that the struggle to interact during lunch times and social events was a concern. These cultural barriers may be resolved with careful measures such as information sessions for understanding the various cultures within the organization (Harvard Business Essentials, 2002).

Another concern raised was the lack of a presence of women and Black people in senior management positions. The absence of women and limited representation of Black people creates a glass ceiling or barrier for equity employees in the organization. Organizations should promote women and different race groups into management positions to remove the glass ceiling that may still exist in organizations (Harvard Business Essentials, 2002). The climate may in future be hindered by the two concerns mentioned above.

It is therefore evident that the concern expressed about the limited presence of women and Black people in senior management creates a barrier for career development of equity employees. The presence of a career plateau may have a negative influence on retention (Harvard Business Essentials, 2002). For this reason the absence of women and limited presentation of Black people in senior management was the fourth factor identified in the investigation for the development of a retention strategy for the organization.

Leadership

The leadership of an organization affects the performance, motivation and morale of employees and is in direct proportion to the organization's performance (Cronje, Du Toit, & Motlatla, 2000). Responses indicate an improvement in the style of leadership since the Employee Relationship Audit was conducted. However concerns surrounding the effectiveness, feedback, visibility and communication from management were raised.

Management's lack of allocating sufficient time for meeting with their subordinates and in building relationships for their development were broached as the first concern with regard to the leadership of the organization. Swanepoel, Erasmus, van Wyk and Schenk (2000) propose that managers can effectively manage people by recognizing individual differences and developing clear goals with their subordinates. It is therefore important for the management of the organization to take action to reduce these concerns, as development of equity employees is one of the factors thus far identified as a factor for the development of a retention strategy.

Feedback from management was the next concern highlighted. The comments made under "recognition" also raised the need for feedback. A lack of regular feedback deters employees from experiencing recognition for work well done or suggestions for improvements in work. Regular feedback is one of the most important qualities for effectively managing employees and should not be ignored by management (Furnham, & Taylor, 2000 & Swanepoel, Erasmus, van Wyk, & Schenk, 2000).

Experienced participants complimented the visibility of senior management and the CEO yet the junior participants expressed the need for increased visibility. These participants felt that they needed to see and speak more frequently to senior management as this may inspire them to higher heights. The leadership of an organization has a direct influence on the members since they lead them to the common objective of attaining the goals of the organization (Byrne, & Baron, 2000).

The last concern broached was the current communication in the organization. The participants divided the channels of communication into the flow from management to the employees, between colleagues and across the different departments. They appreciated the communication between the colleagues and mentioned an

improvement in the communication from management. Good communication plays a vital role in managing employees. The measures implemented to narrow the gap in communication between management and the organization were effective. However the main concern was communication between departments. A lack in the understanding of the job requirements in the different departments increased the difficulty with communication. This had a negative influence on the performance of the organization. Regardless of this, the participants did not indicate that the abovementioned concerns regarding the leadership, had an effect on their perception and commitment to the organization.

Although the leadership of an organization has an affect on retention (Martins, & Van der Oho, 2002) it is clear from the results that the leadership in this organization is effective enough for not being a salient factor in the development of a retention strategy for key equity employees.

Performance support

The participants interpreted performance support as the guidance they received within the organization. The guidance showed the assistance offered to and required by the employees to execute their job and perform to the best of their abilities. Performance support is necessary for the motivation of employees to increase productivity, feelings of satisfaction and involvement in their jobs (Schultz, & Schultz, 1986). Responses to performance support are again divided into the responses of the young graduates and the more experienced employees.

The experienced employees voiced their satisfaction with the guidance received in the organization. They stated that sufficient and adequate guidance was available albeit not formal. There was no structural meeting where guidance was provided but an employee needed to seek assistance when necessary. Openness and comfort is sufficient to access the necessary guidance. This response also highlights the responsibility afforded to the employees in conducting their own work.

The young graduates nevertheless expressed a lack of formal guidance. They felt formal guidance would assist them to grow and develop better and faster. Suggestions for formal forms of guidance were put forward. Formal guidance should involve the allocation of a mentor or coach. Assigning mentors or coaches to employees is an effective action for performance support (Cranwell-Ward, Bassons, & Gover, 2004; McDermott, & Jago, 2005). Mentors can assist an employee with development whereas coaches can assist in the training of employees in the job requirements of the organization (Meyer, & Fourie, 2004).

One of the benefits of performance support, as mentioned in the literature review is the assistance with retention of employees and acceleration in Employment Equity measures (Meyer, & Fourie, 2004). The organization is

effective with its guidance of experienced employees but needs to hear the suggestions of the young graduates. This might be addressed by Hersey and Blanchard's notion of situational management where management styles need to change as to accommodate the different environmental developments and the "level of maturity" (experience, confidence) of different groups of 'followers' on the staff of an organization. It is therefore evident that performance support is a factor necessary to retain the young equity graduates and is consequently the fifth factor in this investigation.

Work/Life balance

The ability of the participants to maintain balance in their lives is encouraged by the organization. The participants praised the organization for its flexibility. Flexibility is displayed in the organization through making allowances for attending to family matters when the need arises. The heightened challenge for employees to balance their work and personal lives increases as added responsibilities of multiple roles occurs (Gottlieb, Kelloway, & Barham, 1998).

The participants noted their roles and responsibilities outside their work. These roles ranged from parental duties, caring for elderly parents and volunteer work for the community. The participants articulated that the flexibility in taking an extended lunch or being able to work from home alleviates the stress of balancing all these roles. One of the suggestions put forward by Gottlieb, Kelloway and Barham (1998) is the arrangement of the organization for telecommuting as a means to assisting the life/work balance, where an employee may work from home. The organization is therefore in an excellent position to foster employee satisfaction and comfort, which has a direct influence on retention.

Regardless of these positive responses, there were participants who mentioned the prevailing struggle of women in balancing their responsibilities between career and family care. These women held that the organization should make a greater effort to accommodate working professional mothers. The continuing struggle of women is evident in the literature, which claims that the greatest challenge for professional women still remains their inability to balance lives (Whitehead, 2003). The women in the study suggested that the organization should create childcare facilities, half-day positions or initiate a compressed workweek. The study conducted by Galisky and Bond (as cited in Levin & Rosse, 2001) found that a cafeteria benefit package, which include child-care benefits was necessary for employees to select the package in accordance with their individual needs. The suggestions proposed by these participants directly relate to the efficient possibilities of a compressed workweek and flexible working hours, which is also beneficial to the organization (Gottlieb, Kelloway, & Barham, 1998).

It was further highlighted in the study conducted by Galisky and Bond that both management and employees should believe in the programs that are developed for working parents to balance their lives. The participants felt that some colleagues did not see why certain arrangements were necessary for balancing lives and made them feel as though they were not performing to their maximum ability.

It is reiterated that only a small number of female participants felt that the current flexibility offered by the organization was inadequate for assisting them in balancing their lives. The assistance from the organization in arranging flexibility in work hours was definitely a positive factor for retention. Efforts to further assist women were necessary and seen to become a problem when the organization did not adhere to their suggestions. It is, however, not a salient factor necessary in the development of a retention strategy for this organization.

The components of the Total Rewards Model were investigated for identifying the factors necessary for the development of a focused retention strategy for the specific organization. Consequently, five salient factors were identified from this analysis. The analysis also identified one additional component necessary as a factor in retention of equity employees for the organization, which forms the sixth factor as can be seen in the result chapter. The identified component has two sub-components, which will subsequently be discussed in relation to the literature.

5.5 Talent Management

Talent management is the action taken by an organization to attract, recruit, motivate, develop and retain their employees (Schweyer, 2003). It is this component that was identified as the sixth factor necessary for the development of a retention strategy for the organization.

Recruitment process and expectations

The recruitment of good people is vital for the success of an organization and should form part of its business strategy (Groysberg, Nanda, & Nohria, 2004). Participants were asked questions regarding the recruitment process. The results showed four sources from which the organization attracted and recruited its employees. These different sources were sufficient as they provided a good talent pool for the organization to recruit high-quality employees. Successful attraction and recruitment of employees will deliver talented people (Sears, 2003). Sears (2003) declares that the hiring process should be selective and new employees should be considered for the skills they possess, which cannot be learned.

The responses indicated that the organization was making efforts to become an Employer of Choice. This action places the organization in a favourable position for both attraction and retention of high-quality employees. Ahlrich

(2000) emphasizes the importance of organizations becoming an Employer of Choice as this enables them to attract qualified candidates, balance turnover and minimize unwanted departures. Affiliation with an Employer of Choice organization fosters retention (Ahlrich, 2000).

The organization redesigned jobs after the conclusion of the downsizing activity. This placed them in a propitious position for retention. Accurate job descriptions are needed for the successful recruitment of new employees (Dibble, 1999). Besides clearly defined job descriptions, the recruitment interviews need to be standardized by knowing which questions to include, who in management is going to be present and how many interviews are needed for assessing a high-quality candidate. All of these deliberations were made by the Human Resource department, which was experiencing the challenge and responsibility of influencing who leaves and when. The responses made it clear that the organization lacked standardization in their recruitment process. When the participants were asked about the interview process during their recruitment, it was identified that half of them went for a different number of interviews. This led to some participants being dismayed since they were unable to understand why some went for fewer interviews and did not experience the same treatment. This result highlighted the need for the organization to rethink and develop their recruitment process since instability may in future affect the morale of employees and may impinge upon retention.

Another issue raised through the responses was the concerns of internal participants in the recruitment process. There was also an absence in transparency of the process as some believed that positions went to the buddy of the manager and not necessarily to the best candidate. The process of internal recruitment for positions is very important for fostering talent and thereby retaining the human assets of the organization (Groysberg, Nanda, & Nohria, 2004). These authors further maintain that organizations should grow talent since it not only enables the organization to retain their talent but also minimizes the risk involved with hiring stars from rival organizations.

The third concern was the expectations held by the participants. Managing the expectations of employees and candidates when recruiting is very important for fostering retention (Ahlrich, 2000). The participants were asked whether the expectations they held and developed during the recruitment interview aligned with their experiences in the organization. It was indicated that the young graduates and four of the experienced employees expressed their disillusionment with the differences between the held and fostered expectations and their actual experience in the organization. The young graduates also expressed the need for an induction course seeing that it was currently not available in the organization. Sears (2003) highlights the importance of an orientation process for new employees in the development of a successful attraction and recruitment process.

tion management together with the standardized recruitment process was therefore identified as one of the components in the identified component: Talent management. The second sub-component will now be discussed.

“engaging” employees

Engaging employees was identified as the second sub-component under the additional component Talent management. The need for an organization to hear the concerns and suggestions of its employees forms part of the change in the psychological contract between employees and their employers (Bussin, 2002; Ahlrich, 2000). The shift from a controlling and imposed relationship to a mutual relationship of commitment, participation and involvement are vital for the success of an organization. It is in light to these considerations that the need for the organization to hear its employees was identified.

The responses to hearing the participants were divided into possible reasons for their departure from an organization and what suggestions they had in assisting the organization under study with retaining high quality employees. Four possible reasons were indicated as factors that would cause an employee to leave an organization but not specifically the organization under study.

- The inability to balance work and personal life was indicated as the most prominent consideration when leaving an organization. The participants, with the majority being female, felt that if an organization does not initiate any effort to assist its employees in balancing their lives, they would leave. It is, as seen previously, in accordance with the literature as a factor for retention (Gottlieb, Kelloway, & Barham, 1998).
- Changes in the culture or environment of an organization where comfort and friendliness were once experienced. Work environment is a very important factor for developing a workforce that is committed and satisfied (Dibble, 1999).
- Hindering growth was also indicated as factor for leaving an organization. The participants felt that career progression and work challenges afford them growth and the absence of them would cause them to leave. Providing an environment where talented employees can develop is vital for growing and retaining stars in an organization (Harvard Business Essentials, 2002).
- The inability to provide competitive remuneration would also influence a participant to leave an organization. Employees want to be remunerated for their worth and contribution in the organization, which is relative to their peers in rival organizations (Wilson, 1995).

These reasons were reviewed when the factors identified through the study became evident. The hindrance of growth or career development was identified as a factor to be addressed when retaining key equity employees in the organization under study.

second set of responses highlight the suggestions made by the participants for **ideas** to retain high quality employees in the organization. The suggestions were grouped into four main points, the environment, career growth and experiencing challenges can be a factor for **retention**. The participants felt that some of their members were experiencing a lack of challenging work; that some employees might have a need for a new environment or career growth, which was very limited in the organization. These three factors namely the work environment, career growth and challenges in a position all **contribute** to retention of high-quality employees according to the literature (Dibble, 1999; Harvard Business Essentials, 2002; Judge, Parker, Heller, & Ilies, 2001).

- Participants suggested that some junior and middle managers need better management skills and this might cause some employees to leave. Managing people in an effective way is **vital** for organizational performance and retention of skills (Martins, & Von der Ohe, 2000).
- The promotion of Black Empowerment Employees (BEE) and Affirmative Action (AA) positions need to be addressed according to some of the participants since they felt that increased promotion and focus on these candidates may influence the BEE and AA people's retention.
- Maintaining a competitive remuneration package and including an incentive plan may be a way to retain more employees. Competitive remuneration is a critical factor in the retention of high-quality employees (Wilson, 1995).
- Few participants praised the organization for its efforts in creating a good environment and striving to become an Employer of Choice, which will ultimately help them in retaining the employees they want to retain. An Employer of Choice organization fosters pride and employees want to be associated with it and henceforth establish commitment and retention (Ahlrich, 2000).

It was evident from the interviews that the participants needed to voice their suggestions to the organization. As a result then, hearing employees were identified as a sub-component of the theme talent management. Talent management needs to be incorporated into the Total Rewards Model, as described by Bussin (2002), for the organization to develop a focused retention strategy pertaining to equity employees.

In culmination of the discussion it was clear that the organization was in a good position to retain high-quality equity employees. Six factors were identified in the investigation as vital for the development of a retention strategy pertaining to equity employees in the organization. The six identified factors are:

1. A short-term incentive plan for recognition of meeting goals and individual achievements
2. Establishing creative ways to develop career development opportunities
3. Utilizing newly acquired skills from the development programmes supported by the organization

4. The absence of women and the limited presence of Black people in senior management positions
5. Formal performance support for young graduates
6. Talent management with the sub-components recruitment, expectation management and “hearing” employees.

The most prominent factor for retaining high-quality equity employees in the organization was the provision of a career development plan. The organization faces a tremendous challenge since the flat structure and organization size (with reference to the number of employees) makes it difficult for extensive and traditional career progression and promotion. A strategy was formulated for developing specialists rather than promotion in order to alleviate this concern. It was however evident throughout this study that this strategy needs to be incorporated with all the different aspects of the organization. The compensation structure, where some participants felt that they were not compensated for performance still needs adjustments such as a short-term incentive plan. Other processes such as performance management, succession planning and recruitment need to be aligned with the strategy of fostering specialists. It is vital for the organization to consider these points in order to establish an effective and successful retention strategy.

Chapter 6

Conclusions, Limitations and Recommendations

This exploratory study investigated the factors necessary for the development of an organizational retention strategy in a financial organization. Six factors were identified in the course of the investigation. A short-term incentive plan, which would provide tangible evidence of recognition and acknowledgement of the employees by the organization, was identified as the first factor necessary for the development of an organizational retention strategy in the organization under study.

This first factor, aligned with the need of employees to be acknowledged for their performance and contribution to the organization not only boosts the behaviour of employees but also has a positive impact on their motivation (Wilson, 1995).

The second factor identified was the need for perceived career opportunities within the organization. Talented employees want to be continuously challenged and have the opportunity to grow in their chosen career (Harvard Business Essentials, 2002). There were participants who felt that they did have the opportunity to grow their careers within the organization but some participants said this opportunity is not readily available to them and explicitly said they would leave the organization due to the lack in career development opportunities. It might be concluded that the participants who did express that they had the opportunity to grow their careers saw the commitment of the organization to the development programmes, as a long-term initiative for creating career opportunities within the organization whereas those participants who expressed the lack in career development opportunities did not see hope. The lack of career development was further substantiated by the third factor identified.

The third factor related to the inability of the organization to fully use the employees' newly acquired skills from the development programmes supported by the organization. Although the organization was complimented for supporting development programmes, the participants felt dismayed at not having the opportunity in the organization to make use of their newly acquired skills. It is therefore evident that the inability of the organization to find creative ways to provide career development opportunities makes some of the development initiatives counter productive. Therefore providing increased opportunities for career development would necessarily lead to use of the new skills acquired by the employees. A confusion among the responses of the participants, between training and development programmes were identified and it can be concluded that the organization do provide development opportunities for their employees.

The fourth factor identified further indicates the lack in career development opportunities for equity employees in the organization as the absence of women and limited representation of Black employees in senior management positions was evident. Participants noted that the absence of women and limited representation of Black employees in senior management restricted their aspirations for career development. This factor although seemingly negative, might change for the positive since the explicit knowledge of the organization through the study, could lead the organization under study to prioritise the development of women and more Black employees to senior management, which would shorten the long-term goal of promoting these candidates for managerial positions. This might then lead to more positions opening which would give opportunities to equity employees for developing their career, as identified in factor two of the study.

The fifth factor identified was related to the need expressed by young graduates for formal performance support. The need to be assigned a mentor for guidance and encouragement to career development relates to the views proposed by Cranwell-Ward, Bassons, and Gover (2004), who claim that mentors are an effective action for performance support. This factor might further be overcome when the organization adhere to the notion of Situational Management as proposed by Hersey and Blanchard ("Situational management, 1999").

The last factor identified, was the need for the organization to standardize its recruitment process, effectively manage expectation formation during and after the recruitment of an employee and to establish a platform for hearing the employees' suggestions and comments. A standardize recruitment process and expectation formation are the first step in any organizational retention strategy (Ahlrich, 2000).

The six factors therefore identified are necessary for the organization under study to develop a retention strategy pertaining to equity employees.

Inconsistent and surprising results

An inconsistent response was found in the study. The suggestions made by the research participants to the organization for retaining their employees, indicated management as a factor in the retention efforts. Management, or the leadership abilities of management, was however not found to be a salient factor for retention in the analysis of the responses. A surprising result was the indication of the absence of women in senior management positions. The researcher, when taking the size of the organization into account, expected at least one woman in a senior management position.

Weaknesses in the study were also identified. The responses of the participants indicated a definite difference between the responses of the young graduates and those employees with experience in employment. It therefore

became evident after the completion of the study that the participants should have been divided to record the responses of young graduates and responses of experienced employees. The second weakness was not including the Executive committee members- senior management as participants in the study. Although they do not fall into the category of Equity employees, their responses might have enabled the assessment of succession possibilities and highlighted their perceptions regarding equity employees' career development opportunities in the organization under study. These two prominent weaknesses to the study should be kept in mind for future studies.

Recommendations for future studies

Conducting the same study in other similar organizations may be useful for comparison of the factors identified. A further suggestion for future research would be to focus the study on employees in the Affirmative Action category.

In conclusion

The researcher perceived senior management to be concerned about the retention of key equity employees. However the researcher is not sure whether this concern bred out of the well being of the future performance of the organization or because of the legal requirements for retaining equity employees. It was however clear that the commitment to retain key equity employees was a priority. Finally, the researcher hopes and believes that the study added value to the working lives of the employees and will ultimately enhance the effectiveness of an already successful organization.

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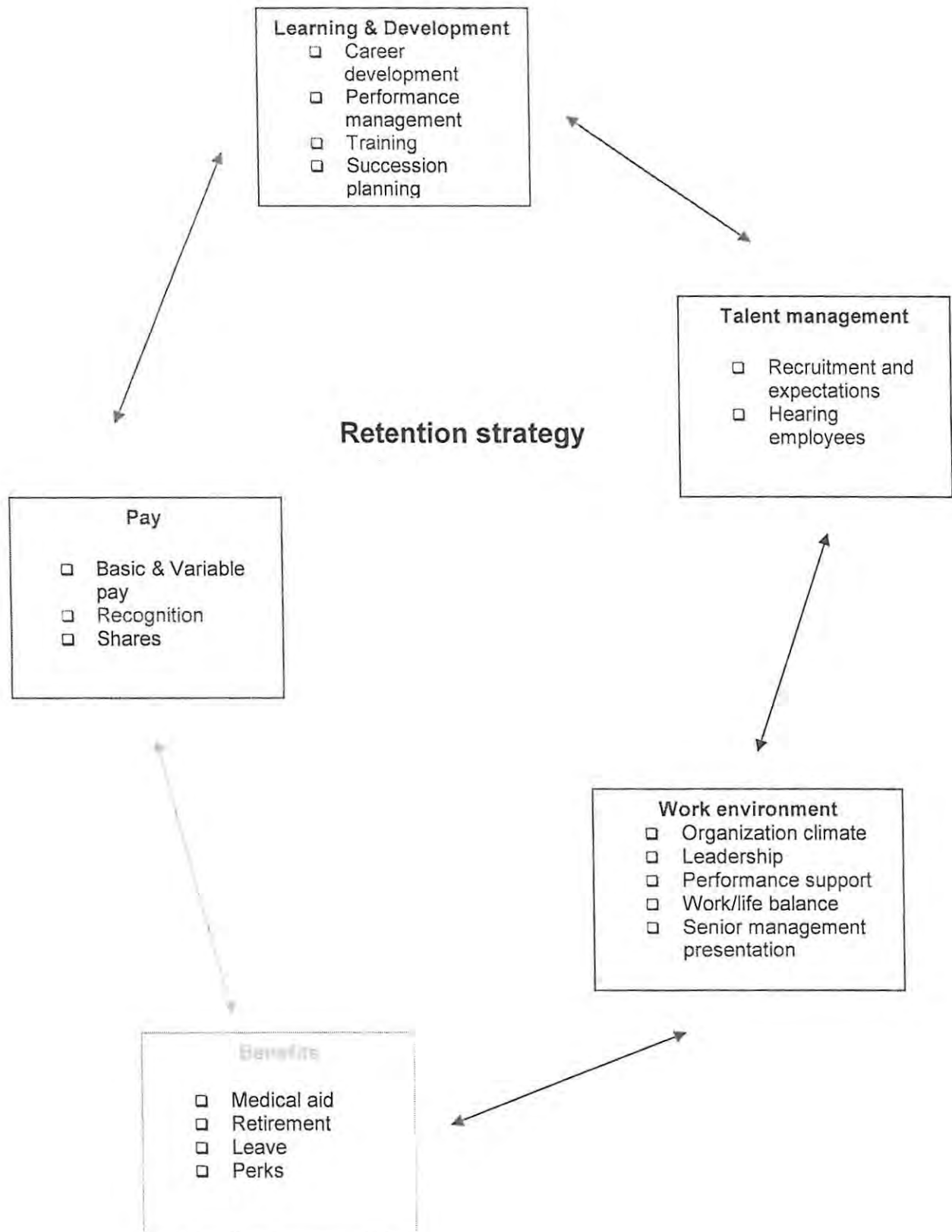
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Appendix A

Interview guide

1. How long have you been working for company?
2. How were you recruited for your position in company?
3. How does the company relate to your career development?
4. What training have you received in the company?
5. What do you think about performance reviews?
7. Do you receive guidance in your job?
8. How do you feel about your salary?
9. How is the communication in the company?
10. What qualities of the company attract you and why?
11. What would make you leave a company?
12. Do you have any suggestions for retention?

Appendix B



Appendix C

The six factors necessary for the development of a retention strategy for the organization under study

