

**CHALLENGES FACING AUDITING FIRMS IN RETAINING
CHARTERED ACCOUNTANTS (CAs)**

by

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DEDICATION

I dedicate this study to my late father, Amos Mdabu Phungwayo, the man who valued education so highly, and who wished to educate every single person in South Africa. Thank you for instilling the value of education in all of us.

ABSTRACT

Orientation: This study is an exploration of the factors that lead to staff turnover amongst chartered accountants (CAs) in auditing firms.

Research purpose: Its aim was to investigate the factors that might have led to CAs leaving these firms.

Motivation of study: There is an increased concern in the South African auditing industry as more CAs are leaving their employ for the greener pastures of commerce and industry. An understanding of the factors leading to high CA turnover will aid employers in developing retention strategies.

Research design: The auditing division of BDO was selected for the study. A randomly selected sample consisted of 11 auditing managers and was selected from a population of 26 auditing managers. Tables 3, 4 and 5 in Chapter 4 depict the profile of the participants.

Method: A qualitative research method was adopted with the aim of identifying turnover causes. This approach allowed the researcher to understand the meaning that underlies the turnover of CAs, and to interpret the meaning and intentions of this. Interviews with open ended questions were used to collect data. Responses were subsequently grouped into themes and categories, comparisons made, and interpretations of these were then formed.

Main findings: The results of the study indicated the importance of incentives, career advancement, the term of employment contracts, as well as interesting, stimulating and diverse projects. These were found to lead to a decision to leave auditing firms, and for this reason required urgent attention. The study noted that personal factors had stronger impact on a decision to leave than job-inherent factors. This might signal that CAs prefer to control their own careers. None of the employer factors were found to be push factors.

Practical/managerial implications: It is suggested that management of auditing firms should investigate matters that staff members consider to be important, or even investigate what other auditing firms are doing to retain staff. A limitation of the study is that its results are not generalisable to a larger population.

Contribution and value add: The main contribution of the study was to investigate the initiatives that were important enough to CAs to convince them to remain with their employers rather than leave them.

Key words: Human Resources, Employees, Skills shortages, Staff turnover, Employer Value Propositions, Qualitative research, CAs.



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LIST OF ACRONYMS



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CA: Chartered Accountants
SAICA: South African Institute of Chartered Accountants
IRBA: Independent Regulation Board of Auditors
AICPA: American Institute of Certified Public Accountants
EVP: Employer Value Proposition
BDO: BDO South Africa Incorporated
HR: Human Resources
CPA: Certified Professional Accountants
Companies Act: South African Companies Act of 2008

CHAPTER 1: INTRODUCTION

1.1 The broad topic of the study

The cost implications of high staff turnover are extremely difficult to quantify. Not only do companies lose highly-talented individuals, but they also have to face high costs in replacing the individuals that have left, and must deal with the indirect costs of staff turnover. Central to the debate regarding employment turnover is the retention of talent. A recent study shows that 85% of human resources executives feel their single greatest challenge in workplace management is in creating and maintaining their company's ability to compete for talent (Kipps, 2007). Aaron (2001) states that, in comparison with companies who employ mediocre workers, companies with high-quality human capital, perform better in the market, and deliver higher and more consistent return to shareholders. This is enough reason why human resources (HR) professionals are obliged to pull out all stops in an effort to keep their most productive people on board (Bussin, 2002).

There has been an increased concern in the South African auditing industry as more CAs leave auditing firms for the greener pastures of commerce and industry. Auditing firms that participated in the South African Institute of Chartered Accountants' skills audit shared the consensus to the fact that they were failing to compete with prospects and career-advancement opportunities offered by other employers (SAICA, 2008). Greenwood (2001), states that the loss of staff depletes the firm's ability to deliver customised service to clients, and robs the firm of the intellectual capability that is required to perform the clients' work. The result of this phenomenon is that auditing firms have to turn down some potential clients. This leads to an increase in the stress levels of staff, and ultimately results in the defection of clients.

An inherent job-hopping nature among South Africans, scarcity of skills, mobility of talent and the general shortage of CAs in the country all add to the problem. Given these concerns, the auditing firm's ability to retain its CAs is crucial to its performance.

1.2 A brief summary of the literature on the research problem

For many years, finding and retaining staff were top concerns for management in accounting firms. In South Africa, HR professionals and management in auditing firms are continuously seeking ways to curb turnover, and make the auditing profession as attractive as any alternative options that may be available to qualified CAs (Harris, 2010).

Skills shortages, mobility of skill and the fact that auditing firms are used as training grounds have been researched and confirmed as factors that impact on the problem. Coupled with the mobility of CAs, the demand and supply of auditing skills in South Africa pose a challenge to auditing firms. The job-hopping phenomenon has proven to be colour blind, and has become an international problem (SAICA, 2008).

An array of personal, job-inherent and employer factors appear to be push factors, and seem to cause the high turnover of CAs. The push factors may differ from one individual to another individual. Push factors refer to those factors that cause individuals to look for another job while pull factors refer to those factors that draw an employee towards the organization (Loquerico *et al.*, 2006). However, research has confirmed that all these factors play a role in decisions to remain with a firm or leave (P-E Corporate Services, 2009; Michington, 2009; Liu *et al.*, 2008; Corporate Leadership Council, 2002 & 2008; Loquerico *et al.*, 2006). Retention is therefore a result of mutual satisfaction between the employee and the employer (Kontoghiorghes & Frangou, 2009). Thus the employer has the responsibility of converting push factors to pull factors to maintain the satisfaction levels of the employee.

The CA qualification is much sought after in commerce, and it has become a stepping stone for commercial leadership roles. The SAICA's skills audit study confirms that defection to non-auditing corporations may be attributed to a shortage of management and leadership skills in South Africa. It seems that corporate employers are far better able to offer CAs opportunities which cannot be equaled by auditing firms.

Phuthi Tsukudu of Tsukudu Associates argues that corporations can no longer pay lip service to talent management, because this has become a source of competitive advantage (Tsukudu, 2008). The management of auditing firms faces a continuous challenge to design strategies that will alleviate the effects of the problem, and curb them.

1.3 The academic or practical importance of the study

This study contributes to the research on the turnover of CAs in the following ways: Relatively few empirical studies have been done in the South African auditing industry despite the concern over CA turnover. The study was conducted in a specific auditing firm, therefore the results cannot be generalized without caution but other audit firms may benefit from the findings of this study.

Turnover of CA seems to be colour blind. Auditing partners from auditing firms that participated in the SAICA skills audit confirmed that they were losing both black and white CAs (SAICA, 2008). This indicates that finding a solution should be broader than the normal speculation of statutory induced staff turnover.

Auditing firms lost of CAs hampers their ability to perform their role in the economy. The role of auditing firms is to audit companies, and to report on the financial status of these companies. This role is hampered by the continuous turnover of staff, and may lead to lower auditing quality as auditing firms may begin to employ unqualified/inexperienced staff. The focus of this study was to use the information obtained from CAs to assist auditing firms in designing successful retention strategies. Lastly, this research may add to the existing research on the factors that lead to the high turnover of knowledge workers. Sutherland (2003) defines a knowledge worker as a white-collar professional who works with, or uses, knowledge in order to carry out his or her job efficiently and effectively, and who attends to the importance of upgrading his or her knowledge base. Knowledge workers are gradually becoming the most valuable and productive employees. Wang et al., (2008) states that the knowledge workers" intrinsic characters lead to their high turnover rate. This study identifies factors that are important to knowledge workers.

1.4 The core research problem and objectives of the study

There was a general consensus among the partners of the auditing firms concerned that they were experiencing a high CA turnover. Partners from auditing firms, who had participated in the SAICA skills audit, confirmed that they were failing to retain CAs because they could not compete with the overall prospects and career-advancement opportunities offered by other employers (SAICA, 2008). In the light of this argument, this paper is aimed at offering more insight into factors that may lead to high CA turnover.

In exploring high turnover of CAs in auditing firms, the following core research question has been investigated: “What are the reasons that cause CAs to leave auditing firms?” The specific research sub-objectives are the following:

- Establishing whether there are job-inherent factors that push CAs away from auditing firms
- Establishing whether there are job-inherent factors that pull CAs to non-auditing firms
- Establishing whether there are personal considerations that cause CAs to seek employment in non-auditing firms
- Establishing whether there are personal considerations that push CAs to leave the employment of auditing firms
- Establishing the extent to which auditing firms are being used as training grounds by CAs
- Establishing features that attract CAs to non-auditing employers

A secondary objective of the study is to establish factors that would assist auditing firms in improving their retention strategies in order to alleviate the impact of employee turnover.

1.5 An outline of the structure of the study

In the first chapter the problem of CA turnover was introduced and the rationale behind the study explained. The implications for auditing firms and the total economy were highlighted and a case made why this research is necessary. The remainder of the study is organised into four parts. It starts with a review of the existing literature that is relevant to CA turnover in chapter 2. This is followed by chapter 3 with a description of the research design. In chapter 4, the results of the survey are presented, and the study concludes with a discussion of the theoretical and managerial implications and directions for further research in chapter 5.



CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The objectives of this chapter are to review the literature that is pertinent to understanding turnover amongst CAs and to identify factors that cause it. These factors are grouped into job-inherent, personal and employer factors. Prior to analysing these factors, the review firstly defines labour turnover. Secondly, the turnover of CAs is examined, both in the South African and international context. Lastly, the study defines employer branding. To achieve the second objective, the study will investigate statistical evidence of the occurrence of turnover among CAs.

2.2 Labour turnover

Companies around the globe are struggling with the issue of labour turnover, and the retention of best-performing staff members has become an employer's problem all over the world. Aron (2001) shows that in this information age competitive organisations worldwide rely on their employees to provide innovative, advantageous and original solutions to problems that these companies may have. Companies are discovering that the recruitment of talented people is not only becoming increasingly difficult, but that they are running the constant risk of losing the ones they have to competitors (Sutherland, 2003).

P-E Corporate Services (2006) estimates that turnover trends in the South African market averaged around 12%. Auditing firms formed part of the companies in South Africa that experienced these turnover rates. Labour turnover can be voluntary and involuntary. Voluntary (employee-initiated) turnover is usually the result of an employee seeking better employment conditions or experiencing low job satisfaction. Involuntary turnover often involves movement across organisational entities. Voluntary turnover accounts for the biggest incidence of turnover. P-E Corporate Services (2006) concludes that voluntary turnover is 63% of all employee turnover.

Compounding this is the uniqueness of the situation in the auditing industry in general in South Africa, where two factors exacerbate the problem. The first being

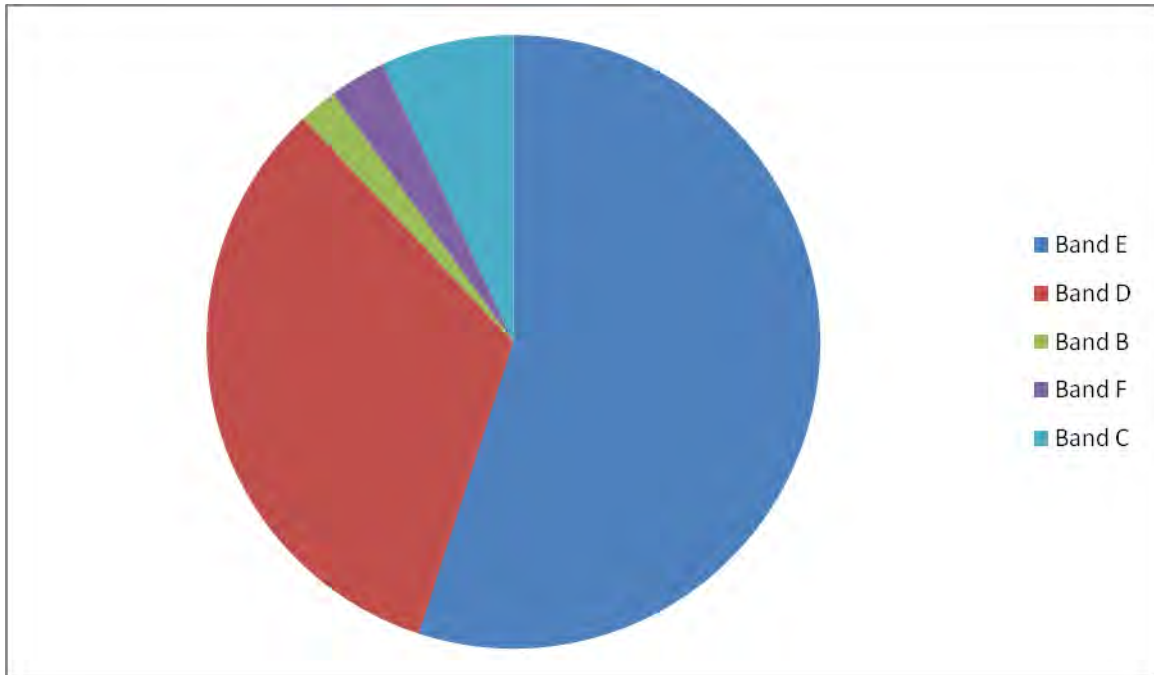
that it is a legal requirement for South African companies to be audited in accordance with the Companies Act of 2008. The turnover of CAs in auditing firms may limit the firm's ability to service its clients. This view is supported by Greenwood *et al.* (2005), who state that the loss of staff depletes the firm's ability to deliver customised service to its clients, and robs the firm of the intellectual capability that is required to perform the work of its clients. Secondly, the fact that auditing firms are used as training grounds to gain a qualification is limiting to firm performance. The statistics of the study on the turnover migratory patterns of entry-level accountants confirmed that only 34% remained in the field while 66% of the respondents moved into private industry. These statistics support the belief that many people leave the field of public accounting after having gained the experience that is required to qualify (Hiltebeitel & Leaby, 2001).

2.3 The turnover of CAs in the South African and the international context

As already stated in the introductory section, the turnover of CAs is an international phenomenon. This section looks at the existing empirical evidence that outlines the existence of the problem both locally and internationally.

In its annual report (2006-07), the Auditor General's Office expressed its concerns in terms of the issue of staff turnover which manifested itself primarily at the levels of manager and assistant manager. These are the ranks of qualified CAs. The Auditor General's Office is a government entity that focuses primarily on external auditing of government departments. It is reasonable to generalise its findings on its turnover rate to those of privately-owned auditing firms.

Figure 1: Staff turnover of Auditor General's Office per band as % of total turnover



Source: Auditor-General annual report 2006-07

Bands are classified as follows:

Band B - Business Executives – 2%

Band C - Senior Managers – 7%

Band D - Managers – 33%

Band E - Assistant Managers – 55%

Band F - Trainee Accountants – 3%



This report was based only on the performance of the auditing department. Based on the statistics provided, a deduction can be made that the Auditor General experiences the highest levels of turnover at Assistant Manager Level at 55% followed by Managers at 33%. Business Executives can be compared to partners in privately-owned auditing firms; significantly low turnover rate is experienced at this level. The statistics emphasizes that turnover is at its highest amongst qualified CAs and middle managers, and all people at the early stages of their careers.

The fact that South Africa is a net provider of high-level financial and accounting skills to the international market further exacerbates the problem. On average 14% of registered CAs leave the country each year (SAICA, 2008). What further exacerbates the emigration of CAs is the fact that their expertise is internationally sought after.

Another perspective of the turnover of CAs from auditing firms comes to the fore. There is sufficient evidence to suggest that many people who qualify as CAs do not apply for their auditing licences, which will allow them to sign auditing reports. In South Africa such a licence is issued by the Independent Regulation Board of Auditors (IRBA). This may be a signal that most people who qualify as CAs do not have any intention of becoming partners in auditing firms. A study that was conducted by the American Institute of Certified Public Accountants (AICPA) revealed that 51% of its members were in public practice in 1984, but only 39,6% were engaged in activities that were related to the signing of audits by 1998 (Carrera *et al.*, 2003).

Having confirmed that there is a serious problem in this regard, and to be able to succeed in attracting and retaining talented employees, South African auditing firms have to consider the needs of their organisations and those of the individuals concerned, as well as the environment in which they operate. Competitor analysis can be a useful source of strategies employed by competitors in retaining their staff.

2.4 Employer branding



To address the talent shortages and to attract more potential employees, employers have increasingly recognised the value of creating a brand that potential and existing employees would like to associate themselves with. The quest to win the talent war has expanded to HR best practice, employer brand, reward recognition and benefits – all issues related to the attraction and retention of talented staff (Crous, 2007). According to Minchington, your employer brand is the image of your organisation as a great place to work in the eyes of the current employees and stakeholders in the external market. It is therefore concerned with the attraction, engagement and retention initiatives targeted at enhancing a company's employer brand (Minchington, 2008).

Ensuring that the Employment Value Proposition (EVP) is strategically differentiated from the competition is a key step in the process of building a competitive employer brand (Corporate Leadership Council, 2010). This view is supported by Dainty

(2008), who states that as the needs of the individual change, it becomes imperative for organisations to conduct regular reviews and surveys to keep track of the changing needs of those individuals. Hacker (2009) states that in search of employees, companies need to find out what federal and state agencies offer for pay and benefits for the same or similar positions. Hacker (2009) argues that if the scales of a company are not as competitive as others, the company should remember that things like schedule, flexibility, opportunities to learn new skills and the number of hours worked are important to many prospective employees.

Designing an attractive Employer Value Proposition is of no use if companies fail to deliver on them. EVP management strategies that fail to deliver or communicate the EVP appropriately to talent segments can result in a substantial missed opportunity. Minchington (2006) believes that a strong employer brand will ensure a strong employer supply for talent. Strong employer brands have employer value proposition which evoke emotive benefits. These EVPs reflect the image the organisation promises to deliver to its target audience (Minchington, 2008).

The employer brand communication refers to as an honest and authentic employer brand messages about employment promises which could be delivered upon through an organisation's employer branding practices (Backhaus & Tikoo, 2004, p, 504). Communicating the brand can attract talent towards the organisation and can help keep existing talent.

2.5 Factors that cause the turnover of CAs

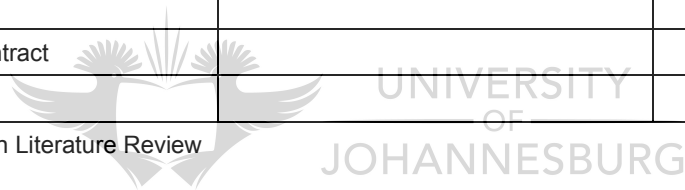
Factors that have been identified have been clustered into job-inherent, personal and employer factors. Job-inherent factors like employer factors are within the boundaries of the organisation and that are controlled by the organisation. Mdingela (2009) states that job factors that influence staff turnover include workload, meaningful work, working conditions, remuneration, a relationship with supervisor, relationship with co-workers and, empowerment and autonomy. These may include staff policies and procedures and the structure, strategy and culture of the organization (Cook and Hunsaker, 2001 and Cummings and Worley, 2005).

Personal or individual factors are those that are unique to each person, such as life stage, family circumstances and his/her needs wants and aspirations (Cummings and Worley, 2005). Possible factors that lead to high CA turnover were identified from literature reviews and are shown in the table below.

Table 1: Summary of factors that cause turnover of CAs

Job-inherent factors	Personal factors	Employer factors
1. Compensation	1. Career opportunities and ambition	1. Worker selection
2. General working environment	2. Work-life balance	2. Attractive and customised Employer Value Propositions
3. Social working environment	3. Job satisfaction and motivation	
4. Interesting, stimulating and diverse projects		
5. Empowerment		
6. Training		
7. Work allocation		
8. Term of employment contract		
9. HR Issues		

Source: Summary of dissertation Literature Review



2.5.1 Job-inherent factors

Job-inherent factors refer to those factors that are innate to the job itself. These factors cannot be influenced by employees, but are defined by employers. This study explores nine job-inherent factors that can serve as push or pull factors.

2.5.1.1 Compensation and competitive offers

In a study that was conducted by Liu, compensation was labelled as being one of the important dynamics affecting job choice (Liu *et al.*, 2007). This notion is supported by the findings in a study conducted by the Corporate Leadership Council. The study found that 44% of the respondents rated compensation as the most important driver of attraction (Corporate Leadership Council, 2006).

Baron and Hannan (2002) in Horwitz *et al.* (2003) provide an instructive conceptual framework with three dimensions of attachment and retention. The three dimensions are the following:

- Compensation, quality of work and work group as a community
- Skills, exceptional talent/potential and fit with a team or organisation
- Control and coordination which include direct monitoring, peer or cultural control, reliance on professional standards and formal processes and procedures

Placed in an organisational typology, the star organisation appeared to be an organisation which recruited top talent, paid very good wages and provided resources and autonomy to perform. In a study conducted by Zogby, internationally 58% of respondents preferred a job with excellent financial benefits to one offering a high salary (Corporate Leadership Council, 2006).

South African CAs enjoy substantial salary increases. In 2009, the average salary of a newly-qualified South African CA rose by 15% (Temkin, 2009). Auditing firms agree that they are unable to compete with the salaries paid by other employers in the industry (SAICA, 2008). It may be concluded that compensation may be push factor for CAs employed by auditing firms. Researchers seem to agree that compensation is one of the most important tools for retaining talent.

2.5.1.2 General work environment

Increased turnover in any organisation could indicate a serious problem in the working environment. The US Bureau of Labor Statistics recently found that 40% of those people who quit their jobs were doing so because they simply felt a lack of appreciation of teamwork, and that the organisation was perceived not to care about its employees (Mattus, 2005). Messmer (2006) states that all employees desire a positive supportive workplace. A good and pleasant environment will improve the chances that employees will decide to remain with the employer.

Internal communication problems were among the environmental factors that were found to give rise to a decision to leave. The Corporate Leadership Council (2002) postulates that excellence in employee communication is critical between the motivations of employees and the visions and strategies of the organisation. The Council further states that hectic shifts and the workforce mobility contributed to the lack of communication. A study undertaken by Watson Wyatt indicated that 51% of performing companies had formal communication strategies (Corporate Leadership Council, 2002).

2.5.1.3 Social working environment

The quality of work relationships, particularly the relationship between the employee and the supervisor, is as important as any other factors. A Gallup study that was undertaken on 2 million people employed in 700 organisations reported that dissatisfaction with one's immediate supervisor was the number one reason why employees were leaving organisations (Jo, 2008). This view is supported by Campbell & Alleyne (2002). They state that poor managerial quality is also associated with an employee's decision to leave the employer. Management quality in this case includes the way in which a manager or superior treats his or her employees.

Managers (CAs) in auditing firms report to different partners, depending on the assignments they are working on. It may be deduced that they are exposed to different partners with different needs and personalities. The way in which one deals with these differing personalities becomes important.

2.5.1.4 Interesting, stimulating and diverse projects

Research indicates that the extent to which a job is considered to be interesting may serve as both a push factor for employee turnover and a pull factor for employee retention (Dainty, 2008). Hissom (2009) states that some employees will leave owing to a lack of projects or assignments that do not require their full potential. These

employees may feel underutilised and may not obtain the experience they require. Job responsibilities that interest the employee are likely to serve as pull factors.

2.5.1.5 Empowerment

Baron & Hannan's (2002) states in their instructive conceptual framework that companies that provide resources and autonomy to perform, are considered to be of "star quality" (Horwitz *et al.*, 2003). These companies encourage employees at all levels to develop and experiment with new ideas (Messmer, 2006). The framework proposes that the provision of resources and autonomy is one of the human-resource practises for managing knowledge workers that seeks to incur fundamental changes in both the organisation and HR policy, as well as practice shifts.

The basic element of empowerment is the opportunity to take action that will generate positive results at both the individual and organisational level (Cai & Zhou, 2009). An empowered employee has a sense of control and is motivated, and thus is likely to stay with the organisation. CAs in auditing firms complain about the repetitive nature of auditing. They become bored and feel unchallenged, and often make the decision to leave the firm.

2.5.1.6 Training

The CA qualification allows CAs a longed-for leap into the industry. Young CAs are not only drawn into good positions in non-auditing firms, but these young CAs often simply see auditing firms as a training ground (SAICA, 2008). Temkin (2009) argues that CAs in auditing firms are exposed to big boardrooms and real business situations, and obtain all the support they could wish for, and thus they see auditing firms as the best possible training grounds. This puts them in a better position when they are ready to join industry.

Instead of deciding between a few paths, newly qualified CAs now has a whole highway to choose from (Eaves, 2008). It is therefore easy for CAs to move from auditing firms and choose from a variety of careers that are more challenging than

auditing. CAs enjoy high career mobility and can apply broad skills to business challenges in virtually every corporate sector. Corporate employers seem to be able to offer CAs opportunities which cannot be equalled by auditing firms.

There is also a perception that CAs who are working in auditing firms are exposed to a lot more pressure than CAs in commerce and industry. A study that was conducted in the USA drew a comparison between CAs who were working in specialised fields, auditing and small business. CAs working in auditing firms reported a much higher level of stress than their counterparts. One of these stressors was quantitative overload (Sanders *et al.*, 1995). This often resulted in a decision to leave.

2.5.1.7 Work allocation

The amount of and the type of work allocated to different staff members may cause serious issues within the workplace. Often, people feel that they have more to do than their colleagues. Work allocation can refer to the amount of manageable workload or the type of work allocated to each employee. In the researcher's opinion, there is a perception that work-allocation methods may lead to turnover of CAs in auditing firms. There is however no sufficient empirical evidence to validate this perception.

2.5.1.8 Term of employment contract

Temporary employment contracts have become the latest global trend. The disadvantage of temporary employment is that they rob employees of job security. Job security, as defined by Lainea *et al.*, (2009, p. 422) refers to a threat of job loss or endangerment of job continuity. It is characterised by job insecurity and a lack of control, and may lead to a lack of organisational commitment and job satisfaction. The quality of work performed and the level of employee motivation are the potential weak points in contract employment arrangements (Chen & Chen, 2007). The lack of organisational commitment and job satisfaction often give rise to the intention to leave.

There are instances in the workplace which demands the existence of fixed term contracts to ensure flexible working arrangement to suit both the need of the employer and the employee (Deloitte, 2005). On the contrary, employers may use temporary employment even where the contract is permanent. The nature of work in auditing firms is often seasonal and less staff may be required at the end of a busy season. This may affect continuity on jobs and often mean that some contracts have to be terminated. In its 2007-2008 annual report, the Auditor General's Office of South Africa reported that one of its critical areas was the fixed-term contract policy as this was a concern for the staff. The Auditor General views this as the most critical moral driver (Auditor-General, 2007-08). This confirms that the term of employment contract has a huge impact on the morale of staff, and the intention to leave the employer.

2.5.1.9 HR Issues

Employers are facing the challenge of creating an environment that values individual contribution, as well as that of everyone concerned. Booysen (2005) argues that organisations need to create an environment in which employees experience job satisfaction through fair employment practices while also optimally achieving company objectives. Leadership in business has abdicated this function to human resources departments.

One of the critical HR practices in the South African context is the application of the Employment Equity Act No 55 of 1998. The purpose of the act is to ensure that designated population groups in South Africa are fully represented at all levels of the South African private and public sectors. It is imperative for organisations to ensure that designated employees do not feel as though they were employed to help the organisation reach its equity quota, since this may lead to unhappiness and turnover intentions.

Owing to skills shortages, auditing firms employ a large number of foreigners. This talent is not covered by the above act. It is important for HR departments to ensure that this talent pool does not feel neglected, and that there are no salary and

treatment disparities between South African and foreign CAs. Everyone must be treated equally and fairly.

2.5.2 Personal factors

There is a global shortage of CAs, and a continuous need for them to develop their careers. Personal factors include factors over which the individual have control. These factors are highly dependent on what each individual values. The following three personal factors are explored here:

2.5.2.1 Career opportunities and ambition

Globally and across all industries, career opportunities and development are important to employees. Individuals seek employers who will support them in developing their careers.

Career progression in auditing firms is limited to partnership. Hachen in Carrera *et al.* (2002) states that the longer the contractual relationship, the greater the opportunity of upward mobility will be. Robson *et al* in Carrera *et al.* (2002) argues that in large firms, senior auditors with long years of service are likely to be promoted into partnership positions. They further argue that, firms typically make such decisions after an individual has been employed for a period of 10 to 12 years. This can be a long wait; even for CAs who wish to progress to partnership of an audit firm. The lack of congruence between an individual's career anchors and prospects of advancement within an organisation often lead to turnover.

Nacif states that the rate of turnover has an impact on career strategies. He argues that low turnover rates indicate that aspirants can project long-term careers; while a high turnover rate can be expected to foster static ambition. He also states that a high turnover rate fosters progressive ambition. CAs who remains with auditing firms often have long term career plans within the firm, they project promotion to partnership (Wallace, 2009).

It is therefore arguable that some people who leave auditing firms do so because they have no desire of becoming partners and those that stay do so with the hope of advancing to the partnership level.

2.5.2.2 Work-life balance

Horwitz *et al.*, (2003) argue that, owing to the knowledge redundancy in the rapidly changing environments, flexible employment patterns become a feature of organisations. This psychological relationship influences HR practices such as a work design and workplace relationship models. This argument is supported by the findings of a study that was conducted among chief executives in 355 companies in 10 East Asian countries. The results of the study revealed a need for flexibly balancing workplace demands with the need for work-life balance was an attribute of best employers (Horwitz *et al.*, 2003).

Pasework & Viator (2006) found that work interference with family life led to job dissatisfaction which sparked the intention to leave. The auditing industry is highly pressurised of nature, and CAs are prone to experience the need for balancing their work and family life. Work-family conflict seems to affect professions in various degrees. Previous research showed that professions with a high measure of client contact are particularly vulnerable to work-family conflict. This is also a problem for CAs in auditing firms as they need to adjust their schedules to meet the needs of clients. The findings of a study conducted by the Corporate Leadership Council (2008) concluded that, effectively building and managing a work-life balance proposition enabled organisations to increase their total pool of candidates and improve intent to stay. This study postulated that employers needed to prioritise an awareness of work-life proposition. In my own experience, most auditing firms do offer flexible schedules, but fail to effectively communicate these schedules to their staff.

2.5.2.3 Job satisfaction and motivation

Job satisfaction or the lack thereof, is a variable of every theory of turnover. Korunka *et al.* (2008) state that job satisfaction is a response to a number of job-related factors. It is often the predictor of an intention to leave.

Researchers differ in their views on what they see as a cause of job satisfaction or the lack thereof. In their study, Roost & Eden (2008) found that there was a correlation between the extent to which people were motivated by financial rewards and the level of satisfaction with their work. On the other hand, Herzberg's (1968) motivational theory, states that factors regarding hygiene (job security, salary and fringe benefits) will not motivate employees. However factors that are motivating and lead to job satisfaction must be in place before motivational factors can take effect. Factors that are motivating and lead to job satisfaction include the following:

- Achievement
- Recognition
- Possible growth
- Advancement
- Responsibility
- The work itself



According to Herzberg, job characteristics related to what an individual does, that is the nature of the work he performs, have the capacity to gratify the motivating factors thus making an individual happy and satisfied. The theory suggest that management wishing to increase satisfaction on the job and therefore reduce labour turnover should be concerned with the nature of the work itself, the opportunities it presents for gaining status, assuming responsibility and for achieving self realization.

Milkovich and Boudreau (1997) consider job scope, task identity, integration, participation, routinisation, communication and role stress as antecedents of job satisfaction. It may be concluded that factors that motivate and satisfy employees differ from one individual to another, and that employees are likely to stay with a company if they are satisfied with their jobs.

Hiltebeitel and Leaby (2001) state that employers should determine an employee's job fulfilment as early as possible and attempt to rectify complaints as early as possible to prevent unnecessary turnover. Employer's proactive actions to identify lack of job satisfaction can go a long way in curbing the turnover problem.

2.5.3 Employer factors

The two employer factors have been identified as factors that can either push CAs out of auditing firms or pull them to new employers. Business plans are meaningless if firms are not employing people that are able to execute the plans, and similarly, if the Employer Value Propositions do not foster staff retention.

2.5.3.1 Worker selection

Worker selection methods involve worker/organisation compatibility assessments. Companies have increasingly adopted methods for assessing the employer-employee fit. Without a good person-organisation fit, employees may not be committed to the organisation, and quick turnover may result (Liu *et al.*, 2007). The selection of CAs is mostly based on qualifications. Owing to skills shortages and desperation to staff the firm may lead to poor selection decisions.

Recruitment drives should ensure that they apply proper selection methods to assist organisations in sourcing motivated and organisation-fit employees. This notion is supported by a study in which 28 organisational factors and their correlation to talent retention was studied. This study found that there was a correlation between effective recruitment and selection of talent and talent retention (Kontoghiorghes & Frangou, 2009).

2.5.3.2 Attractive and customised employer value proposition

Customising the employment-value proposition is a developing trend. The one-size-fits-all approach is no longer appealing to talent. Organisations are increasingly recognising the power of EVPs to better attract and ensure the long-term

commitment of talent (Corporate Leadership Council, 2006). The Corporate Leadership Council (2007) defines EVP as a total financial as well as non-financial value that employees gain from working for an organisation, namely the total employment experience and differentiated compelling offer.

EVP is unique, and is based on the human capital or people strategy, and aligned to business strategy (Kochanski & LeBlanc, 2004). Part of the people strategy is retention. Michaels *et al.*, (2001, p.20), argues that talent management, how well successful leaders recruit, develops and retain people made companies great. Michaels *et al.*, (2001, p.20),), argues that talent makes companies perform beyond their peers. Auditing firms will not reap the benefits of costly investment in recruiting CAs if they should resign shortly after having been appointed. As such, talent management should be a bigger focus of auditing firms EVPs.

Retaining a better talent pool is about leaders and managers at all levels embracing a talent mindset, believing that talent is every managers responsibility (Michaels *et al.*, (2001, p.22).



This study will assist employers to understand what important considerations for CAs to stay are.

2.6 Conclusion

The literature review provided a framework and guided the study. Being a phenomenological study, themes and categories derived in the data analysis guided the literature review.

The literature review has established existing viewpoints on what causes mobility among CAs in auditing firms. It has also illustrated the impact of this phenomenon on the performance of auditing firms and the significance of curbing it. Literature fails to pinpoint whether these factors are unique to the mobility of CAs in auditing. Based on literature, the aim of the study is to establish whether there are unique factors that may lead to high CA turnover in auditing firms.

In the next section the research design will be described.



CHAPTER 3: RESEARCH DESIGN

3.1 Introduction

The research was carried out in accordance with a qualitative research method with the aim of identifying and validating the variables of turnover. Qualitative methods are designed to gain an understanding of what is relevant and meaningful to the participants, and to understand how these people make sense of their daily lives. They allow the researcher to immerse him/herself in the reality of the participant for the duration of the encounter and in doing so, enable the researcher to view the situation with a degree of sensitivity (Neuman, 2000, p 73). This will be discussed under the following subheadings:

- The research approach
- The research method

3.2 Research approach

3.2.1 Ontology



Mason (1996), states that ontology refers to the researcher's view on the essence of nature of the social world. It positions the researcher in relation to other differing viewpoints. From an ontological position, the researcher's approach was interpretative. The researchers view was that the real world of CAs can be discovered in an objective manner. It is possible to construct meaning through experiencing and understanding the unique social environment of CAs. Therefore, the researcher's belief (ontology) is that reality of the experiences of CAs could only be understood from their own perspectives and in their particular context. CAs actions can be explained by interpreting their meaning and views on the problem.

In evaluating the research objectives, the researcher appreciated the complexity of understanding the underlying motives of the CAs. A pure positivistic approach to the research problem was not practical. The small number of participants in a survey would not allow a reliable set of data. Concepts from literature that define the

phenomenon formed the basis of the enquiry. New concepts from interviews also formed part of the enquiry. Data was interpreted as received without manipulation to ensure that preconceived ideas did not influence the results.

- The research question required a deeper understanding of the motives and needs of CAs. This could only be uncovered by understanding the deeper motives and reasons why people elected to leave one employer and join another. A qualitative approach was used since it was considered to be the best method of understanding and appreciating the perspectives of the CAs.
- On a personal level, the researcher was swayed from an initial quantitative approach, and decided to employ a qualitative approach. The quantitative study was not a viable option in this case for two reasons. Firstly, the researcher needed to gain an understanding of CA'S experiences from the individual's perspectives in order to appreciate why they make decisions to move. The study required that reality of CAs experiences is learnt from their own accounts and inductive reasoning and not through some statistical methods of acquiring data. Secondly, the population of the study was not big enough to conduct such a study. This required substantial reorientation in the research approach. In order to understand the new paradigm, the view of an experienced qualitative researcher was studied in order to help with the reorientation, and much was learned. Therefore, a qualitative study was the best way of answering the research questions.

In the final analysis this approach has been adopted owing to the researcher's belief that the most truthful way of answering the question of CA turnover was to subjectively study the meaning and experiences of turnover cases from their own perspectives. This interactive approach of gathering data ensured that the researcher empathetically understood the participants' views and the reasons for their leaving their jobs in auditing firms.

It may therefore be stated that the researcher's ontological perspective about what knowledge is (specifically in terms of this situation), and informed by the

epistemological reality that a quantitative study was not possible; a qualitative research model was decided upon.

3.2.2 Epistemology

De Vos *et al.*, (2011, p.308), states that qualitative researcher is concerned with understanding rather than explaining the naturalistic observation and subjective exploration of reality from the perspective of an insider. This approach allowed the researcher to understand the meaning that underlies the turnover of CAs, and to interpret the meaning and intentions of this. De Vos (1998) refers to this method as being interpretative.

According to Ritchie and Lewis (2003), epistemology is concerned with the researcher's ways of knowing and learning about the social world, while focusing on questions such as how reality can be known, and what the basis for knowledge is. The researcher epistemology is sensitive to interpretive paradigm which assumes that knowledge can be understood and interpreted but not predicted and controlled (De Vos, 1998, p. 246).. The research aimed at discovering subjective meaning through a systematic, interactive methodology (Schurink, 2009, p.13). The researcher assumed a role of an interpreter of the meaning of reality that CAs attached to turnover within a specific organizational context within which the phenomenon manifested itself. This enabled the researcher to conduct in depth research about the phenomenon of CA's turnover. The researcher believes that the method of enquiry that was adopted was the right method for the purpose of discovering the true feelings of CAs in terms of turnover. Henning et al., (2005) state that qualitative studies provide an in-depth understanding of the underlying reasons that contribute to the problem. The aim is to understand CAs account of meaning, as well as the experiences and/or perceptions of CAs. This interactive approach, influenced by the research perspective, allowed the researcher to understand the meaning that underlay the turnover of CAs, and to interpret the meaning and intentions. Open-ended questions as a data-gathering method was used. This method of collecting data enabled participants to express their views and feelings openly.

3.2.3 Literature

Substantial reading of research done in the field of employee turnover, and specifically CAs was done. A structured model was developed to classify all the knowledge that was gathered from the literature. An interview guide that contained a list of topics was derived from the literature. The interview guide was used mainly to act as prompts during interviews in the event that participants did not respond to the open-ended questions.

3.2.4 Research ethics

Mouton and Marais, (1990) state that a consideration which concerns mechanisms of social control involves moral implications. These implications include moral values and norms that relate to plagiarism, professional conduct and status, as well as the rights of research participants. The rights to voluntary participation and confidentiality were ensured. Participants were asked to sign the consent form before the interview. To ensure their anonymity participants' names were not mentioned in this study.

Schurink (2009), states that the ethically responsible research depends on the integrity of the individual researcher and his or her values. The researcher was aware of the many potential pitfalls of not being truthful in doing the research. In particular the following risks were identified:

- The literature review could influence the direction of interviews, and could almost turn it into a confirmation of existing knowledge, ignoring the unique circumstances of the company and its employees.
- Performance pressure. The researcher was an employee of the company where the research was conducted. Remaining objective under these circumstances was difficult. Management expected the "right" solutions, employees might use the opportunity to "negotiate" or complain, and giving unacceptable feedback could be seen as poor career management on the part of the researcher.
- Own biasness. Over the years the researcher has become aware of certain tendencies, and has formulated an opinion of what might be the reasons for CAs"

leaving the organisation. The research required the researcher to abandon her own opinions, or deliberately suppress them.

To overcome the risks, the researcher and her study leaders agreed on following a process of transparency, to keep records, and to engage in reflective debriefing to test the honesty of the researcher during the research process. Getting behind the truth, and maintaining an objective approach was not possible for an individual. Support and debriefing were therefore obtained. These included the questioning of assumptions and procedures.

3.2.5 Research strategy

Schurink (2009, p.35) defines the research strategy as the logic of the approach by which data will be used to answer the research questions. Research was conducted in the form of a phenomenological study. Research questions were directed at the meaning of participant's experiences and their feelings on staff turnover. A number of research designs for the study were considered. These research designs are described in Table 2 below, and the reasons are given for selecting or not selecting them. The intention was to refrain from any pre-given framework, and to describe the turnover phenomenon as accurately as possible.

Table 2: Different qualitative research designs that were considered and rejected

Design	Definition or description	Reason for using or rejecting it
Phenomenology	<p>Phenomenology research may be viewed as a manner of acquiring knowledge through the exploration of meaning offered by participants, rather than through external observation and manipulation Kvale (1996).</p>	<p>The intent of a phenomenological approach was to understand turnover on their terms and to provide a description of CAs experiences as experienced by CAs. The design ensures that the researcher kept an open mind, restrict their biasness and was able to remain to true facts (De Vos <i>et al.</i>, 2011). The aim of the study was to understand CAs lived experiences of turnover. In this study only CAs could give their account and experience of the phenomenon being studied, phenomenology was the most suitable approach for this study.</p> <p>Transcendental phenomenology was followed. This approach. A transcendental approach consists of identifying the phenomenon under review, collecting data from various participants who have an experience of the phenomenon, which is knowledge based on „insights rather than objective characteristics, analysing the data by crystallising the participants“ answers into significant statements, and then deriving themes from these statements (Richards & Morse, 2007, p. 48).</p>
Case study	<p>A case study refers to an exploration or an in-depth analysis of a bound system. The bound system can either be an entity or a phenomenon (Schurink, 2009).</p>	<p>A case study design“s focus is to intensely explore a particular single or multiple cases and involves in-depth data collection methods (Schurink, 2009).The focus of the study was not at any particular case. The offices of BDO were used as a setting.</p>

Participant observation	Participant observation, also referred to as ethnography, involves studying participants' life worlds by utilising some form of participation, and then interpreting that (De Vos, 1998).	Inductive reasoning about the feelings and experiences of CAs was made after in-depth interviews in preference to a naturalistic approach that was adopted by participant observers. The aim of the researcher was to interpret behaviour rather than to engage in it.
Grounded theory	Grounded theory focuses on generating theory that is based on the study of social situations (Schurink, 2009). This method of collecting data involves generating an abstract of the phenomenon and then comparing it with the new data gathered to generate theory.	The focus of grounded theory is to observe social interactions, analyse data and develop theory. The aim of this study was to understand the turnover phenomenon amongst CAs in BDO, and thereby creating an understanding (and possible solution) rather than creating a theory.
Life history narrative analysis	Also called narrative biography is a biographical form of collecting data that includes life stories, life history, narratives, autobiographies and autoethnographies (Schurink, 2009).	The emphasis is on an individual's account and perspective of his or her life story. This strategy was not used because the specific problem of CA turnover in a specific organisation was investigated.

Source: Qualitative Research Design, Schurink (2009)

3.3 Research process

The study was conducted at the offices of BDO where the researcher was an employee, and had easy access to the setting and participants. The firm was located in Johannesburg. The case study was the Auditing Division of BDO, the core of the firm. The sample was drawn from 26 auditing managers (CAs). The firm also employed auditing partners, senior accountants and trainee accountants. The setting was chosen because it was rich in description of the sample and also convenient for

both the researcher and for participants. Out-of-office meetings were arranged to interview former BDO staff members.

3.3.1 Sample and sampling procedure

The focus of the study was the content of the CA's experiences. Participants in this study had lived through the experience and should be able to express this experience accurately. The population consisted of 26 auditing managers who were employed at the time, as well as external managers who left the services of BDO. Participants were selected randomly from the total population of CAs (auditing managers) in BDO and the managers who have left BDO. All CAs stood an equal chance of being selected. This method of selecting participants was chosen to ensure an equal probability of selection.

The names of all the CAs were put in a pool, and 12 names were drawn out to form the wider population. De Vos *et al.*, (2011) state that ideally a minimum of 12 interviews are needed to create stability in the views in the sample. The researcher believed that the sample was large enough to sufficiently reflect the view of the wider CA population, thereby ensuring sufficiency.

All participants were qualified CAs. The level of experience in auditing was distributed as follows:

- Some had between one to two years' experience.
- Some had between two to three years' experience. One participant in this group also had experience in commerce and industry.
- Some had between four to five years' experience. One participant in this group also had experience in commerce and industry.

The participants were aged between 27 and 38, and consisted of both black and white and male and female persons.

All these auditing managers were invited to a presentation which described the study. They were then invited to participate by e-mail. External participants were contacted by e-mail, and invited to participate.

3.3.2 Data-collection methods

Open-ended interviews were chosen as the method of collecting data to describe the phenomenon as accurately as possible from an interpretative framework, while refraining from any pre-given framework. De Vos (1998), states that interviews are a pipeline for extracting and transmitting information from the interviewee to the interviewer. This makes the process of interpreting data easier. A potential limitation of open-ended interviews is that relatively little information is gathered during the first part of the interview. To overcome this potential limitation of the open-ended interviews, the rest of the interview will be guided by an interview guide to probe for information. An interview guide is described by Welman & Kruger (1999), as a guide that contains a list of topics and aspects of these topics, which have a bearing on the theme, and which the interviewer should raise during the course of the interview. This method allowed for the accumulation of more knowledge on the phenomenon.

In total, the researcher interviewed 7 interviewees who were employed at the firm at the time (one was used for testing purposes) and 4 former BDO auditing managers. The researcher had difficulties locating former BDO auditing managers, and thus only 4 were interviewed. Two had relocated to other provinces and international countries, one was highly pregnant, and was not available to participate, and three were not willing to participate in the study.

Interviews with internal participants were held at BDO offices during office hours, while external participants were visited at their respective offices. First interviews were scheduled for an hour, while the follow-up and wrap-up interviews were scheduled for 30 minutes each.

The list of topics gathered from the literature study formed the basis of the interview guide, and was used to define concepts. The following five open-ended questions were asked:

1. What are job-inherent factors that would cause you to leave auditing firms?

2. What are personal factors that would cause you to leave auditing firms?
3. What are employers factors cause you to leave auditing firms?
4. What are factors that would make you stay in auditing firms?
5. What are the issues that might attract you to non-auditing firms?

The interview guide was tested beforehand with one auditing manager to ensure that the contents were relevant and clearly understandable to potential participants. The interview guide was not organised in any particular manner, but data was classified later on in the analysis.

3.3.3 Research procedure

As an employee of BDO, making contact with internal participants was easy. Interviews were scheduled via e-mail and confirmed telephonically. To avoid any inconveniences, participants were allowed to schedule the time slots that suited them. External participants were contacted in the same manner, but they were interviewed at their preferred locations. First interviews were conducted over a two-week period. Scheduling follow-up and wrap-up interviews was problematic owing to time constraints on the part of the participants.

All participants were promised anonymity, and it was also agreed that they would receive the research report once the study was completed.

The researcher conducted herself professionally and morally at all times. None of the research questions was found to be unethical.

Designing trustworthy research should be the aim of every researcher (Schurink, 2009). Lincoln and Guba (1985, in Schurink, 2009) suggest four alternative constructs that they believe reflect the assumptions of the qualitative paradigm as opposed to the conventional criteria for good research. These constructs are credibility/authenticity, transferability, dependability and conformability. The above constructs were ensured in the following way:

3.3.3.1 Credibility/authenticity

Schurink (2009, p. 34) suggests that credibility is the most important criterion for a qualitative research study. He (Schurink) defines credibility to the degree to which the research participants' views match the researcher's construction and representation thereof. The following initiatives were undertaken to ensure credibility of the study:

- While conducting interviews, the researcher remained objective by not expressing any opinion on the topics discussed. This was quite difficult to achieve as participants would ask the researcher for her opinion as an insider.
- Taped interviews were substantiated by field notes to ensure that the participant's views were accurately captured.
- The research avoided biasness by refraining to give any views on the research problem when asked by participants, and when reporting on the results.

Any misrepresentation of the participant's views on the phenomenon would have disqualified the credibility of the study.

3.3.3.2 Transferability as an alternative to generalisability

The results of this study cannot be transferred unconditionally to another setting. Although the turnover phenomenon was accurately studied, not all possible variables that might have had an impact on the phenomenon were studied. The University's guidelines on qualitative research and a logic process were followed, including the keeping of a diary on the process.

This study provides sufficient detail of data-collection methods and data-analysis processes that will allow the reader or investigator to judge the degree to which the research will be transferable (Bloomberg & Volpe, 2008).

3.3.3.3 Dependability as an alternative to reliability

The underlying assumption that governs this construct in the positivistic methodologies is that an unchanging social reality is in direct contrast to the realities

the qualitative researcher investigates (De Vos *et al.*, 2005). The section on data collection, recording and data analysis provides details on the research processes and procedures undertaken to collect, analyse and interpret data. Schurink (2009, p. 34) refers to dependability as the extent to which research is logical, well documented and audited.

3.3.3.4 Confirmability

Confirmability also known as traceability refers to the degree to which data is able to confirm the general findings and the implications of the research. The following initiatives were undertaken to ensure confirmability of the study:

- Taped conversations and field notes are available to support the findings of the study. Schurink (2009) suggest an audit trail as a way of ensuring confirmability. According to Schurink, (2009, p.35) an audit trail refers to a systematically maintained documentation process of the researcher's continuous critical analysis and decisions and actions taken during the entire research process. As such, the research findings of this study can be traced back to raw data collected through interviews.

In this study, the researcher has been able to prove that they arrived at the research findings.

3.3.4 Data recording

As discussed by Schurink (2006,) qualitative researchers typically “gather data in the form of words, narratives, or pictures and rarely in the form of numbers” The written results of this study contain quotations from the data to illustrate and substantiate the presentation. This is one way in which the researcher describes particular situations and views of participants.

The interviews were taped and transcribed into a word document, tapes were numbered and back-up tapes were stored on a different computer. Only sections that were relevant to the study received attention. Field notes were also taken with the

view of writing a more complete report at a later stage (Welman and Kruger, 1999), and to ensure that accurate data would be analysed later on.

3.3.5 Data analysis

Although software for qualitative data analysis was available, analysis was conducted manually. Responses were first grouped into themes and later into categories. As defined in the literature review, these categories were job-inherent factors, personal factors and employer factors. Comparisons were made, and interpretations of these were then formed. This process complies with the inductive reasoning approach of the study.

As argued by De Vos *et al.*, (2011), the results of qualitative data analysis guide subsequent data collection. These writers further argue that analysis is a less distinct final stage of the research process. Responses from first interviews were analysed first, and guided the follow-up interviews. The data collected from the follow-up interviews guided the wrap-up interviews.

A few themes that were not originally picked up in the literature emerged, and were classified into categories.

This method disclosed themes that were of a concern to CAs, and that might have resulted in a decision to leave.

3.4 Conclusion

The sections above outlined the research approach and the research methodology that was employed in the study. The approach included the researcher's ontology, epistemology and the research strategy. The methodology included the choosing of the participants, the methods of collecting data and then data analysis.

The next chapter will present the research findings of the study.

CHAPTER 4: RESEARCH RESULTS

4.1 Introduction

In the previous chapter research design and methodology were presented, with the objective being to understand the factors that may lead to high CA turnover. This section outlines the research findings and some quotations from participants. The findings on this section informed the overall findings of the study, and were discussed in Chapter 5. Participants in the study were qualified CAs, between the ages of 28 and 38, and were selected from different racial groups. Participants' post-qualification experience varied between one and five years, and some had experience in commerce and industry. Demographic profiles are reported in tables 3, 4 and 5 below.

After collecting and analyzing and crystallizing CAs statements, themes were derived. Themes were integrated in order to explain the turnover phenomenon and findings were made. These themes were found to be related to literature review.

Section 4.2 outlines the job-inherent factors while section 4.3 focuses on personal factors and 4.4 employer factors. The chapter concludes with a summary of findings on factors that lead to high CA turnover.

The tables below illustrate the demographic characteristics of the sample based on race and gender, age groups and post articles profiles.

Table 3: Profile of the sample by race and gender

Population group	Male	Female
African	2	0
	18.1%	0
White	5	4
	45.5%	36.4%
Total	7	4

	63.6%	36.4%
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Table 3 illustrates the demographic characteristics of the sample by race and gender. The sample consisted largely of white male as compared to blacks and female CAs.

The table below illustrates the age groups of the sample. 45.4% of the sample were between the ages 27-30 and 54.6% of the sample were aged between 31-33 and 34-38 combined.

Table 4: Profile of the sample by age groups

Population age groups	No of participants
27 – 30	5
	45.4%
31 – 33	3
	27.3%
34 – 38	3
	27.3%

Table 5: Post-articles profile

Period out of articles	No of participants
1 – 2 years	2
	18.1%
3 years	1
	9.1%
4 years	5
	45.5%
5 years	3
	27.3%

Table 5 illustrates the post-articles profile of the sample. Only 18.1% of the sample had post-articles experience of between 1-2 years. The rest of the participants had between 3– 5 years post-articles experience.

The main prompt read: “Tell me about your experiences at BDO”. This elicited a lot of data on topics that were similar to those contained in the interview guide. In order to create meaningful outcomes of this research, all interview transcripts were read by the researcher, and coded in the open-coding style. This method of coding data involves the process of breaking the data down, and examining, comparing, conceptualising and categorising it (De Vos *et al.*, 2011).

4.2 Research Findings

A summary of the themes/headings and the frequency at which these themes/headings occurred amongst participants is indicted in table 6 below:

Table 6: List of themes/headings

Initial responses/themes												
Job-inherent factors												
	Source of Theme	1	2	3	4	5	6	7	8	9	10	11
Compensation	Literature review & Qualitative interview	X	X	X	X	X	X		X	X	X	X
General working environment	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Social working environment	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Interesting, stimulating and diverse projects	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Empowerment	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Personal factors												
Career opportunities and ambition	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Work-life balance	Literature review & Qualitative interview	X	X		X	X	X	X	X	X	X	X
Job satisfaction and motivation	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X

Employer factors												
Worker selection	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	
Attractive and customised Employer Value Propositions	Literature review & Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Responses /themes identified during interviews with participants												
Job-inherent factors												
Training	Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
Work allocation	Qualitative interview	X	X	X	X	X	X	X		X	X	X
Term of employment contract	Qualitative interview	X	X	X	X	X	X	X	X	X	X	X
HR Issues	Qualitative interview	X	X	X	X	X	X		X	X	X	X

Research findings were grouped under the three headings identified in Chapter 2 (Job inherent; Personal and Employer factors) plus additional themes identified during the interviews with participants. Those headings were:

- Training: refers to the extent to which CAs stay with or leave auditing firms after qualifying.
- Work allocation: refers to the nature of assignments that are allocated to different staff members. The main concern was that the nature and the amount of work allocated to staff members could bring a feeling of dissatisfaction.
- Term of the employment contracts: The duration of the employment contract can lead to a decision because of lack of job security.
- HR issues: Some participants held the view that the way in which the HR department were dealing with staff issues could affect the employee's decision to stay or leave the firm.

Participants viewed the above as possible push factors, and considered them important for the retention of CAs. Findings on these factors are discussed in the next section.

4.2.1 Job-inherent factors

4.2.1.1 Compensation and competitive offers

The study found that there was general consensus that the firm's remuneration was satisfactory when compared to those of other auditing firms and commerce and industry. A number of participants felt that the firm's salaries were competitive in comparison with other auditing firms and commerce and industry, while two participants shared the opinion that salaries were satisfactory without directly comparing the firm's remuneration with that of other auditing firms or commerce and industry. One participant argued that salaries were fairly competitive, and that the differences that existed were only noticed during the recession. In support of the previous views, another participant was of the opinion that the firm paid higher salaries than other auditing firms or commerce and industry.

Comparing salaries with commerce and industry, one participant felt that there was a small margin between the firm's salaries and those paid in commerce and industry. An opinion was expressed that the firm's salaries were not competitive with those of other auditing firms, and that CAs from the big four auditing firms were paid slightly higher salaries. This participant suggested that these higher salaries came with more pressure because CAs in the big four auditing firms audited "big listed clients". This participant was of the opinion that the ability to maintain work-life balance and to work in a less pressurised environment was more important than being paid a higher salary.

Only one participant failed to comment on remuneration. This participant had previous experience in commerce and industry, where he held a senior position before he made a decision to pursue a career as a CA.

Performance bonuses and/or incentives, and the lack of these were seen as push factors. Some felt that the allocation of performance bonuses was neither objective nor fair. These participants argued that firm partners who were involved in making decisions in terms of the allocation of performance bonuses had no knowledge of the work performance of staff members. An argument was presented that performance bonuses should be based on performance targets, for example, the number of write-offs. One respondent felt that performance bonuses were simply a way of expressing

gratitude, and that salaries were competitive enough .This participant suggested that:

“Bonuses are a way of saying thank you, but they are not an overriding factor because salaries are enough. Super bonuses should only be expected at a partner level, and not at this level. (Participant 8)

Based on this analysis, a deduction can be made that the firm is not far off in trying to retain staff from a remuneration perspective. These findings are supported by the study done by Liu in which compensation was labelled as being one important dynamic of job choice (Liu *et al*, 2007). The responses also suggest that there is a gap that needs to be filled in terms of performance bonus allocation which is mostly the only other form of remuneration to staff.

4.2.1.2 General working conditions

Although participants agreed that the general auditing environment was highly pressurised, there was also consensus that the pressure was seasonal. Participants shared the view that some assignments were more pressurised than others. There was also consensus that workload pressure and the constant change of assignments could be push factors for some CAs.

The following factors were seen as causes for pressure:

- Failure to delegate and the quality of trainee accountants: most participants shared the view that the lower quality of staff on assignments makes it difficult for CAs to delegate. This which resulted in CAs having to complete most of the work on their own
- Size of assignments, the bigger the assignment the more the pressure
- Client issues, bad treatment and lack of cooperation from clients was cited as a cause for pressure
- Long hours: participants stated that long and extra hours were inevitable where a manager (CA) has to complete most of the work on their own and in cases where one has more than deadline assignment

- Shortage of managers (CA) which led to an increase in the workload of those who remained with the firm

A number of participants found that they managed to alleviate the inherent pressure through time management. One participant argued that partners had a responsibility to monitor the environment and help alleviate the pressure, and that CAs were left to find their own balance, and were not supported by firm partners (see, for example Refs).

“The environment is pressurised; partners have to monitor what is going on and identify steps to alleviate it. This may lead to a decision to leave. (Participant 9)

If not supported, CAs may be pushed to leave the firm. These findings are supported by the study done by the US Bureau of Labor Statistics which found that 40% of the participants quit their jobs because they perceived the company to be not caring about its employees (Mattus, 2005).

Generally the auditing environment was viewed as conducive to a prolonged stay of CAs.

4.2.1.3 Social working conditions

The social work environment refers to an employee’s interpersonal relationships with close co-workers and immediate supervisors (Govender & Parumasur, 2010). Participants in this study placed stronger focus on relationships between themselves and firm partners than between themselves and their peers. A good relationship with firm partners was viewed as critical, particularly because some CAs were constantly working with the same firm partners and were entrusted with the responsibility of completing audits. In the auditing environment the rule of thumb is that CAs rotate between assignments, and report to different partners of the firm. However, in some instances certain CAs work for a longer period with a specific firm partner than with others. Participants found that since they were working with different partners of the

firm on different assignments, they were sometimes unable to pay attention to the requirements of some of these partners, and could thereby possibly ruin their relationships with them. The lack of a healthy relationship between firm partners and CAs was viewed as a possible push factor. One participant felt that, depending on the CA's emotional intelligence, this might be considered a push factor.

One of the participants stated that sound relationships with the partners" supports retention, while mentoring improved motivation and dedication. Communication was labelled as being critical in maintaining such a relationship. Contrary to this view, one participant argued that the firm"s partners were primarily worried about profits, and did not provide sufficient support to CAs.

There was also a view that some CAs were less respected than others, and therefore were treated differently. One participant felt that this relationship had an impact on salaries and the way in which their work was perceived.

Jo (2008) contended that, typically, people were primarily lured to an organisation by good pay and benefits, but that it was often the relationship with their immediate supervisors that determined how long employees would remain with the same organisation. The Gallup study referred to above also confirmed that dissatisfaction with employees" immediate supervisors was the number one reason why they were leaving organisations (Jo, 2008).

Another participant noted that the relationship between certain co-workers could at times be stressful, while another participant felt that CAs were working independently of one another, and that they therefore had little contact with their co-workers.

4.2.1.4 Interesting, stimulating and diverse projects

Dainty (2008) states that, second to the financial rewards, an intrinsically interesting job was the most important issue in retaining key personnel. There was overwhelming consensus among respondents that although auditing was repetitive, it was of a diverse and dynamic nature. Because of its diverse nature and

complexity, it was interesting and stimulating. All participants were of the view that they were learning different things from each assignment, as well as from experience in one industry to another. It was also stated that there was a lot to learn from clients with different business models and challenges. One participant stated that CAs often found themselves having to assist their clients with other services that were not related to auditing. One participant stated that a passion for auditing superseded its repetitive nature. These findings echoed the findings of a study that was conducted among New Zealand employees. It confirmed similar research elsewhere that interesting work was identified by 90, 4% as a reason for remaining with a specific employer (Dainty, 2008).

One participant suggested client rotation as a solution to problems that might have been caused by the repetitive and monotonous nature of auditing. This confirms Dainty's (2008) findings that the extent to which a job was interesting could serve as both a push factor for employee turnover and a pull factor for employee retention.

Only one participant felt that auditing was boring. This participant felt that only the accounting perspective of auditing was interesting, and left the firm immediately after having qualified. This particular group completed their training at a small auditing firm where they were more exposed to accounting work. They indicated that they were more stimulated by accounting than auditing, and that was the reason why they joined commerce and industry after qualifying as CAs.

4.2.1.5 Empowerment

In general participants felt that they were enjoying a high level of empowerment in that they were allowed to make their own decisions that were related to the tasks that they were assigned to. Their level of decision making, the freedom to do things in their own way, and the opportunity of working independently were found to be rewarding to CAs. This finding is supported by Coner & Kanugo in stating that empowerment heightens the employee's senses of personal control, and motivates him or her to engage in work, which in turn results in positive managerial and organisational outcomes.

All the participants agreed with the fact that they were restricted to operational decision making. This was a factor they thought might lead to a decision to leave the firm. Participants were of a view that they would have liked to be involved in more decisions about business management such as decisions about the budget, cost cutting and business development. Most decisions were made by partners of the firm. One participant argued that in this way the firm was not developing leaders and that CAs were not allowed to apply their leadership skills.

In general participants felt that they were being highly empowered through training and development (technical updates). One participant was of the view that training and development should be applied to individual developmental needs, and should not only be broadly applied.

While all participants felt that they were allowed to voice their opinions, one participant felt that outspoken people were not being tolerated.

Some participants stated that some of the partners of the firm had a tendency of micromanaging, and that some of them were not always available to make decisions when required to. These issues were labelled as push factors.

4.2.1.6 Training

Participants overwhelmingly shared the view that turnover of CAs in auditing firms was natural in that most people were using auditing firms as a training ground. It was everybody's feeling that for some people, a qualification as a CA meant a financial management position, and that auditing was a better training option for a CA as it exposed CAs to diverse environments. Considering the fact that CAs had many job opportunities to choose from, one of the participants stated that the level of CA turnover in auditing firms was actually quite low. Another view was that some CAs remained with a firm because they did not know what they wanted to do after having completed their training. Another respondent suggested that:

“People stay because they have gotten into a comfort zone. Having completed their articles, they have a good base of auditing, and do not wish to be thrown in at the deep end in the industry. (Participant 4).

Another perspective that emerged was that too much auditing experience limited a CA’s chances of progressing into commerce and industry. These participants felt that CAs should also obtain accounting experience. These were the views of participants who had either completed their training at a small auditing firm where the focus was stronger on accounting than on auditing, or who had experience in industry. They suggested that CAs should spend at least two to three years in auditing after they had completed their training and only then they should decide on what they wanted to do.

One participant felt that the pressure related to auditing was driving CAs away, whilst another respondent felt that some left because their employment contracts had come to an end, and that they might not have been offered new contracts.

4.2.1.7 Work allocation



It was the view of some participants that allocation of work to different staff members was done on a purely random scale, and that it was based on the capacity of staff. These participants were all in agreement that they had the freedom of refusing to take on more assignments if they felt that they did not have the capacity to manage more.

The view held by one participant that some CAs were allocated assignments that were difficult in nature was dismissed by almost all the other participants. They stated that it was not always possible to know whether an assignment would be a difficult one, particularly if the client was a new one.

Evidence that too much work led to extra pressure was evident from the participants’ view that those CAs who ended up with more work were prone to stress and more pressure. This was regarded as a push factor in that people might consider leaving the firm as a solution.

One participant stated that newly-appointed CAs tended to acquire difficult clients from former managers who had been promoted. This was seen as being demotivating, and was a push factor for new managers.

There was also a view that owing to their lack in size, some audit firms ended up with small and disorganised clients. One participant stated that the firm took on all kinds of clients, and did not enjoy the liberty of being able to reject some clients. This participant was of the view that it was difficult for CAs to manage these kinds of assignments and increased the stress levels of CAs, and pushed them away.

There was also a view that partners of the firm had a tendency of assigning tasks to CAs with whom they were used to work. Participants viewed this as a sign of trust.

Two senior CAs felt that complex jobs were allocated to more senior and experienced managers, as this would be difficult for less-experienced CAs to deal with. There were differing views that firm partners allocated simpler and more profitable jobs to their preferred CA managers.

Another participant noted that the workload was not much different in commerce and industry. While there was consensus that too much work could be a push factor, one participant felt that not having enough work could also be an issue.

In general all participants were of the opinion that the allocation of work should be balanced to allow CAs time for both work and a private life.

4.2.1.8 Terms of employment contracts

Most participants agreed as to their preference of full-time employment and the view that fixed-term contracts were a push factor for people who wanted to remain in auditing. Participants argued that these people would seek employment opportunities in other auditing firms. The issue raised was that a fixed-term contract did not offer employees a sense of security, and that such people were constantly looking for other jobs.

A 30 year old married CA thought that the younger generation preferred fixed-term contracts as this would allow them an opportunity to find something else. This was supported by another participant who stated that people who did not want to remain in auditing were happy with one-year contracts. Contradicting views were expressed on what was considered to be a fair term of a fixed contract. There were suggestions about one-, two-, and three- and ten-year contracts. One participant stated that the downside of a longer contract was that CAs might not stick to it.

Another participant's perspective was that fixed-term employment contracts were a way in which a firm managed the risk of keeping poor performers in their employ. This participant stated that it was easier for a firm to get rid of poor performers by not renewing their employment contracts on expiry than having to terminate the employment of a full-time employee.

4.2.1.9 Human Resources (HR) issues

HR issues in general were not seen as a push factor. Participants were in agreement that HR issues were quite common and affected everyone. A strong view emerged on the way in which HR communicated with employees. Participants indicated that there was a communication gap between the HR Department and the general workforce. It was further indicated that HR did not communicate properly with employees, and in the process created uncertainties. One participant argued that employees might feel side-lined, especially because they considered HR matters to be personal. There was a suggestion that HR should have an open-door policy, and should communicate in a way that was not misleading. This view is shared by Simons (2011) in her argument that management should not let the rumour mill run rampant. Simons further argues that staff members should not be left to themselves to provide their own answers (most likely incorrect). One of the factors that were of a concern to participants was being left out of decisions that affected trainees, and had a direct impact on them.

One participant had a strong view that if HR disrespected people, they might want to leave. This was supported by another participant who thought that people might only consider leaving the firm if they had very serious HR issues.

Generally participants stated that the HR Department was trying to satisfy the needs of employees, and treat people equally. Leaving the profession for poorly-managed HR issues would be the last resort.

4.2.2 Personal factors

4.2.2.1 Career opportunities and ambition

General consensus was reached that there was a lack of opportunity for people to grow after having qualified. Participants shared the view that there was little opportunity to be promoted to firm partner level. A recent study conducted among Certified Professional Accountants (CPAs) in the USA indicated that 86% of people outside partnership level would seek alternative employment by 2011. Based on the findings of this study, one may conclude that career growth among CAs in auditing firms is a great concern for employees (Simons, 2011).

One participant was of a view that this situation was going to change as some old firm partners would go into retirement. In terms of the demographics at partner level, a few retirements may be expected to occur, but these vacancies may not be able accommodate everyone who is waiting on line.

Participants shared a strong view that there was lack of communication about succession planning. The criteria that were used for promotion and communication about the reasons why some people were not chosen for partnership were not satisfactory. Simons (2011) stated that the following questions were often asked:

1. What does it take to be promoted?
2. What is the profile of a partner in the firm?

These were questions that staff members wanted answers to. Two participants strongly expressed the view that people were losing promotion had they been in

commerce and industry where they could have grown into Financial Manager and Financial Director roles, while they were waiting for their turn to be promoted to firm partners. One participant commented as follows:

“One can grow to Financial Manager and Financial Director in industry. (Participant 1).

Another participant argued that the national situation was the result of the new South African Companies Act of 2008 which excluded owner-managed businesses from being audited. According to this participant, the effects of the Act limited the availability of partnership positions. This study noted that the new Companies Act was only passed in the last quarter of 2010, and its effects had not yet been felt by the industry, and particularly not by the firm in question.

One participant felt that only people who had friendly relations with current firm partners had any chance of eventually growing into partnership positions. This was supported by participant's view that people who were eligible to partnership were picked while they were still in training. , CAs who wanted to remain in auditing, and who felt that they had no chance of progressing further in a specific firm, often leave for another auditing firms where they believe their careers would prosper.

In general, participants agreed that the lack of opportunity to growth into partnership was a push factor.

4.2.2.2 Work-life balance

With the changing roles in modern society, an inflexible employment contract has a tendency to drain professions of both female and male employees. As stated in Chapter 2, the environment in which CAs in auditing firms are functioning is highly pressurised. Some of the factors mentioned as the cause for pressure were the technical knowledge of staff, budget constraints and the general workload. This

study found that participants were in control of the balance between their work and life. Participants shared the view that work-life balance was important to them, and that through time management and the management and planning of assignments they were able to find that balance. It was also quite clear that the firm allowed them flexitime and leeway, and this enabled them to manage their own time. A senior manager noted that with experience, people learned to manage their own time and find the balance.

One participant suggested that the firm's management should become involved where people struggled to balance their time. This participant shared the view of another participant that CAs should undergo time-management courses. They felt that this was an issue that was not being properly addressed.

Contrary to these findings, an ECAR study, done in 2004, in the IT profession in higher education, found that there was a lack of interest among respondents – particularly women in mid-management positions – to advance to the senior-most IT positions due to difficult work-life challenges. A similar study conducted in a wider population showed a trend among both women and men that they were lowering their career ambitions to avoid making personal trade-offs associated with advancing to jobs that have more responsibility (Leger-Horny & Bleed, 2006). Based on these findings, it may be concluded that work-life balance was not a major reason for employee turnover. Another study found that dual-centric people (those who placed equal priority on family life and work) had advanced further in their careers than the opposite (Leger-Horny & Bleed, 2006).

4.2.2.3 Job satisfaction and motivation

Evidence that by nature auditing was fulfilling and stimulating was found in a statement made by one of the participants. He stated that job satisfaction was very important, and that people who did not find satisfaction in their work might decide to leave a particular firm although they remained in the profession.

In addition, participants reported that factors such as a good relationship with firm partners and diverse and stimulating projects brought satisfaction to CAs. Another participant stated that sufficient quality work was a driver of satisfaction, while another stated that support in terms of the availability of resources built confidence and thereby brought satisfaction. This view was supported by another participant who stated that: "CA's are perfectionists and get satisfaction from completing a job well". This participant went on to argue that in general there were good and bad times, and that since assignments were generally short, a feeling of dissatisfaction, if it did occur, would not last long.

Contrary to all these views, only one participant felt that people weren't interested in job satisfaction, but were driven by money and would leave if they did not get what they wanted. This view was not supported by the literature review. The work of Govender & Parumasur (2010) proved contrary to this view. Their study, which was conducted amongst 200 permanent and temporary employees in various departments, found that the employment environment provided the largest degree of motivation through social relationships, intrinsic satisfaction, and, lastly through economic rewards. This study further suggested that there was room for improvement for economic rewards, intrinsic satisfaction, and, lastly social relationships.

In general consensus was reached that lack of satisfaction and motivation could lead to a decision to leave.

4.2.3 Employer factors

4.2.3.1 Worker selection

In general participants felt that fitting into the auditing environment was not difficult. They agreed that, although there were diverse cultures and personalities, it was easy for people to fit in, and learn to work with each other. One participant noted that only people who weren't used to function in a diverse environment would struggle to cope. Another participant stated that CAs were professionals, and that fitting into any

environment should not be a problem to them. In a study that was conducted amongst 50 telecommunication call centres, it was concluded that the usage of the Job Congruence System was successful in determining an applicant's motivational characteristics towards the job's requirements. The study concluded that the usage of the Job Congruence System was an effective tool for screening job compatibility, and to reduce staff turnover (Binning, *et al*, 2004).

On another perspective, one respondent argued that CAs worked independently of one another, and that differences in personalities did not affect others.

In general, participants agreed that worker selection was a risk for any organisation, and that it could not be used to judge the organisation. Based on the study by Binning *et al*, (2004), it may be concluded that it is imperative for organisations to screen applicants in order to determine how they will react to the job's requirements.

4.2.3.2 Attractive and customised Employer Value Propositions (EVPs)

In general, participants felt that a firm's EVPs would be made more attractive in the form of remuneration, opportunities for secondment to international firms and allowing CAs to take leave when they needed to do so.

A former senior manager felt that the firm had lost touch with its people, and had become more focused on the bottom line, and less focused on retaining people. This participant stated that there were talks of extra leave, extra maternity leave but that the firm never delivered on these. According to this participant, these promises were isolated as factors that would retain staff. These findings were echoed in a suggestion made by Corporate Leadership Council that it was imperative to ensure that employees were retained through the delivery on the EVP (Corporate Leadership Council, 2006).

4.2.4 Summary of results

Findings suggested the importance of incentives, career advancement, the term of employment contracts, interesting, stimulating and diverse projects. These were found to lead to a decision to leave auditing firms and as such require more attention. The study notes that personal factors had more impact on a decision to leave than job-inherent factors. This can signal that CAs prefer to control their careers.

The study found that the firm was not doing badly in providing an environment that was conducive to CAs. Thus job-inherent factors were found to have little impact on a decision to leave except where people chose to leave the firm after qualifying. This is an inherent nature of the industry. The term of employment contract was also an issue found to lead to a decision to leave especially to people who want to build a career out of auditing. The study found that assignments were interesting and stimulating particularly because of their diverse nature. Participants argued that any lack of stimulation would lead to a decision to leave.

None of the employer factors were found to be push factors. Participants argued that it was important for the firm to ensure delivery on its EVPs.

The study provides a general description of turnover as described by CAs.

CHAPTER 5: DISCUSSION AND INTERPRETATION

5.1 Introduction

Staff turnover is a major problem in an employment environment with intellectual capital where people are the means of production. It is also accepted that knowledge workers are gradually becoming the most valuable and productive employees. In this study, a medium-sized, privately-owned auditing firm was used to analyse the propensity of CAs to stay or leave.

Auditing firms lose a large percentage of the people they have trained as CAs once they qualify. This loss of staff and clients seriously hampers the ability of these firms to perform their role in the economy, and limits their profitability. Companies are beginning to realise that they need to be proactive, and even experimental in exploring solutions to the turnover challenge (Bussin, 2002). The purpose of this research study was to explore circumstances that were unique to CAs, and which could be reasons that caused CAs to leave auditing firms.

In South Africa, issues of scarce skills, job hopping and the mobility of skills contribute largely to this phenomenon. In auditing firms Human Resource Executives agree that they have a problem with retaining CAs (SAICA, 2008). This study was aimed at establishing those factors that are within the employer's control, and that can be addressed in order to help employers retain these scarce skills. The findings as discussed in Chapter 4, gave an explanation on what pushed CAs away from auditing firms. The objective of the study was to identify reasons why people would stay or leave the employment of auditing firms. The core research question was addressed. This question was: "What are the reasons that cause CAs to leave auditing firms?" This question was explored by using the following specific research sub-objectives:

- Establishing whether there were job-inherent factors that pushed CAs away from auditing firms
- Establishing whether there were job-inherent factors that pulled CAs to non-auditing firms

- Establishing whether there were personal considerations that caused CAs to seek employment in non-auditing firms
- Establishing whether there were personal considerations that pushed CAs to leave the employment of auditing firms
- Establishing the extent to which auditing firms were being used as training grounds by CAs
- Establishing features that attracted CAs to non-auditing employers

A qualitative approach was followed to study these reasons. Open-ended interviews were used as a method of collecting data with the aim of remaining true to facts, and accurately capturing the feelings and experiences of CAs on this phenomenon.

5.2 Summary of findings

This section started with a discussion of the findings on the main research areas namely, the job-inherent factors, personal factors and the employer factors. Observations were made as to whether these factors and their subthemes served as push or pull factors on the mobility of CAs in auditing firms. The premise of this study was explored and positioned within the findings and the literature on the turnover of CAs. Implications of the study are also discussed. Finally, the chapter was concluded by suggesting managerial implications and presenting limitations as well as offering suggestions for future research and an overall assessment of the research.

5.2.1 Job-inherent factors

This study magnified the importance of the innate job-inherent factors in determining whether CAs would stay in an auditing firm or leave it. Research findings indicated that there was an overwhelming link between factors like remuneration, the social working environment, interesting, stimulating and diverse projects, training, the term of employment contract and the intention to leave. Although the findings concluded that CAs were content with the remuneration, issues of performance bonuses were a concern to participants. Participants argued that the allocation of performance

bonuses was not clear and objective, and that the criteria used to allocate these bonuses were not known to CAs. The study took note that a good relationship with partners of the firm was seen as a vital component of the employment relationship. A high percentage of participants viewed this as a critical source of trust and support. Some argued that it was not objective, and only one participant differed from them by arguing that partners were more worried about profits than providing support to CAs. Good and supportive relationships were therefore considered to be important to curb the problem.

As discussed in the previous chapters, the auditing environment is by its nature a pressurised environment. It is deadline driven, and, to a large extent, participants agreed that this job-inherent feature could be a push factor, especially for CAs who lacked time-management skills. There was a call for firm partners to pay more attention to staff issues, and to intervene where necessary. Another push factor was the term of the employment contract. The researcher found that CAs would prefer a full-time employment contract as opposed to fixed-term contracts. Fixed-term contracts were seen as a source of insecurity, and, ultimately poor job performance. There were two views about fixed-term contracts. Firstly, such contracts were seen as a way in which businesses were managing the risks of having to keep on poor performers. Secondly, it was thought that younger people and those who did not want to stay in auditing would prefer fixed-term contracts. This does not, however, take away the fact that in general CAs prefers full-time employment contracts.

Although they are considered to be important, factors such as interesting, stimulating and diverse projects, the level of empowerment, work allocation and HR issues are not linked to the intention to leave. Participants argued that although the auditing environment was pressurised, it was also stimulating and interesting, and allowed employees to explore different assignments with unique challenges. Participants overwhelmingly agree that they were empowered in that they were allowed some level of decision making and the freedom to do things in their own way. Participants agreed that some decisions could only be made by firm partners. These were decisions about assignment budgets and the total audit fee. Participants also expressed their preference to be involved in business-related decision-making.

The researcher found that the way in which work was allocated to CAs was mostly random, and where necessary, complex jobs were allocated to more senior and more experienced CAs. The researcher also noted that the firm still had a few assignments, which, according to some CAs, were too small and disorganised. Such assignments added no financial value to the business. One participant argued that the level of stress that was inherent in these assignments could be a push factor.

Apart from concern about a lack of clear, direct and tenuous communication, the study found no other link between HR issues and a decision to leave the firm.

Finally, participants agreed that auditing firms were being used as training grounds, and that people who did not want to stay in auditing would join commerce and industry after qualifying as CAs. This research further noted that, considering the number of opportunities that were available to CAs, only people who had a passion for auditing and who chose to be in auditing, remained in auditing firms after qualifying as CAs. Others waited until they found something more suitable in commerce and industry.



5.2.2 Personal factors

The importance of career advancement has been demonstrated throughout the discussions with participants. The current literature review on the importance of career opportunities and ambitions supports this notion. In the Corporate Leadership Council study on career opportunities, it was found that career opportunities were identified as a primary driver of attraction of talent (Corporate Leadership Council, 2006). Generally, participants share the view that they would like to be promoted to partnership in the firm, and that this is the ambition for every CA who stays with an auditing firm after qualifying.

The researcher also noted that a few CAs were becoming concerned about the lack of a clear succession plan and the criteria that were used for promotion and communication about why other people weren't chosen for partnership. It seemed that most CAs were still patient and hopeful about being promoted, but they also

indicated that if the current situations were to continue, they would have to start looking for opportunities in commerce and industry. A reason for this could be that employees realised that there were not enough partner positions available, and that this was limiting the CAs career opportunities. This lack of congruence between the individual career anchors and prospects within the organisation often led to turnover. It was clear to the researcher that these were people who intended to remain in auditing, but who might have been pushed out by this limitation.

One participant raised the issue that only CAs who had good relations with firm partners had a chance of growing to partnership positions, and that people who becomes partners were picked while they were still in training. However, this could not be substantiated by the research. The study could also not identify any CA who seemed to have a clear career path within the firm.

Finding the balance between work and everyday life is important to CAs because of the environment in which they function. This factor does not seem to be a push factor for CAs. The study found that CAs were allowed flexibility in terms of managing time between assignments, and that, because of that, CAs were able to balance work and life. In the modern society, inflexible employment contracts often drain organisations of talent.

From the discussions with participants, it was clear that people who did not find satisfaction in auditing would definitely leave the firm. This study concluded that, most CAs was still with the firm because they found satisfaction and motivation in auditing. The main sources of satisfaction for CAs are mostly the availability of resources to complete assignments, the successful completion of assignments and being exposed to different assignments with different needs and challenges.

The study noted that the quality of audits might have been an issue for some CAs. This matter was raised in section 5.2.1 under the discussion of work allocation. Generally there was a view that people who usually ended up with low-quality assignments might become demotivated and consider leaving the firm and joining other auditing firms. These assignments are often stressful, not interesting and not

stimulating. Interesting job responsibilities can serve to push people away from their employer or pull people into the organisation (Dainty, 2008).

In conclusion, the study noted that these factors were personal to individual CAs and that a decision to leave the firm would be the result of an employee's view that he or she was not personally fulfilled.

5.2.3 Employer factors

Employer factors are within the control of employers, and impact on the decision of employees to leave. Considering the findings on personal factors in section 5.2.1, where most of the factors served as pull factors, participants viewed the firm's EVPs as attractive. The notion by two participants that the firm was not focusing on retaining staff was not supported by the research findings. However, this could be an indication that improvements could be made on issues like the allocation of performance bonuses and the terms of employment contracts.

This study also found that worker selection was a risk to any organisation, and that the calibre of new employees could be used to judge the organisation. Participants agreed unanimously that it was not difficult for new employees to fit into the environment, especially because CAs were working independently of each other.

5.3 Findings

One of the auditing partners at BDO confirmed that they had a problem in that 99% of CAs would leave the firm three years after qualifying if markets were good, and 50% would leave it if markets were not good. In general, CAs who did not aspire to become partners would leave within three years. This put enormous pressure on the company to perform as required. The reasons for leaving were uncovered, and were discussed in the dissertation.

The main reasons why CAs are leaving were found to be the following:

- CAs remained with the auditing firm until they qualified. They used the training as a stepping stone to launch their careers into commerce and industry. They also regarded accounting experience (which they could only get from commerce and industry), as essential building blocks for their careers.
- The training and experience that they received in the auditing firm allowed CAs to qualify for fast-tracking careers in commerce and industry. These lucrative career-advancement opportunities could not be matched by auditing firms.
- The practice to offer CAs fixed-term contracts also created instability, and encouraged CAs to be constantly on the lookout for other jobs. Individual relationships with partners were indicated as critical for the long-term tenure of CAs.

On the positive side, it was found that CAs were remunerated satisfactorily, and that they were experiencing job satisfaction. There was a concern about the allocation of performance bonuses. The study also found that although they were being pressurised, CAs were able to balance their work and life. The Employer Value proposition was found to be attractive. It was also suggested that the employer could improve on these.

The findings of the study corresponded with similar findings in literature. However, individual circumstances played a major role in the decision to stay or leave.

The results of this study cannot be generalised into a wider population, but can serve as a guide to employers, and open the eyes of employers to what is needed by CAs. Any continued mismatch of what is required by CAs in auditing firms, and what is offered by firms can exacerbate the turnover problem.

5.4 Managerial implications

CAs are the keys to the business of auditing firms. Auditing firms need to apply best practices in order to retain this critical skill. It is therefore in the interests of

management to investigate what staff members consider to be important, or even to investigate what other auditing firms are doing to retain staff. The following issues seem important to CAs and require more managerial attention:

- The study found that although the firm did pay performance bonuses to CAs, a gap existed between what the firm offered and what was desired by CAs. The way in which performance bonuses were allocated was also an issue. The study found that CAs prefer a more transparent performance bonus allocation procedure and should be based on performance targets.
- Relations between firm partners and CAs seemed to be a concern for most participants, and this was seen as a push factor. Participants felt that lack of healthy relationships between CAs and partners was a push factor. Interventions to improve these relations are critical.
- The term of the employment contract proved to be demotivating, and was draining the firm of staff. This is a factor to be looked at. Participants favoured permanent employment contracts as a source of stability and security.
- Communication barriers need to be removed, especially from the HR's perspective. Participants argued that HR decisions that affected them directly should be communicated directly to them.

The study found that most of participants had been employed by the firm for quite a while after qualifying. One of the audit partners confirmed that the firm loses 99% of qualified CAs if the markets are good and 50% if markets are bad. It was also confirmed that in general CAs who do not aspire to be partners stay with the firm for three years and then leave. While the above-mentioned factors are not push factors at present, there is the potential that in the future they will drive staff away if not addressed in time.

5.5 Limitations of the study

Creswell (1994) describes limitations as potential weaknesses of the study. The study set out to investigate the reasons that push CAs away from auditing firms. The study was conducted among a small number of CAs who are/were employed by an

auditing firm. Although the sample size was deemed acceptable, its results are not generalisable to a larger population.

Another primary limitation was the lack of access to enough CAs who had formerly been employed by BDO, and who were currently employed in commerce and industry, or who were even employed by other auditing firms. It is believed that this group of people may have had different experiences which were not included in the findings.

Lastly, 80% of the participants belonged to the same racial group (white). It was therefore difficult to ascertain whether a wider group from different racial and cultural backgrounds may have viewed this experience similarly.

Notwithstanding the limitations of the study, the study also had some strength. Being a mini dissertation, the researcher selected a practical application of research techniques in an area where a commercial need existed. The study was limited to one employer or organisation. The findings have commercial application for the company who will now be able to develop specific EVP and retention strategies to retain the services of CAs. From this perspective, the study contributed to the welfare of society, and distinguished it from research for the sake of research.

Secondly, the findings of this study have made a contribution to the broadened current literature on turnover and leaders. Knowledge on literature has been expanded for the use in the development of retention strategies.

In reviewing literature, this study made use of both local and international contexts. It is therefore possible to assume that retention strategies to be developed out of the findings of this study could be applied globally by companies and particularly in terms of CAs globally.

Finally, the results of this study can be transferred to other settings. The turnover phenomenon was accurately studied, and all possible variables that might have an impact on the phenomenon were studied.

5.6 Future research

The study suggested that this particular auditing firm was doing satisfactorily in retaining their CAs. However, there are some factors that may become push factors for CAs to leave the firm. It is suggested that these be explored within a greater population of CAs to determine whether all CAs in auditing firms hold the same views and have similar experiences, and whether they may be lured away by similar considerations.

Auditing firms are failing to compete with overall prospects and career-advancement opportunities offered by other employers (SAICA, 2008). In the light of the need of auditing firms to retain CAs, a study in a wider population of CAs in auditing firms may help the auditing profession to identify its flaws, and take measures to retain talent. This study has confirmed that there is still a large number of CAs who wants to remain in auditing firms.

5.7 Overall assessment of the research

The research provides an empirical answer to the research question. The researcher believes that all turnover constructs were widely covered to explore the phenomenon and come to conclusions. The employer is now able to develop solutions to a business problem, based on objective and empirical data. If this study had not been done, expensive speculative solutions would have had to be implemented. The research is very company specific, and will only have value for the company concerned. It reports empirical data, but cannot be generalised.

Finally the results of this study are applicable to the target group of CAs. The results paint a picture of what could be found by similar studies on the same phenomenon.

5.8 Conclusion

The study was designed to explore reasons that push CAs away from employment in an auditing firm. It was conducted amongst auditing managers of a medium-sized

auditing firm in Johannesburg, namely: BDO South Africa Incorporated (BDO). Open-ended interviews were conducted to investigate factors that pushed CAs away. Although there was a limitation in finding CAs who had formerly been employed by BDO to obtain a wider external view, findings revealed certain factors that would make CAs leave auditing firms.

The findings of this study imply that quite a number of CAs still prefer to be employed in auditing firms, and that these firms have to close the existing gap in retaining talent.

The main contribution of the study was to investigate the initiatives that were important enough to CAs to convince them to stay rather than leave their employers. To a limited extent, a literature review of what other employers and auditing firms were doing to retain staff was conducted. These findings will be made available to the company and other employers to enable them to develop retention strategies.



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