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# PROBLEMS FACING CONSTRUCTION COMPANIES IN RETENTION OF EMPLOYEES IN SOUTH AFRICA: A CASE STUDY OF GAUTENG PROVINCE

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### ABSTRACT

**Purpose/objective:** The aim of this article is to look at the experiences, challenges and problems contributing to retention of employees within construction companies. In alleviating job hopping problem mostly in other international countries construction companies through the methods used to retain construction employees. It will investigate the causes of job hopping, determines the current retention strategies and the cost of job hopping to the employers. The article then describes the problems, challenges and experiences that have been encountered in South African construction companies to retain construction employees in their respective companies and in South Africa and proper solutions.

**Problem investigated :** There is a high rate of job hopping within the construction companies, which leads to increase in expenditure and employees are leaving their current construction companies, they quit their jobs and relocate to work abroad, or jumping from one company to the next, this as a result lead to lower productivity which affects production at various projects. Employees changing companies from time to time, employees lack of appreciation at work as a primary reason for leaving which entails a managers lack of ability to recognize employee's talents and contributions in a company is critical for retention, as a result of the way the leaders behave and model organization values and whether employees have the tools and resources to be productive.

**Design Methodology/Approach:** The study is mainly a literature review with a special focus on the human resource management and leadership, the data used in the report is mainly qualitative, based on the content analysis, case studies and historical data. Secondary data was collected on 20 employees who are working within the construction industry and interviewing human resource managers and those who left for other jobs, in Gauteng Province and also the factors determining the decision to stay with a construction company were investigated. The study focused on the most common problems and challenges on retention of employees, which will lead to increased cost to recruitment and reduces the productivity to company's and techniques to solve the problems. The article closes with some recommendations for the future on retaining of construction employees.

**Findings/Implications:** It is clear that there are a number of factors that contribute to each and every employee leaving their companies, there are causes to job hopping and there are cost implications to

the employer in regard to job hopping .There is a high rate of job hopping within the construction companies, employees are leaving their current construction companies, they quit their jobs and relocate to work abroad, or jumping from one company to the next, this as a result lead to lower productivity which affects production at various projects.

**Originality/Value:** The article challenges the South African construction sector, construction companies in Gauteng Province and including the different stakeholders to value its construction employees and do more to retain them, by developing retention strategies that are more practical to employees to comprehend within the construction industry; The study will contribute to knowledge by coming up with recent information which can assist construction companies in understanding the problem of not retaining staff and its cost implications.

**Conclusion:** South African construction companies including the different stakeholders need to change the way they value their construction employees and do more to retain them; it is through the workforce that the industry can see productivity and it is through the industry that the retention problem can be curbed, especially now that the sector is booming with new development throughout the country. It is through the human resource management and leadership that the company's can grow thus contributing to the country's economy by developing the workers and retaining them in their company's and within South Africa, so that employers cannot outsource the skills they have, in order to increase cost savings associated with outsourcing.

**Key words and phrases:** Retention, Labour mobility, Employee turnover, Human capital construction companies and Gauteng

### **Introduction**

Employee retention is becoming a major issue with most employers. Many organizations have not kept up with the changing needs of the workforce causing many good people to leave. Combined with the growing worker shortage, they are unable to fill jobs with qualified people. Employee retention is most critical issue facing corporate leaders as a result of the shortage of skilled labor, economic growth and employee turnover. Many construction employees regardless whether they are skilled or unskilled workers, they move from one company to the next, especially now whereby no employee will stay with an employer for the rest of his or her life, people are being exposed to opportunities that they have never knew that they existed for them in various companies, due to this there is national and global impact for shortfall in talent and retaining employees within their various respective companies, bearing in mind the government has invested quiet a lot of money in infrastructure for the preparation of 2010 world cup, this lead to more work in the construction sector this means that more jobs are being created, thus retaining employees plays an important factor in retention of employees.

### **Problem statement**

There is a high rate of job hopping within the construction companies, which leads to increase expenditure and employees are leaving their current construction companies, they quit their jobs and relocate to work abroad, or jumping from one company to the next, this as a result lead to lower productivity which affects production at various projects. Employees changing companies from time to time, employees lack of appreciation at work as a primary reason for leaving which entails a managers lack of ability to recognize employee's talents and contributions in a company is critical for retention, as a result of the way the leaders behave and model organization values and whether employees have the tools and resources to be productive.

## **OBJECTIVE OF STUDY**

- ❖ To investigate the causes of job hopping.
- ❖ To determine current Retention strategies.
- ❖ To determine the cost of job hopping to the employer.
- ❖ To develop a retention strategy for the construction industry.

## **Purpose of the Study**

The study will contribute to knowledge by coming with recent information which can assist construction companies in understanding the problem of not retaining staff and its cost implications. Furthermore it will challenge the construction sector including the different stakeholders to value its construction employees and do more to retain them by developing retention strategies that are more practical to employees to comprehend within the construction industry; it is through the workforce that the industry can see productivity and it is through the industry that the retention problem can be curbed, especially now that the sector is booming with new developments throughout the country. It is through the human resource management and leadership that the company's can grow thus the study will also contribute to the country's economy by developing the construction workers and retaining them in their company's and within South Africa, so that employers cannot outsource the skills they have, in order to increase cost savings associated with outsourcing.

## **Research Methodology**

The study is mainly a literature review with a special focus on the human resource management and leadership, the data used in the report is mainly qualitative, based on the content analysis, case studies and historical data. The type of historical data used is secondary sources, running records and recollections. The study focused on the most common problems and challenges on retention of employees, which will lead to increased cost to recruitment and reduces the productivity to company's and techniques to solve the problems.

## **Literature Review Findings**

The number one issue for all of us South Africa and across the Globe in the whole world is people-finding good, strong people with the right education and training, and being able to retain them," The shortfall in talent has global impact, there is a high rate for competition for staff around the world, getting the key people for all of us is a big issue. The challenge for employers then lies in being the top choice of top talent, if you want your business to thrive and maintain competitive advantage, positioning your employer brand to be the top choice of top talent, has become a critical business task, the cost of talent attrition is on the increase as the employers realize it is about much more than recruitment costs. The retention of key employees within construction companies is probably the biggest challenge in human capital management today. One of the key features in the new world of work is the increasing mobility of knowledge workers. The financial impact of this turnover is under appreciated by organizations as the cost of the loss of factors such as organizational memory, lowered morale amongst remaining staff, loss of knowledge, customer dissatisfaction and reduced organizational momentum are often concealed and difficult to quantify. Company leaders around the world have for years been speaking about future skills shortages. We now live in this future, and have entered an era in history when the world will cry out for talent, where specialist skill demand outstrips supply many times over. Where human capital possessing the required experience, knowledge and application ability will have high value, and will be needed to provide leadership to guide decisions that affect the world's development today and into the future. This critical need applies to all

disciplines such as construction, business management, agriculture, politics, science, information technology, medicine and so forth. The challenge for business owners and leaders is to identify, attract and retain talent in their companies. The challenge for talent itself is to direct and apply its value to the market appropriately, and the challenge for the world is to place talent into the right leadership roles to guide nations towards positive interactions and the development of our future prosperity and survival. The world requires experienced and knowledgeable leaders and the challenge is on for organizations to compete in this new global talent marketplace, which will lead to job hopping of employees (Trunk, 2008).

Only a decade ago, job hopping was a foreign concept in South Africa. It was not unusual for employees to spend 25 years at the same company, at the same job even. But times have changed. The onset of information technology has changed forever the face and the pace of the workplace. An interesting outcome of this phenomenon is what is called job hoppers, people who frequently jump from one job to another in short period of time. If this practice sounds familiar, then chances are that you may have come across some negative perception about job hoppers. This include construction employers often think job hoppers do not have what it takes to follow through and complete lengthy projects, as they feel that such a pattern of behavior represents a lack of commitment and accountability and also companies are often wary to employ known job hoppers as they think of job hoppers as unpredictable, liable to up and leave at any minute (Trunk, 2008).

It is important to keep in mind that employers invest in a lot of time and money when appointing a new employee. Induction costs and training all amount to a considerable figure, and it is understandable that companies want to make sure the employees they hire are going to stick around for a while. The problem however on the other side of the coin, there is a growing awareness that a certain amount of job hopping is to be expected in today's economy. Job hopping is one of the best ways to sustain passion and personal growth in an individual career; it helps you to build a network quickly and allows you to build your skill set faster than if you worked in the same job year after year. The learning curve is always highest at the beginning, moderation is the key (Trunk, 2008).

### **Causes for Job Hopping**

Employees keen but employers struggle to retain, attract and develop talent, according to a recent national survey of the South African workforce. Local employers are failing to attract, retain and develop their employees. The research findings are based on more than 21,000 responses to a 70 question survey conducted among a broad spectrum of industries and employees at various job levels (Blue River Stone Research, 2008). South Africa's fastest growing jobs portal the second annual Careers 24 Salary Survey was conducted between October and November 9, 2008. Some of the key findings of the study include organizations implement and respond to performance reviews poorly, despite having proud and willing employees as a result employees move from one company to the next, companies fail to invest sufficiently in skills development due to this recruitment tends to happen outside the organization rather than developing and promoting employees internally this also tend to lead to job satisfaction within the organization to employees. Men earn more than women and the wage gap widens with age and business, management expertise is the most sought after skills across most Industries (Career24, 2008).

Examining everything from employee salaries and benefits to organizational leadership and trade union membership, the survey results include unique insights in South Africa's human capital landscape. Through a series of qualitative questions, the six elements of human capital practice (HCP) were measured on a scale of one (strongly disagree) to four (strongly disagree) in order to determine organizations' effectiveness. The six HCP elements include leadership, performance reviews, employee acquisition, development, retention and engagement. From the data, some interesting employment issues and trends relating to gender, age, geography and race were revealed. Overall,

every element of HCP showed lackluster performance, indicating underdeveloped systems with organizations unable or unwilling to fully tap into employees' enthusiasm and aid their career development. With an average industry wide HCP score of 2.84, employee engagement rated moderately well 2.84, with acquisition 2.47 and retention (2.40) of employees as the biggest problem areas. In terms of attracting talent, the banking, food and beverage, manufacturing and insurance sectors are outperforming others, while construction sector and government related sectors are struggling to attract talent (Blue River Stone, 2008). Government is not setting good example, in a country with high unemployment and a widespread skills shortage, it is disappointing to see government one of South Africa's largest employers failing across the board to be an effective employer (Bisaro, 2008). Surprisingly in the face of poor employee management results, the current national government has suggested increasing the size of the public sector.

Within construction companies what really happens is that, some employees rate their managers as least competent to communicate, provide feedback, develop a strong culture of learning, mentor and engage them, due to this employees will be dissatisfied and they will move from current employer to the next, for instance performance reviews have a greatest impact on human capital practice, ideally including transparent feedback, mentoring, active listening, and transference of skills from managers to employees, have the greatest impact on an organization's ability to retain, attract and foster staff. Despite employees being willing to go the extra mile for their employers and relatively good communication between managers and their direct reports, employees indicated a lack of time spend by managers on talented related issues, as well as irregular and inadequate feedback on their performance. Among South Africa's employers, the banking and insurance industries were some of the best with well managed performance review practices in place. The weakest performance review practices were found among government related departments including construction companies, primary agriculture and the NGO sectors (Career 24, 2008).

The biggest influence on human capital management is the performance review. It allows employees to see the link between their jobs and the organizational goals, something that is best supported by regular and specific feedback from managers (Barnard, 2008). While an organization can have excellent leadership and defined objectives, without an effective review process in place, staff are unable to gauge their performance, identify problem areas, advance their careers and ultimately, realize their full potential and as a result of this they are bound to leave their current employer to another employer who will ensure that their efforts are fully recognized within the organization. Organizations are struggling to find, attract and grow talent, finding talent, and retaining it appears to be the biggest challenge for most organizations with survey respondents rating the availability of good candidates to draw from at only 2.25 (HCP). Moreover, employees see their organizations internal recruitment and placement processes as inadequate (2.26), decreasing the likelihood of them recommending their employer to prospective employees (Career 24, 2008). On the whole companies are not thinking very creatively and proactively about how they can source and develop new and existing employees (Bisaro, 2008). Across most sectors including the construction industry, business and management skills are in the highest demand.

Globalization affects mobility of skilled construction employees worldwide. The shortage of skilled executives in South Africa was nothing short of a calamity and the belief that expatriates who had left the country would return to reverse the situation is an illusion. There is a worldwide shortage of talented construction employees and South African recruiters are fishing in the same global pool as their competitors elsewhere in the world. The workforce has become globally integrated and employees are now selling their service to the highest bidder on an international and national basis. There is a worldwide shortage of top people and executives can now pick and choose jobs. While job satisfaction and the quality of the company played a major role in attracting talent, ultimately the

remuneration package and how it is structured remained the deciding factor, whether an employee stays or leaves a company. Mobility has created a world without boundaries where top executives can select who they want to work for and to think that South African executives who are working for multinationals are going to come back out of a sense of patriotism is completely unfounded. A more realistic approach to the skills shortage would be to nurture local talent by improving the country's educational institutions. In general South African business schools were ranked 27 out of 30, behind the South African business schools were those of Iran, Nigeria, and Indonesia. More disturbing is that South African's proclivity to attract, retain talent was ranked last (Goetzer, 2008).

### **Reasons for employees' job hopping in today's world**

Managers today complain that their employees are no longer motivated to work. However, it is often the managers and organizational practices that are the problem, not the employees. When an employee wants to leave their current employer to work for the next organization, the problem usually lies in one of the following areas: poor selection; unclear goals; an inadequate performance appraisal system; unsatisfactory reward systems and also the manager's inability to communicate the appraisal and reward systems to the employees properly (Robbins, 2003: 36).

There are generally two reasons why people do things: either because they want to or because they have to (Gray, 2004:18). Most people would agree that the reason they work is to obtain money; however, this is not always the only reason. Money is not really what people want; they want the things that money can buy. Also, whereas in the past employees were considered as just one of the inputs into the production process, most employees today want to feel that their work makes a difference (Anon, 2004: 2).

Drafke and Kossen (2002:293) identify several reasons why people ask for money as a reward for working. Money is:

- Traditional. This has to do with the way people are brought up and with societal expectations. We often hear of employees asking their managers for a raise in salary as a reward, instead of for something that is not monetary, for instance, better working conditions or more satisfying assignments.
- Tangible. Money is something that can be seen by employee himself or herself, and also by others.
- Objective. Employees also ask for money because the amount they receive is easily measurable and visible.
- An objective reward. People often feel foolish when asking for the more subjective alternatives to money, for instance less stressful work or more feedback.
- Symbolic. More money represents more success or achievement. The amount of money an employee receives can indicate how well he or she is doing at work, and is sometimes an indication of a person's self worth.
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Money can thus be a very important factor but it does not solve all the problems (Drafke & Kossen, 2002: 292). Job hopping occurs when the employees see a weakness in one of three relationships. The first of this is the relationship between the employees' effort and their performance. Managers must make sure that the employees believe that if they exert maximum effort in performing their jobs, it will be recognized in their performance appraisal. However, in most cases, the employees do not believe that their efforts will be recognized. If this is the case, it could lead to job hopping of employees (Robbins, 2003: 36).

Secondly, the relationship between the employees' performance and organizational rewards is important. Managers must make sure that employees believe that if they get a performance appraisal, it will lead to organizational rewards. Many employees see this relationship as weak because the

organization does not give rewards just on their performance, so there is a lack of motivation to stay within the organization (Robbins, 2003: 37).

The third important relationship is the one between the rewards received and the rewards desired. The company human resource personnel must know whether the rewards the employees receive are the ones they desire. Some employees might want a promotion but instead get a pay rise, or vice versa. Sometimes the managers assume that all employees want the same reward and so fail to notice the motivational effects of individualizing rewards. If this is the case, employees' motivation is likely to suffer and cause that particular employee to leave the organization to work for another (Robbins, 2003: 38).

Thus to keep employees motivated, managers must strengthen these three relationship. If any or all of these three relationships are weak, the employees' efforts are likely to suffer. When these relationships are strong, the employees tend to be motivated, so the company is likely to gain competitive advantages through human resources (Robbins, 2003: 36).

Retention and motivation of employees needs to be long lasting and reinforced by rewards and praise. Retaining and motivation needs to be maintained by managers to ensure a high level of performance and productivity, and to create a working environment where employees will have positive attitude, commitment toward their work and, most importantly, the belief that they are not only valued but of crucial interest to the company (Sutherland and Canwell, 2004: 183).

### **Labour Turnover**

The analysis of the numbers of people leaving the organization (labour turnover or wastage) provides data for use in supply forecasting, so that calculations can be made on the number of people lost who may have to be replaced. More importantly in most companies the analysis of the numbers of leavers and the reasons why they leave provides information that will indicate whether any action is required to improve retention rates. It can prompt further investigations to establish underlying causes and identify remedies.

Consideration will be given to the following aspects of labour turnover:

- Its significance
- The reasons for turnover
- What it cost
- Its incidence
- How to benchmark rates of turnover
- (Sutherland and Canwell, 2004: 183).

### **The significance of labour turnover**

The rates of labour turnover provide a graphic illustration of the turbulence within an organization (IRS, 2000). High rates of attrition can destabilize a business and demotivate those who attempt to maintain levels of service and output against a background of vacant post, inexperienced staff and general discontent. Obviously recruitment, induction and training cost all rise with an increase in labour turnover.

Turnover may be a function of negative job attitude, low job satisfaction, combined with an ability to secure employment elsewhere, for example the state of labour market (CIPD, 2000). On the other hand, turnover is a normal part of organizational functioning, and while excessively high turnover may be dysfunctional, which most companies internationally are experiencing currently, but a certain level of turnover is to be expected and can be beneficial to an organization. When assembling and analyzing labour turnover figures, it is important to obtain information on the incidence for different

categories of employee, especially those who are most difficult to attract and retain such as knowledge or highly skilled workers.

### **Reasons for turnover**

Analyses of the reasons for leaving are derived from exit interviews which will provide useful information to base retention plans. Exit interviews aim to establish why people are leaving, not to persuade them to stay. The reasons for leaving can be classified under the following headings:

- More pay
- Better prospects (career move)
- More security
- More opportunity to develop skills
- Better working conditions
- Poor relationships with manager/ team leader
- Poor relationship with colleagues
- Bullying or harassment
- Personal – pregnancy, illness, moving away from area etc.

Exit interviews should aim to elicit opinions on any specific reasons for dissatisfaction under any of the above non –personal headings. Some leavers will be forthcoming, others will not. It is up to the interviewer to probe ski fully and sensitively to establish reasons for dissatisfaction or unhappiness, so that where those feelings are justified, something can be done about them. Judgment is required to sort out genuine complaints from unjustified or exaggerated ones. An analysis of reasons should take place and trends be noted. General issues can be addressed by reviewing employment and reward policies and practices. Issues affecting particular managers should also be tackled. This may be difficult if it is a behavioral matter, such as bullying, but if there is a build- up of information that suggests this may be the case, the problem cannot be ignored.

However, exit interviews are not always completely reliable and it is of most desirable to gain more comprehensive picture of the views of existing employees through attitude surveys which will be discussed at a later stage.

### **Cost of Job Hopping to the Employer**

Companies can achieve success through financial compensation and job satisfaction. The highest priority for any construction company is to remain successful. One critical factor to ensure success is the ability of an organization to not only attracts top talent, but to retain those already working within the company. Mobility of employees from one organization to the next and also losing them can have a significant impact on company's morale, productivity and overall profit. In order to maintain an exceptional employee base, companies need to anticipate their human resource needs, develop motivational environments and create adequate measurement policies to ensure that they stay ahead of their competitors. To attract and retain people who thrive in high growth environments, companies need to offer competitive salaries and benefits and provide opportunities for professional development. Companies must be aware of employees needs as departures can affect morale. The formula for attracting and especially retaining top talent lies in creating a high level of job satisfaction. One of the most overestimated reasons companies think they attract and retain top talent is through financial compensation. However this is ranked very low for most in regard to overall job satisfaction, according to studies on the paper.

### **The cost of labour turnover**

- Labour turnover can be costly. The following factors should be considered:

- Leaving costs – payroll costs and personnel administration of leaver;
- Direct cost of recruiting replacements (advertising, interviewing, testing etc)
- Opportunity cost of time spent by HR and line managers in recruitment
- Direct cost of introducing replacements (induction courses, cost of induction manual etc)
- Opportunity cost of time spent by HR and managers in introducing new starters
- Direct cost of training replacements in the necessary skills
- Opportunity cost of time spent by line managers and other staff in providing training
- Loss of the input from those leaving before they are replaced in terms of contribution, output, sales, customer satisfaction and support etc
- Loss arising from reduced input from new starters until they are fully trained. (Sutherland, 2005).

The recruitment, retention, and turnover survey established that the average cost per leaver was \$4,625. This is a typical figure, and the calculation of the cost of labour turnover in an organization can produce alarming sums if labour turnover is high, especially among managers and knowledge worker. The American Management Association reports the cost of the loss of a knowledge worker at between six and 18 months' salary (Sutherland, 2005).

### **Current Retention Strategies**

The turnover of key employees can have a disproportionate impact on the business and the people organizations wish to retain are probably the ones most likely to leave (Reed, 2001). Every worker is five minutes away from walking out of the door to a better offer. There is no such thing as a job for life and today's workers have few qualms about leaving employers for greener pastures, the average permanent job in the UK lasts six years.

Concerted action is required to retain talented people, but there are limits to what any organization can do. It is also necessary to encourage the greatest contribution from existing talent and to value them accordingly. Retention strategies should be based on an understanding of the factors that affect them. For early career employees (30 years and under) career advancement is significant. For mid career employees (age 31 -50) the ability to manage their careers and satisfaction from their work are important. Late career employees (over 50) will be interested in security. It is also the case that a younger workforce will change jobs and employers more often than an older workforce, and workforces with a lot of part timers are less stable than those with predominately full- time staff. The specific factors that affect retention are:

- Company image;
- Recruitment, selection and deployment;
- Leadership- employees join companies and leave managers;
- Learning opportunities
- Performance recognition and rewards.

A study that was conducted in regard to high flyers, found that the factors that aided the retention and motivation of high performance included providing challenge and achievement opportunities (for example assignments), mentors, realistic self assessment and feedback processes.

### **Basis of the strategy**

A retention strategy takes into account the particular retention issues the organization is facing and sets out ways in which these issues can be dealt with. This may mean accepting the reality, that the

market, not the company will ultimately determine the movement of employees, it can be difficult to counter the pull of the market- you can't shield your people from attractive opportunities and aggressive recruiters (Cappelli, 2000). The old goal HR management- to minimize overall employee turnover- needs to be replaced by a new goal, to influence who leaves and when. This as proposed could be based on risk analysis to quantify the seriousness of losing key people, or of key posts becoming vacant (Bevan, 1997). The overall strategy of most companies is to become an employer of choice. The recruitment of key individuals who will contribute significantly to the value- creating capacity of the firm is crucial to success. The aim are to establish the brand image of the organization- how others perceive it (employee branding), to become an employer of choice, and to target recruitment and selection to obtain the sort of people the organization needs (Scarborough, 2003).

Employer branding is the creation of a brand image of the organization for prospective employees. It will be influenced by the reputation of the organization as a business or provider of service as well as its reputation as an employer. Employer branding is a concept of applying to the recruitment process the same marketing coherence used in the management of customers (Allan Reed, 2001). The approaches required to develop an employer brand are:

- Analyze what ideal candidates need and want and take this into account in deciding what should be offered and how it should be offered;
- Establish how far the core values of the organization support the creation of an attractive brand and ensure that these are incorporated in the presentation of the brand as long as they are values in use ( lived by members of the organization) rather than simply espoused;
- Define the features of the brand on the basis of an examination and review of each of the areas that affect the perceptions of people about the organization as a great place to work- the way people are treated, the provision of a fair deal, opportunities for growth, work life balance, leadership, the quality of management, involvement with colleagues and how and why the organization is successful;
- Benchmark the approaches of other organizations( the Sunday times list of the 100 best companies to work for is useful) to obtain ideas about what can be done to enhance the brand;
- Be honest and realistic.

Sign bonuses may disappear due to market volatility. Last year almost every senior management professional placed in the financial services sector received a sign on bonus. And hand in hand with that came a significant increase in recruitment expenditure last year. Figures show that certain candidates received sign on bonuses from between 30% and 100% of their annual package (Hammer, 2008). However, it must be remembered that sign on bonuses are often paid in lieu of a forfeited bonus that a candidate would lose when leaving their current job to join a new organization. It can also be used to compensate candidates for the loss of share options. In the past, it was certainly not taken as a given that top professionals would be offered a sign on bonus as an incentive to accept a job offer. However, in late 2006 we began to see the increasing use of joining bonuses as construction companies began to feel the pressure of skills shortages in certain sectors. This approach became an imperative part of the negotiation process as candidates were unwilling to walk away from hard earned bonuses or share options, no matter how enticing the role or basic offer.

Last year, the asset management, investment banking and stock broking sectors had good returns and many employees stood to receive substantial bonuses because of this. Companies seeking the right talent had to factor this into their offers in order to secure the right skills (Gibson, 2008). In addition to compensating for lost income, some construction companies would sometimes pay a pure sign on bonus, or a welcome to the company bonus. Although it is rare, when a candidate's expertise can

make a significant contribution to the bottom line, a happy hello is sometimes deemed worthy of the financial layout. This year, however, with economic instability and market volatility, it remains to be seen whether companies' pockets will be so deep. There has been some concern that an expectation has been created amongst highly skilled individuals that a sign on bonus is now the norm, but people should be realistic about market conditions and give full consideration to the bigger picture of the career opportunity, before contemplating making a move to another organization.

## **Conclusion**

Retaining good employees is critical to a firm's long term success. And in the engineering and construction markets, employee retention is especially serious since the job market is tight and competition is fierce for top candidates. When you add the costs of recruiting and recruiting employees, the financial impact alone is staggering. Some studies estimate that losing an employee costs a company 100% of that employee's salary. When reduced efficiency, lower effectiveness, workforce instability and lost productivity are added to the cost to find and train a new employee, the stakes become high. Companies simply cannot afford to ignore employee retention.

There are number of things that construction companies can do to keep good employees from leaving which are not done in this decade:

- Companies need to show employees that they care, for instance taking personal interest in developing their staff, mentor and coach the high performers.
- Fight turnover with good, rational training targeted to specific and individual needs; also weed out poor managers, dissatisfied workers dislike poor management. Companies need to act quickly to preserve their credibility in the workforce.
- Address issues of poor performance and provide inspirational vision and strong values, other workers resent having to carry someone who cannot or will not pull their own weight.
- They can create meaningful, challenging work, an environment that enables employees to do their best and offer career development and promotional opportunities by offering tangible rewards in both monetary and non monetary ways.
- Ensure work life balance and support its importance and attracting and retaining the right employees happens not as a result of strategy but implementation. Attracting and keeping the right people translate into construction companies' bottom line.

One of the major drivers for investing in a retention program is the financial impact of recruiting and training valued employees. No less important is the effect on co- worker. When people leave a firm, morale can be deeply affected. Other employees may become fearful and uncertain about their status within the company. Such apprehension and insecurity can be spread like a virus, and soon turnover may seem uncontrollable. High turnover also give a firm an unhealthy reputation in the market place, making recruiting especially difficult. To avoid these pitfalls and to keep moving towards success, companies must be willing to devote time, money, and resources to understanding and implementing diverse employee retention strategies. They must also develop a culture that values people where individual employee performance is aligned with business performance and where employees have the opportunity to develop personal and professional growth. The construction industry has huge quotas to fill in order to supply needs prior to the 2010 world cup. It's all about being truly creative, letting go of old traditional recruitment methods that don't work and rather utilizing foresight and breaking boundaries in innovation.

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