

# FACTORS THAT AFFECT THE RETENTION OF MANAGERIAL AND SPECIALIST STAFF: AN EXPLORATORY STUDY OF AN EMPLOYEE COMMITMENT MODEL

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## ABSTRACT

A study about the factors affecting the retention of managerial and specialist staff was conducted amongst the 120 highest paid employees of two banks. The response rate was 86%. The study investigated the Veldsman Employee Commitment model. The study also explored whether retention factor differences exist amongst biographical groupings. Various differences were identified between previously disadvantaged individuals (PDIs) and non-PDIs, male and female, service tenure groups and age groups.

## OPSOMMING

'n Studie is gedoen insake die faktore wat retensie van bestuur- en spesialis personeel affekteer. Dit is gedoen onder die 120 hoogste betaalde bestuurs- en spesialis personeel van twee banke. 86% van die steekproef het reageer. Die studie het Veldsman se "Employee Commitment" model ondersoek. Verdere ondersoek is gedoen om te bepaal of retensiefaktore beduidend verskil tussen biografiese groeperinge. Beduidende verskille is geïdentifiseer tussen voormalige benadeelde individue (VBle) en nie-VBle, mans en vroue, diensjare groepe en ouderdomsgroepe.

The 'war for talent' is an international phenomenon (Hay, 2001). The demand for and retention of talent are therefore not challenges unique to South African employers. In South Africa, however, these challenges are aggravated by three additional factors, namely 1) the emigration of skilled people that has and still is taking place at an alarming rate (Frost, 2002); (2) the relative scarcity of specialist and managerial employees due to an oversupply of unskilled labour and an under-supply of skilled labour (Frost, 2002); and (3), a national drive to address employment equity, which is fuelling the war for talent among people from designated groups.

Employers are left with two options to succeed in the South African war for talent: Option 1 is to become and remain an employer of choice – thus becoming a "talent magnet" that is able to attract and retain people with the required profile (Johnson, 2002); and Option 2 is to develop, retain and efficiently utilise the employer's existing talent pool. As far as retention is concerned, the employer has to explore and then manage the factors or attributes that influence such skilled or talented employees to either "stay" or "leave" (Dibble, 1999).

This study focuses on the second option, and more specifically on retention.

### Aims of the study

The primary objective of the study is to investigate the major factors that affect the retention of specialist and managerial staff in two South African banks. The secondary objective is to investigate whether differences exist between (a) the previously disadvantaged individuals and non- previously disadvantaged individuals, (b) males and females, (c) age groups and (d) service tenure groups in respect of factors contributing to staff turnover.

### National and international trends in staff turnover and retention

The P-E Corporate Service's international biannual survey of more than 800 companies employing 1,5 million people shows that national staff turnover averaged 13% over the past four years, compared with 10% in 1998 (Westcott, 2003). The survey also reported that the main reason for leaving an employer was

the prospect of better pay and better working conditions. Among skilled staff, 23% of those who resigned did so for better pay, 5 percentage points more than in 2001. This accounted for about 19% of staff resigning at lower levels – about 6 percentage points lower than in 2001. The turnover was at its highest among skilled clerical, secretarial, financial and administrative staff, reaching 20%. The figure for management and specialist staff was about 15%, with 10% for senior management.

The shifts in retention and turnover experienced in the South African labour market are also experienced internationally. According to Hay (2002), holding onto jobs was a priority in the late 1980s and early 1990s as employees were laid off in their droves. This has since all changed. Employee turnover has increased by 25% in the last five years. Hay (2002) strengthens this point by referring to an international survey spanning over 50 countries and 330 companies, where one-third of employees plan to resign from their jobs within the next two years. It is clear from the above that retention is becoming an increasing challenge, locally and internationally.

In the Markinor South African Employee relationship survey (Markinor, 2003) employees were asked to rate factors that they presume affect commitment. In descending order of influence, the factors influencing commitment to the organisation included fairness at work, the reputation of the company, concern for employees, trust in employees, day-to-day satisfaction, job definition, a sense of achievement, work resources, communication, appreciation of ideas and union attitude.

### Retention of staff is an issue of importance

Taylor (2002) quotes from the Towers Perrin survey among HR professionals in the UK where 75% of the respondents believe that retention is their number one people-related issue. Ninety-two percent of respondents were of the opinion that retention is increasing in importance. Taylor (2002) supports this statement by mentioning US workers who typically hold 5,6 different full-time jobs between the ages of 18 to 24.

Compounding the problem is the continued erosion of employee loyalty. According to Taylor (2002), the Generation X employees (those born between 1961 and 1981) have different values than the previous generation source. They believe that security is tied

more to career than to a company. Jobs are therefore seen as stepping-stones to the next opportunity. This attitude can also be seen as a reaction to a loss in company loyalty.

Retention and staff turnover are issues of importance because they impact on an organisation in several ways. The research of Ahlrichs (2000) highlights the very high and often underestimated costs of turnover of key staff for employers (also compare Roodt & Bothma, 1997). The *visible* turnover costs are items such as leave capitalization, recruitment costs, reference checks, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses. *Invisible* costs include increased HR and payroll administration, loss of productivity, transition meetings and informal training. *Hidden* costs such as missed deadlines, loss of organisational knowledge, lower morale due to overwork, clients' impact and chain reaction turnover. Another turnover impact for the organisation is the fact that *long-tenured employees* develop personal relations with customers. These relations are the foundation for a re-enforcing cycle of positive interactions between employees and customers. Staff retention therefore has a positive effect on good customer relations and ultimately profitability (Roland, Rust, Stewart & Pielack, 1996). *Demotivated remaining staff* is another outcome of staff turnover. Losing good employees is also costly in terms of the impact it has on company morale. Those that remain may often feel demotivated or disheartened, resulting in a drop in productivity and job satisfaction. If staff members witness the new job opportunities being snapped up by their colleagues, they could also follow suit.

These latter expenses, although more difficult to quantify, are also costly (Hay, 2001).

Although there may be other factors that affect retention, the factors as indicated by the Veldsman model will be investigated for the purposes of this study.

#### A model to illustrate the antecedents of retention

Veldsman (2003) proposed a model to explain the relationship of various factors that affect the propensity of an employee to stay or leave an organisation. This model is given in Figure 1.

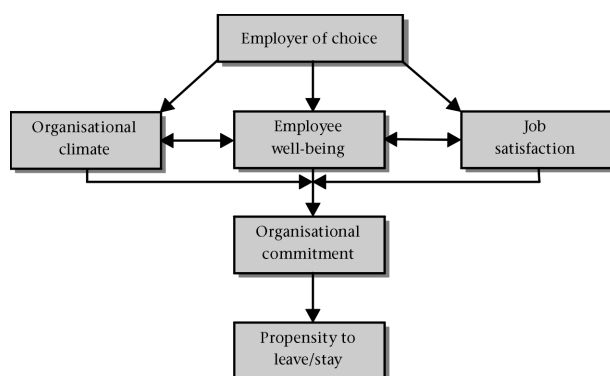


Figure 1: Veldsman's employee commitment model

According to Figure 1 an individual in the first instance has certain views regarding his/her organisation as an Employer of Choice (EoC) which affects his/her decision to join and stay with the company. The propensity to stay or to leave is further affected by Organisational climate and culture, Job Satisfaction, and Employee Well-being. Organisational Climate and culture reflects how the individual engages with the macro work setting. Job Satisfaction indicates the micro (or immediate) work setting engagement of the employee. Employee Wellbeing is situated between Organisational Climate and Job Satisfaction. This positioning indicates the positive and/or negative responses of the employee to his/her total work setting, i.e. the macro and micro work settings, which is reflective of his/her internal experiences of his/her work engagement.

The propensity to stay or leave according to the Veldsman model in Figure 1 is moderated by the individual's mobility (the ability to pursue and find alternative employment) and the prevailing market conditions facing the individual (such as a favourable or unfavourable supply/demand for labour or the prevailing economic climate). Figure 2 describes the influence of mobility and market or industry conditions on the propensity to leave or stay (Veldsman, 2003).

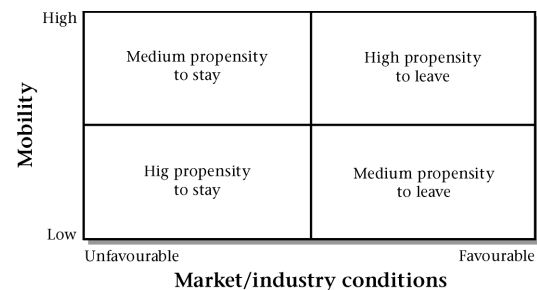


Figure 2: Effect of mobility and market conditions on the propensity to stay or leave

#### Factors that affect the retention of employees

The factors that affect retention of employees have to be managed – and must therefore be identified. Such factors are clustered into three categories as described in the Veldsman model: factors pertaining to organisational climate and culture; factors pertaining to job satisfaction and factors pertaining to employee well-being.

#### Factors pertaining to organisational climate

Organisational climate is defined as an enduring characteristic of an organisation which embodies the members' collective perceptions about their organisation with respect to dimensions such as trust, cohesiveness, support, recognition, innovation and fairness. It also reflects the prevalent norms, values and attitudes and the organisation's culture (Moran & Volkwein, 1992, p. 20). The following studies have linked retention to organisational climate:

- Employees are more likely to leave if they perceive a *lack of clear direction* on the part of management. An international survey spanning 50 countries and 330 companies revealed that 74% of dissatisfied employees feel that their company has no clear sense of direction, compared to 43% of satisfied employees. It would appear that companies are less adept at marketing themselves to their employees than they are at selling the company to other stakeholders (Hay, 2002).
- *Level of control over work environment*: Lok and Crawford (1999) found a significant positive correlation between commitment and the level of control over the work environment. Control in this context refers to the employee's freedom or ability to influence or manipulate the work environment.
- Lok and Crawford (1999) also found a significant positive correlation between commitment and *innovative and supportive subcultures*. In this context, an organisational subculture refers to the culture in a section, team or department, which is often different to the greater organisational culture. In the same study, a negative correlation was found between commitment and a *bureaucratic subculture*. The Markinor (2003) study also pointed out that commitment levels to a team or department are stronger than to the company, strengthening the argument that "employees quit a boss, not a company".
- Employees' reaction to "*the war-for-talent mindset*": Demby (2002) reported that many top-performing companies are obsessed with talent and are endlessly recruiting and dismissing as many top performers as they can. Many companies believe that bringing in people from outside the company is necessary for high performance. An unintended

negative consequence of this mindset was that newly recruited people, supposedly with the sought-after talent, were viewed as being superior to existing staff in the company. As a result, the “institutional type of employee” (the loyal career type who wants to stay in the company) started to believe that the only way to get ahead was to leave - to move from company to company. In this sense, “being loyal” became negative.

#### *Factors pertaining to job satisfaction*

Job satisfaction is a result of employees’ perceptions of how well their jobs provide in those qualities that they perceive as important (Luthans, 1998, p. 44). A strong correlation, and in fact a causal relationship between job satisfaction, employee commitment and retention, has been established in several studies to date, as reported by Roland et al (1996). The following specific factors pertain to job satisfaction and its relationship to retention:

- Udo and Tor-Guimaraes (1997) found that significant indirect influences on the intention to stay were *job satisfaction, job involvement, task characteristics and role stressors*.
- The second-highest factor contributing to high turnover according to Hay’s international study (2002) is that employees are “*unhappy with their boss*”. In fact, 74% of those who planned to stay were happy with their managers, compared to 41% of those planning to leave.
- In a landmark study by the Gallup Organisation that includes interviews with 1 million employees and 80 000 managers, it emerged that *people leave managers, not companies*. This suggests that if a turnover problem exists, first look at the organisation’s managers (Taylor, 2002).
- *Leadership and managerial strategy*: The link between leadership and commitment is evident in the work of Brewer (1993). Here, employees’ commitment was examined in relation to the level of consent to, and conflict with, managerial strategy. In Brewer’s model of commitment, although managerial strategy is not the same as leadership, the attributes and skills required in leadership could be seen as an essential part of managerial strategy. In the research of Lok and Crawford (1999), a consideration leadership style was found to have a greater influence on commitment and job satisfaction than a task-orientated leadership style.
- *Satisfaction of higher-order needs*: The study of Lok and Crawford (1999) confirmed the strong positive correlation between commitment and higher-order needs, or intrinsic factors as per Maslow’s Hierarchy of Needs Theory and Herzberg’s Theory of Motivation. Examples of higher-order needs as per Lok and Crawford’s study (1999) referred to the level of control over the working environment, the amount of *interaction, acceptance by co-workers*, the level of *professionalism, praise* received from colleagues and leader as well as feedback.
- *Asymmetric information*: Sigler (1999) stated that insufficient information on and communication about the employee’s performance may complicate the employer’s endeavour to retain productive employees. Without adequate information, an employer may not be able to distinguish between productive and non-productive employees. Employees often take credit for successes and deflect failures to other employees. Also, poor communication can lead to a situation where the manager does not know what information to ask the employee and the employee does not know what to provide. Therefore, productive workers cannot distinguish themselves from non-productive workers and are not rewarded accordingly.

#### *Factors pertaining to employee well-being*

Warr (1990) described affective well-being as the emotional state of employees within their total work setting as being either predominantly negative or positive on 3 principal axes: (a) anxious – contented, (b) enthusiastic – depressed and (c) pleased – displeased.

Having established the relationship between employee satisfaction and retention in the previous section, it is important to note that Roland et al (1996) found that employee satisfaction is largely driven by satisfaction with managerial processes related to employee well-being. These processes include supervision, benefits, work design and work environment.

The following specific factors pertain to employee well-being and its relationship to retention:

- *Skills and talent development*: This proved to be the most significant retention factor in an international study, as reported by Hay (2002). Another significant factor that emerged from this study is managers who fail to take an interest in staff’s career development. Both these factors were found to have a profound effect on the emotional well-being of employees in their work situation. Closely associated with skills and talent development is the opportunity to learn new skills. According to Hay’s international study (Hay, 2002) only 38% of those planning to leave were satisfied with the current *opportunities to learn new skills*. The Markinor South African employee relations survey (Markinor, 2003) also pointed out that development of a long-term career is a major driver of employee loyalty. Therefore, many employees feel trapped in a narrow job function with little scope for development. This trapped feeling was also found to have a profound effect on the emotional well-being of employees.
- *Advancement opportunities*: Hay’s study (2002) also revealed that only 22% of employees planning to leave were satisfied with advancement opportunities. This dissatisfaction was found to be an important factor in the emotional well-being of staff.
- The P-E Corporate survey in which 800 South African companies participated, reported that the main reason for leaving an employer was *the prospect of better pay and better working conditions*. Amongst skilled staff, 23% of those who quit left for better pay. This accounted for about 19% of staff resigning at lower levels (Westcott, 2003).
- According to a study by Walker Information spanning 31 countries, what employees want (i.e. the top drivers for employee loyalty) is *fair treatment, care/concern and trust, and better communication*. The South African leg of this survey revealed the same result (Markinor, 2003). Yet, as reported by Taylor (2002), a retention study by the Society of Human Resource Management shows that what employers *give* employees instead, are better benefits and more competitive compensation - i.e. commodities. This is according to Taylor (2002) a problem of alignment – not giving what employees want.

In the previous sections, the link between propensity to stay or leave on the one hand, and organisation climate/culture, job satisfaction and employee well-being on the other hand, was illustrated.

#### **The link between employee commitment and his/her propensity to stay or leave**

In this section the link between employee commitment and their propensity to stay or leave will be addressed.

Durkin and Bennett (1999, p. 124) defined employee commitment as a mindset that ties the individual to the organisation. The authors distinguished between three levels of employee commitment: (1) *Internalised commitment*: The employee adopts specific behaviours and attitudes because their contents are congruent with the individual’s value system; (2) *Identification commitment*: The employee adopts attitudes and behaviour in order to gain association with a valuable third party and (3) *Compliance commitment*: The employee adopts specific patterns of behaviour and attitudes in return for specific rewards.

Employee commitment and employees’ propensity to stay or leave have been found to be negatively related to labour

turnover in the studies of Cotton and Tuttle (1986) and Clegg (1983). Udo and Tor-Guimaraes (1997) found significant correlations between organisational commitment and intention to stay (correlation of 0,33) amongst 216 plant managers. The correlation between job satisfaction and organisational commitment also proved to be strong (0,46).

Durkin and Bennett (1999) reported studies where significant negative correlations were found between internalised commitment and turnover, as well as a positive correlation with longer tenure intentions.

However, an interesting dynamic was found in the research of Durkin and Bennett (1999). They found a low intent to leave was related to high levels of identification commitment, and low levels of internalized commitment. The low level of internalized commitment was the result of significant changes in the case organisation. The employees did not accept these changes well. However, staff members' high level of identification commitment more than compensated for the potential increase in a propensity to leave. Identification commitment therefore seems to be a powerful retention factor, which supports the rationale of employers to strive to become an "employer of choice".

#### Linking employer-of-choice status with the employees' propensity to stay or leave

Ahlich (2000, p. 37) described an employer of choice (EoC) as a company that, because of its status and reputation, is always the first choice (or at least on the shortlist) of high quality candidates. These companies outperform their competition in attracting and retaining talented people. In the Veldsman model, the EoC status of an organisation would attract or distract the employee to join the company. EoC companies score high in the following dimensions according to Ahlich (2000): Comparative high compensation contingent on performance; sensitivity to work, health and family needs; good growth opportunities; job security; high level of pride in work and company (this could be linked to identification commitment); openness, good communication; fairness; reduced status distinctions and barriers; camaraderie and friendliness; selective hiring of new personnel - ensuring that talented, dedicated staff members with good interpersonal skills are hired.

The research of Herman and Goya (2000) added to this list by finding that an EoC provides career growth, opportunities, a challenging work environment and meaningful work, involvement and the opportunity to make a difference - all of these being more important than money.

All of the EoC characteristics have been dealt with in the previous sections and have been linked to the propensity of employees to stay or leave.

## RESEARCH DESIGN

### Research approach

The research approach followed in this study was a quantitative, non-random field survey. The data analysis conducted was correlational and ex post facto in nature using the primary data generated by the survey. The Survey was conducted over a period of two months during 2003.

### Research methodology

The research methodology followed in this study will be discussed under the following four headings:

#### Research participants

The 60 highest remunerated staff in each of two South African commercial banks were selected to participate in the study.

These 120 individuals represented their managerial and specialist staff, being their core talent. The 60 selected staff members of Bank A represented 9% of the bank's 660 permanent staff members, whereas the 60 selected staff of Bank B represented 7,3% of the Bank's 820 staff members. Of the 120 selected staff members, 104 (86,6%) responded.

Table 1 displays a breakdown of the respondents in terms of gender, age, years of service and Previously Disadvantaged Individual (PDI) status:

**TABLE 1**  
**BIOGRAPHICAL ANALYSIS OF RESPONDENTS**

Variable	N	%
<b>GENDER</b>		
Male	47	45,27
Female	55	52,9
No response	2	1,9
Total	104	100
<b>AGE</b>		
18-30	36	34,6
31-40	44	42,3
41+	20	19,2
No response	4	3,8
Total	104	100
<b>YEARS OF SERVICE</b>		
1-3 years	46	44,1
4-9 years	36	34,6
10+	13	12,5
No response	9	8,7
Total	104	100
<b>PDI STATUS</b>		
Previously disadvantaged	33	31,3
White male and female	69	66,3
No response	2	1,9
Total	104	100

From Table 1 it is clear that males and females are about equally represented in the sample; the majority of respondents are younger than 40 years, are less than 10 years in the employment of their organisations; and about one third are from previously disadvantaged groups.

#### Measuring instrument

Veldsman (2003) assisted by Geldenhuys developed the questionnaire used in this research. Veldsman granted permission for its use in this study. The Veldsman Employee Commitment Questionnaire (VEC Questionnaire) has 107 statements in six sections, based on the six theoretical dimensions of the model described in a previous section. The sections/theoretical dimensions of the questionnaire are described in Table 2:

A separate section deals with biographical information, such as race, years of service, age and gender.

The respondent agrees or disagrees with 107 statements, using a 5-point Likert scale. On the Likert scale, 1 represents a very negative response to the statement, being "strongly disagree" or "not at all", whilst 5 represents a very positive response, being "strongly agree" or "constantly".

#### Research procedure

Senior management's approval at both banks was obtained prior to the study. The questionnaires were distributed by the researcher to the participants. Clear instructions were provided. The purpose

of the study and the benefits for both the participants and the two Banks involved, were explained. Participants were also given the model and theory on which the questionnaire is based. To ensure confidentiality and enhance reliability, the study was conducted anonymously. The participants placed the completed questionnaires anonymously in sealed boxes at central collection points. Strict control was maintained over the completed questionnaires. The author administered all the questionnaires to ensure consistency in the process.

**TABLE 2**  
**STRUCTURE OF THE VELDSMAN EMPLOYEE**  
**COMMITMENT QUESTIONNAIRE**

SECTION	DESCRIPTION OF THE DIMENSION
<b>Section A</b>	<b>ORGANISATIONAL CLIMATE</b>
A1: Mission & Goals	Management's efforts and success to have clear and well communicated goals, what the organisation is about and where it is going. The respondent's agreement with such goals
A2: Communication	Sufficient information flow throughout the bank
A3: Planning	Management's efforts and success in the planning work, inter-departmental planning and job clarity as a result of planning
A4: Coordination & control	An organised and coordinated work environment. Management in touch with ground level activities
A5: Decision Making	Decision making involvement and awareness of the rationale of decisions in their companies
A6: Organisational clarity	Work gets done in organised and structured way. Jobs are clearly defined and logically structured
A7: Performance Standards	The existence- and fairness perceptions of performance standards, as well as perceived recognition on performance
A8: Organisational support	Supports that staff would get from seniors when making mistakes and management's respect for staff's efforts
A9: Team work	Efficient team functioning
A10: Change	The efficient management of change in the bank
A11: Diversity	The effective management of diversity, valuing diversity and equality issues
<b>Section B</b>	<b>JOB SATISFACTION</b>
B1: Overall satisfaction	Overall satisfaction with bank, job, the impact that job has on life and family
B2: Skills & abilities	Sufficient skills to do the job, sufficient training and learning opportunities
B3: Leadership relationship with leaders	Leadership strength/competence in bank and
B4: Relationships	Relationship with colleagues/trust amongst colleagues
B5: Remuneration	Market related remuneration and fair remuneration practices
B6: Performance evaluation	Efficient and fair feedback on performance from manager
<b>Section C</b>	<b>EMPLOYER OF CHOICE</b>
<b>Section D</b>	<b>PROPENSITY TO STAY/LEAVE</b>
D1: Why I came to work here	Reasons why the respondent came to work for the bank
D2: Why I continue to work here	Reasons why the respondent will continue working at the bank
<b>Section E</b>	<b>EMPLOYEE WELL-BEING:</b> Negative and positive emotions/feelings experienced lately
<b>Section F</b>	<b>ORGANISATIONAL COMMITMENT:</b> Care for the company's future, feeling secure, would like to stay with company

#### Statistical analyses

The collation of the data, the analyses thereof and the generation of results were conducted by the Statistical Consultation Service of the University of Johannesburg.

The analyses of the data were conducted in three broad phases. The first phase focused on descriptive statistics, factor analyses on two levels and determining the reliability of the theoretical dimensions in the questionnaire using iterative item analyses. On the first level, items were parcelled according to theoretical dimensions and then intercorrelated. On the second level, sub-scores were calculated on the theoretical dimensions and then intercorrelated. Due to the small number of respondents, Schepers's method for reliability analysis was applied (Schepers, 1993). The second phase focused on correlation and regression statistics. Regression analyses were conducted to establish causes of variance amongst the different theoretical constructs of the Veldsman Employee Commitment model. In the final phase, ANOVA tests, t-tests were conducted and finally Eta square coefficients were provided to determine whether differences of practical significance exist between the major biographical groupings.

## RESULTS

### Descriptive statistics and reliability analysis

The results of the reliability analyses on the theoretical dimensions are reported in Table 3.

**TABLE 3**  
**DESCRIPTIVE STATISTICS AND RELIABILITY ANALYSIS**

	N	Mini- mum	Maxi- mum	Mean	Std. Devia- tion	Schepers's relia- bility	Cron- bach Alpha
A1: Mission & Goals	104	2,50	5,00	4,0505	0,57070		0,616
A2: Communication	104	1,00	5,00	3,2307	0,77483		0,731
A3: Planning	104	1,75	5,00	3,7308	0,61602		0,640
A4: Coordination	104	1,33	5,00	3,1923	0,86984		0,734
A5: Decision Making	104	1,00	5,00	3,1603	0,94279		0,749
A6: Org. clarity	104	1,50	5,00	3,5721	0,83148		0,539
A7: Perf. Standards	104	1,17	5,00	3,3766	0,92607		0,856
A8: Org. support	103	1,00	5,00	3,1165	1,13155		0,849
A9: Team work	104	1,33	5,00	3,6442	0,90577		0,831
A10: Change	104	1,00	5,00	3,1058	0,95702		0,853
A11: Diversity	103	1,53	5,00	3,1786	1,05938		0,930
<b>Section A: ORG. CLIMATE</b>	<b>102</b>	<b>1,53</b>	<b>4,90</b>	<b>3,4034</b>	<b>0,67892</b>	<b>0,966</b>	<b>0,959</b>
B1: Overall satisf.	104	1,00	5,00	3,6923	0,98060		0,830
B2: Skills & abilities	104	2,50	5,00	3,9880	0,63128		0,632
B3: Leadership	103	1,63	5,00	3,9490	0,79548		0,909
B4: Relationships	103	1,00	5,00	3,4660	0,81051		0,759
B5: Remuneration	99	1,00	5,00	3,0505	0,96691		0,862
B6: Perf. evaluation	104	1,00	5,00	3,2404	1,09385		0,911
<b>Section B: JOB SATISFACTION</b>	<b>98</b>	<b>1,70</b>	<b>4,89</b>	<b>3,6043</b>	<b>0,69816</b>	<b>0,908</b>	<b>0,945</b>
<b>Section C: Employer of Choice</b>	<b>103</b>	<b>1,50</b>	<b>5,00</b>	<b>3,5825</b>	<b>0,93901</b>		<b>0,919</b>
D1: Why I came to work here	98	1,67	5,00	3,6327	0,73103		0,861
D2: Why I continue to work here	97	1,00	5,00	3,4731	0,89498		0,910
<b>Section D: Propensity to stay/leave</b>	<b>96</b>	<b>1,83</b>	<b>5,00</b>	<b>3,5480</b>	<b>0,78933</b>	<b>0,939</b>	<b>0,940</b>
<b>Sect. E: Employee well-being</b>	<b>99</b>	<b>1,00</b>	<b>4,67</b>	<b>3,0640</b>	<b>0,92665</b>		<b>0,918</b>
<b>Section F: Org commitment</b>	<b>102</b>	<b>1,25</b>	<b>5,00</b>	<b>3,4191</b>	<b>0,84444</b>		<b>0,738</b>

The minimum, maximum and mean scores of the 104 respondents were provided. Cronbach's Alpha reliability coefficients of >0,7 are considered reliable.

*Correlation analysis*

The intercorrelations of the different theoretical dimensions are presented in Table 4.

**TABLE 4**  
**INTERCORRELATIONS BETWEEN VARIABLES**

		A	B	C	D	E	F
<b>A Organisation Climate</b>	<b>Pearson Correlation N</b>	1	0,884	0,753	0,668	0,683	0,759
		102	96	101	95	97	100
<b>B Job Satisfaction</b>	<b>Pearson Correlation N</b>	0,884	1	0,757	0,587	0,698	0,767
		96	98	97	91	93	97
<b>C Employer of Choice</b>	<b>Pearson Correlation N</b>	0,753	0,757	1	0,769	0,586	0,777
		101	97	103	96	99	101
<b>D Propensity to stay or leave</b>	<b>Pearson Correlation N</b>	0,668	0,587	0,769	1	0,613	0,674
		95	91	96	96	93	95
<b>E Employee Well-Being</b>	<b>Pearson Correlation N</b>	0,683	0,698	0,586	0,613	1	0,705
		97	93	99	93	99	98
<b>F Organisational Commitment</b>	<b>Pearson Correlation N</b>	0,759	0,767	0,777	0,674	0,705	1
		100	97	101	95	98	102

All correlations are significant at the 0,001 level (2-tailed).

High correlations (>0.5) amongst all dimensions would suggest that all dimensions share common variance. Owing to limited space, correlations between the subsections are not provided.

*Exploring differences between the biographical groups*

To determine whether significant differences in scores exist between biographical groupings, t-tests (equality of means - 2-tailed) were calculated between the two PDI status groups (white and non-white), as well as between male and female. ANOVA tests were performed between the age groups and between the service tenure groups.

The ANOVA and t-test results are provided in Table 5.

**TABLE 5**  
**DIFFERENCES IN BIOGRAPHICAL GROUPINGS**

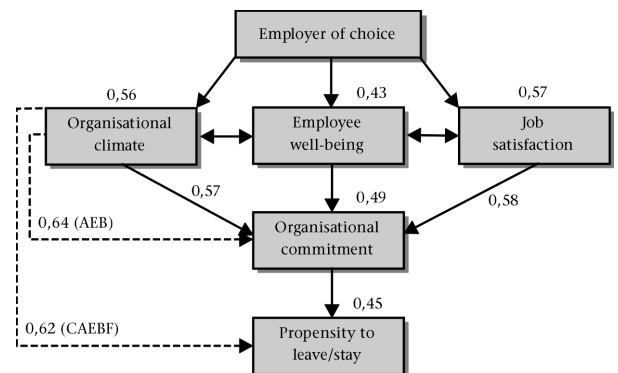
Dimension	ANOVA				T-Tests			
	f	Sig.	f	Sig.	t	Sig (2tail)	t	Sig (2tail)
A1: Mission & Goals	2,36	0,100	5,092	0,008	-0,379	0,705	0,785	0,434
A2: Communication	1,507	0,227	3,652	0,030	-0,828	0,409	-0,916	0,362
A3: Planning	0,667	0,516	4,004	0,022	-0,795	0,429	-0,374	0,709
A4: Coordination	0,690	0,504	3,377	0,008	1,679	0,096	0,392	0,694
A5: Decision Making	0,432	0,650	1,929	0,151	0,962	0,338	-2,423	0,017
A6: Org. clarity	1,208	0,303	1,952	0,148	-0,947	0,346	-1,165	0,247
A7: Perf. Standards	2,390	0,097	4,006	0,021	-0,304	0,762	-2,664	0,009
A8: Org. support	4,457	0,014	5,626	0,005	-0,311	0,765	-1,445	0,125
A9: Team work	0,092	0,912	2,603	0,079	0,456	0,650	0,923	0,358
A10: Change	3,503	0,034	13,827	0,000	1,270	0,207	-1,455	0,149
A11: Diversity	3,555	0,032	4,706	0,009	-0,768	0,444	-3,695	0,000
<b>Section A: ORG. CLIMATE</b>	2,130	0,125	2,774	0,001	-0,745	0,458	-1,884	0,063
B1: Overall satisfctn	2,391	0,097	3,468	0,035	-0,510	0,611	-1,093	0,277

B2: Skills & abilities	3,099	0,050	5,682	0,005	-0,287	0,775	-0,777	0,439
B3: Leadership	1,133	0,326	6,413	0,002	-0,441	0,660	-0,852	0,369
B4: Relationships	1,945	0,149	1,533	0,221	0,384	0,702	-0,040	0,068
B5: Remuneration	3,612	0,031	2,896	0,061	0,715	0,477	-2,028	0,045
B6: Perf. Evaluation	0,311	0,734	6,560	0,002	-0,727	0,496	-1,854	0,067
<b>Section B: JOB SATISFACTION</b>	1,784	0,174	6,298	0,003	0,019	0,985	-1,292	0,200
<b>Section C: Employer of Choice</b>	2,514	0,086	8,006	0,001	-0,810	0,420	-2,550	0,012
D1: Why I came to work here	4,806	0,010	4,395	0,015	-1,495	0,183	-0,764	0,447
D2: Why I continue to work here	4,058	0,020	4,758	0,011	-1,549	0,125	-1,480	0,142
<b>Section D: Propensity to stay/leave</b>	4,886	0,010	5,116	0,008	-1,523	0,131	-1,210	0,230
<b>Section E: Employee well-being</b>	0,647	0,526	8,986	0,000	-2,040	0,044	-0,666	0,507
<b>Section F: Org commitment</b>	2,433	0,093	8,337	0,000	-1,640	0,104	-2,251	0,027

T-values and F-values with a significance less than 0,05 indicate a significant difference between groups.

*Predicting propensity to stay*

Adjusted R-square calculations were performed to establish to what extent one section causes variance in another section. The R-square values are indicated in Figure 3.



**Figure 3: Sources of variance between variables**

High R-square values (>0,5) indicate a large amount of variance explained by the respective predictors.

**DISCUSSION**

Of the respondents, about 45% were males and 54% females, indicating a fairly balanced group. Two thirds of the respondents were white (non-PDI status). This is fairly representative of the current racial composition of the higher income groups at the participating banks – though not of the broader South African demographics.

Regarding the reliability analysis as per Table 3, high levels of reliability (>0,7) are reported on all sections, ranging between 0,739 to 0,959. The obtained reliability coefficients can be questioned based on the small sample size. Owing to the small sample size the items were parcelled in theoretical dimensions in the first level factor analysis and by intercorrelating sub-scores from these parcels on the second level factor analysis reliabilities were derived. This procedure resulted in reliabilities higher than 0,9. Three of the eleven subsections of section A are characterised by lower Cronbach's Alpha values. This may be due to the small number of items in each subsection. The correlation analysis indicated strong correlations between all factors, which

are significant at the 0,01 level (2-tailed). The correlations range between 0,884 and 0,586.

#### *Predicting the propensity to stay or leave*

The large proportion of variance explained in propensity to stay or leave, as reflected by the adjusted R-square values in Figure 3, indicate a statistically sound model. This study thus confirmed the assumptions in Veldsman's model that the major factors affecting retention are organisational commitment, employer of choice perceptions, organisational climate and employee well-being.

These major factors affecting retention have also been reported in literature as follows:

- a) Factors pertaining to organisational climate and culture: As reported in Figure 3, 57% of the variance in organisational commitment is explained by organisational climate. With reference to the various factors that comprise organisational climate in Table 2, this strong relationship has also been reported by Hay (2002), Lok and Crawford (1999) and Markinor (2003). These studies all reported retention's positive correlation with a clear sense of direction, control over the working environment, un-bureaucratic sub-cultures, commitment to team, innovative and supportive subcultures.
- b) Factors pertaining to job satisfaction: As reported in Figure 3, 58% of the variance in organisational commitment is explained by job satisfaction. With reference to the various factors that comprise job satisfaction in Table 2, this strong relationship has also been reported by the following researchers: Udo and Tor-Guimaraes (1997) on job satisfaction, job involvement and task characteristics; Taylor (2002), Brewer (1993), Roland et al (1996) and Hay (2002) on a good relationship/satisfaction with immediate supervisor, the employee's commitment to the managerial strategy and managerial processes; Lok and Crawford (1999) and Sigler (1999) on acceptance by co-workers, feedback from manager and the level of professionalism in the workplace; Hay (2002) on skills development, the opportunity to learn new skills and advancement opportunities; Westcott (2003) on the prospect of better pay and better working conditions; Markinor (2003) on fair treatment, care/concern and better communication.
- c) Factors pertaining to employee-wellbeing: As reported in Figure 3, 49% of the variance in organisational commitment is caused by employee well-being. In this regard, Udo and Tor-Guimaraes (1997) found that role stressors were significant indirect influences on retention.
- d) Factors pertaining to employer of choice perceptions: As reported in Figure 3 as well as in Table 4, employer of choice is strongly related to organisational commitment. The dimensions that make up "employer of choice" have been described by Ahlrichs (2000). All these dimensions have been linked to retention in various studies, especially in the studies of Markinor (2003), Hay (2002), Durkin and Bennett (1999) and Udo and Tor-Guimaraes (1997).

#### *Biographical differences*

The other aim of the study was to determine whether differences exist between demographical groupings such as PDI status, gender, service tenure and age pertaining to factors that affect retention. If such differences exist, different retention strategies would be required to address their unique characteristics. This appears to be indeed the case:

#### *PDI status differences*

Several statistical significant differences exist between PDI and non-PDI groups. All differences were rated small to medium effect based on the obtained Eta square values. Previously disadvantaged individuals gave lower scores than whites in Subsection A5 (decision making), Subsection A7, (performance standards), Subsection A11 (diversity), Subsection B5 (remuneration), Section C (employer of choice perceptions) and

Section F (organisational commitment). Could it be that PDIs perceive their appointments to some extent as tokenism, without "real" decision making and that double standards are thus applied in the company? Being sought after in the South African labour market at present, could PDIs be under the impression that they are underpaid? Do they feel that companies are not genuinely valuing diversity? These issues could be investigated in future studies.

This study suggests that the retention of PDIs could be enhanced by achieving the following:

- Improve decision making involvement and awareness of the rationale of decisions in the company.
- Set clear and challenging goals and encourage staff to achieve them. Improve the links between remuneration, recognition and good work.
- Manage diversity more efficiently, value diversity and attend to negative equality perceptions.
- Attend to remuneration concerns (i.e. perceptions of under payment and remuneration fairness issues)
- Improve employer of choice perceptions.

#### *Age differences*

Significant differences, of small to medium effect, based on the obtained Eta square values exist in the following sections:

*Subsection A8, Organisational Support:* Respondents in the 41+ age category gave higher scores than the 31-40 age category.

*Subsection A 10, Change:* Respondents in the 18-30 age category gave higher scores than the 30-40 age category.

*Subsection A11, Diversity:* Respondents in the 18-30 age category gave higher scores than 30-40 age category.

*Subsection B5, Remuneration:* Respondents in the 41+ age category gave a higher score than the 30-40 age category.

*Section D, Propensity to leave* is higher amongst the respondents in the 31-40 age category than amongst the 18-30 age category.

This study suggests that retention could be enhanced with strategies or interventions which are targeted at the indicated age categories where the identified problems exist. Notably, such problems mostly exist in the 31-40 age category. Could it be that staff in this age category are more prone to unrealistic expectations and thus became frustrated with the lack of opportunities and perceived poor change management? These issues could be investigated by future research.

#### *Years of service differences*

Tenure differences are reported in three categories. The first category is between respondents with 1-3 years service who gave statistically significant higher scores than respondents with 4-9 years service in Sections A (Organisational Climate) and B (Job satisfaction). Within Sections A and B, this difference occurred in following subsections: Subsection A1 (Mission and Goals), Subsection A2 (Communication), Subsection A8 (Organisational Support), Subsection A10 (Change), Subsection A11 (Diversity) and Subsection B3 (Leadership).

The second difference is between respondents with 1-3 years service who gave significant higher scores than respondents with 10+ years service in the following dimensions: Subsection A4 (Coordination and control), Subsection B1 (Overall satisfaction), Subsection B2 (Skills and abilities), Section D (Propensity to stay), Section E (Employee wellbeing) and Section F (Organisational commitment).

Thirdly, staff with 10+ years service gave higher scores on subsection A7 (Performance standards) than staff with 4-9 years service.

The research clearly indicates that staff with medium to longer tenure is experiencing more problems that impact on retention than staff who joined less than 4 years ago. Could this be indicative of longer tenure staff's inability or unwillingness to deal with the constant change in the workplace? This study thus

suggests that retention could be enhanced with strategies or interventions which are targeted at medium and longer term tenure groups, in the problem areas indicated above.

#### Gender differences

Only one statistically significant difference between male and female was identified. The employee wellbeing (positive feelings or emotions) of females are higher than males. The difference was rated a small effect based on the obtained Eta square coefficient. It can be derived from Table 1 that the majority of the male respondents were white males. Could the current Employment Equity legislation and practices (that reduce the opportunities and options for white males) have a negative effect on the wellbeing of white males? This issue could be investigated in future studies. This study thus suggests that retention amongst males could be enhanced with interventions that increase the wellbeing of males.

#### **Limitations of the study**

Only two banks participated in this study, both with a staff complement of less than 1000. As such the results cannot be assumed to be representative of the either the broader South African banking industry, or the broader South African work force.

#### **Suggestions for future research**

It is suggested that further research should be conducted to determine whether the factors affecting retention of managerial and specialist staff (as identified in this study) would also be applicable in bigger financial institutions, and possibly in other industries than the banking industry.

This study revealed that employees over the age of 30, males, previously disadvantages individuals, as well as individuals with more than 4 years service are the problematic biographical groups in terms of retention. This study has dealt with WHAT the issues are, but not WHY these issues have developed amongst these groups. It is suggested that qualitative studies should be conducted to research the reasons for retention complications amongst these biographical groups.

In this study several suggestions were made to enhance retention amongst the indicated biographical groups where their propensity to leave seemed concerning. A final suggestion for further research would be in the nature of such strategies or interventions as well as how successful these strategies or interventions eventually proved to be.

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