

CHAPTER 1

RETENTION OF TALENT – AN ESSENTIAL TOOL FOR SURVIVAL

1.1. INTRODUCTION

Today's world is extremely competitive. Never before have there been more challenges. Organisations compete with one another for contracts, clients and resources. For a company to survive, it needs to get the edge over the competition. Today's customers are becoming better educated and demand excellence in services and goods. For this reason it is important that organisations build capable workforces that deliver great value to the customer.

In 1997, a groundbreaking study by McKinsey exposed the “war for talent” as a strategic business challenge and a critical driver of corporate performance [Fishman (1998)]. Not only will companies have to devise more extensive recruitment practices, but they will also have to work harder to retain their best people.

Ed Michaels (a director at McKinsey) explains that over the past decade, talent has become more important than capital, strategy or research and development. If one thinks about the sources of competitive advantage, according to Michaels [Fishman (1998)] the following is evident:

- Capital for implementing good ideas and good projects is easily accessible
- Strategies are transparent and easily copied
- The half-life of technology is growing shorter all the time.

Further, Michaels points out that this means that people are the prime source of competitive advantage. Talented people, in the right kind of culture, have superior ideas, execute those ideas better and even develop other people better.

For an organisation to be competitive, it needs to employ the best talent available. This links HR and the whole talent management process (attraction, retention and development) directly to an organisation's strategy.

Bateman and Snell (1999; 334) elaborate on the strategic impact of HR:

- **Value creation:** the human resources of an organisation can increase value through their efforts. Programmes that are designed to increase the value that employees have on the bottom line include: empowerment programmes, total quality initiatives and continuous improvement programmes.
- **Scarcity:** people are a source of competitive advantage when their skills, knowledge and abilities are not equally available to all competitors.
- **Difficult to imitate:** When others cannot copy the capabilities and contributions of employees, it is a source of competitive advantage to the organisation.
- **Organisation:** When the talents of employees can be organised / combined together and deployed to work as a team on new assignments at a moment's notice, it can also create a competitive advantage for the organisation.

This highlights the importance of employees in creating a competitive advantage, but it also illustrates the link between HR and an organisation's strategy.

The retention of talent is not a new issue. The need for this research is necessitated by the fact that organisations in South Africa have to understand the value of workforce talent. This is vital in order to become a competitive global force. It is also important to note that companies operating in our economy are also faced with a unique set of circumstances, which might not necessarily empower them in developing their human capital potential. South Africa's current phase of economic growth spurred by increased globalisation programmes, bring many new challenges to the management of human resources.

One of these challenges lies in the development and retention of competent employees. There is a need to accommodate employment equity drives as prescribed by legislation and required by organisations. The attraction, development and retention of employment equity candidates are becoming a major business challenge.

Apart from this, the HIV / AIDS pandemic are requiring organisations to have strategies in place that will ensure an ongoing supply of competent, healthy employees.

The McKinsey report [Fishman (1998)] explains that the strategic importance of human capital needs to be recognised because of the value that talent creates. This report suggests a new approach to talent management, which includes:

- Make the organisation attractive to talent
- Build a long-term recruitment strategy, which is relevant to the company's circumstances
- Cultivate talent by means of coaching and mentoring
- Strengthen the talent pool by investing in and developing talented employees

Curtis & Wright (2001) define commitment as: “the strength of an individual’s identification with, and involvement in an organisation.” Commitment is broken down into the following components:

- A desire to maintain membership in the organisation
- A belief in, and acceptance of the values and goals of the organisation, and
- A willingness to exert effort on behalf of the organisation

Wallace and Winternitz (2004) summarise the results of previous research on talent retention. This research has found that a mixture of intrinsic and extrinsic factors affects the decision of whether talented employees will stay at a company, namely:

- Compensation and benefits
- Organisational environment
- Work / development environment
- Work - life balance



This Wallace and Winternitz study concluded that talent in the South African context values largely the same variables that have been identified as important in previous research conducted outside the South African context.

1.2. THE RESEARCH PROBLEM

Most organisations depend on the ability of their sales consultants to generate revenue. Sales consultants in different industries normally work for commission, determined by the volume of business they bring to the organisation. This remuneration structure of sales consultants is based on a “pay-for-performance” basis. “Pay-for-performance” structures use money as a motivator.

In an internal study by a group of companies in the Security Industry in Gauteng, many sales consultants are leaving the organisation after being employed for a relatively short period of time. This period of employment ranges on average, from three to five months. In the last 18 months, this specific group of companies has lost 39 sales consultants.

If one thinks of the cost involved in recruiting, selecting and training of new consultants every time a consultant leaves the organisation, it is evident that retaining performing consultants is a good business decision.

Kaye and Jordan-Evans (2002) evaluated the reasons why employees stayed with a certain organisation. Table 1.1 illustrates the top 10 reasons identified by employees for remaining with an organisation.



Top 10	Reasons to stay
1	Career growth, learning and development
2	Exciting and challenging work
3	Meaningful work, making a difference and a contribution
4	Great people
5	Being part of a team
6	Good boss
7	Recognition for work well done
8	Autonomy, sense of control over one's work
9	Flexible work hours and dress code
10	Fair pay and benefits

Table 1.1: Top 10 reasons why employees stay with an organisation

Source: Kaye & Jordan-Evans (2002)

It can be seen from the table above that there are many factors which determine whether an employee will stay with an organisation or not. Note however, that pay and benefits were only rated number 10 on this list.

As sales consultants are remunerated on a pay for performance basis, why do they still rate pay and benefits only as number ten?

Money is currently used to motivate the sales consultants in this organisation, but they are still leaving the organisation after only being employed for a short period of time.

The question is to what extent does money really motivate these consultants? If money is not the motivator, what is? How should remuneration structures then be changed in order to motivate the sales consultants to sell more? If money doesn't motivate the people to sell more, they will not earn enough at a specific organisation and thus eventually leave the organisation for another.

Another question that comes to mind is that, if money is used to increase performance (sales in this case), will all performance then be equal in the absence of a pay-for-performance structure? Are there not other factors that also influence performance and ultimately determine whether a sales consultant will stay with an organisation or not? Then if it is not the money alone that influences performance, why is it still used to ensure that sales consultants perform in most organisations? What else will drive these consultants to sell more and stay longer?

The results of these discussions will identify issues that influence performance, which can assist management to address the issues and in turn, improve the organisation's efficiency.

1.3. OBJECTIVES

The first objective of this study is to find out why sales consultants are leaving the group of security companies.

Of interest here is how the group of companies can retain the better performing sales consultants. Is it just money or are there other factors that will motivate the sales consultants to stay with the organisation?

As the assumption was made that it is not only money, but additional factors that influence the performance and retention of sales consultants, it was decided to use the Herzberg's Motivation-Hygiene (MH) Theory as a basis for the discussion for this study.

The Motivation-Hygiene Theory states that job satisfaction is primarily related to motivating factors, which are intrinsic to the job and that job dissatisfaction is related to the hygiene factors, which are extrinsic to the job.

As money is used to motivate these sales consultants, the effect of money on motivation will also be discussed. Numerous research studies have been conducted, the results of which support the fact that money is a motivator. On the contrary the other side of the argument is stating that money is not a long term motivator. Both

these points will be considered. The impact of money on retention will also be referred to.

The purpose of this research is to evaluate literature on Herzberg's MH Theory and to determine the factors that relate to effectively retaining the best sales talent at a group of security companies. These literature findings will be applied to the group of companies in the security industry, where the retention of competent sales consultants is a critical issue.

From the literature on retention, a model will be proposed as a summary of the retention factors. This model will be used as a basis to evaluate the retention factors identified by the sales consultants at the different security companies. Recommendations in terms of retention will be made around the proposed model.

1.4. RESEARCH DESIGN



The methodology followed in this study will include a literature study and an empirical study.

1.4.1. Literature Study

The purpose of the literature study is to gain more information on employee retention, work motivation and on the motivational theory of Herzberg in particular. Attention will also be given to more recent research with regards to money as a motivator and the influence of money on employee performance. Employee retention will also be discussed.

1.4.2. Empirical Study

This study will be conducted in line with qualitative research principles and will be exploratory and descriptive. The Nominal Group Technique will be used with sales consultants currently employed by the security companies.

Participants will be asked to reflect on the questions asked by the interviewer. They will be required to provide their own comments, and listen to the comments of the rest of the group and react to their observations. The main purpose for using the nominal group technique in this study is to elicit ideas, insights and experiences in a social context where people stimulate each other and consider their own views along with the views of others.



As sensitive work related topics, such as remuneration and relationships with management will be discussed in these interviews, the importance of confidentiality will be stressed with all participants.

The questionnaires used are attached as Annexure A and B.

Further to this, the consultants will be asked to rate certain intrinsic and extrinsic factors in order of importance for the specific consultant's work satisfaction. This is in the form of a questionnaire, and is shown in Annexure B.

1.5. SUMMARY OF CHAPTER

The objective of improving sales performance and motivation is as old as sales consultancy itself. For organisations to be successful they need to have motivated sales consultants, who will increase turnover. These sales consultants also need to be committed to the organisation in order to remain with the company.

This study will aim to identify the factors which influence the performance and commitment of sales consultants. Chapter Two will shed more light on the organisation and the specific retention problem among sales consultants.



CHAPTER 2

OVERVIEW OF THE ORGANISATION

2.1. INTRODUCTION

Sales consultants don't just make sales, they solve problems. Everyday they are called upon to react to questions like "Can you help me solve this problem?" Being a sales consultant involves developing customer relationships, discovering and communicating customer needs, matching the appropriate products with these needs and communicating benefits.

It is also true that the relationship between sales consultant and new client does not end when the contract is signed. An organisation's long term success will depend on the consultant's ability to build a lasting relationship with the client. For this reason it is important that a company keeps its consultants motivated to perform and motivated to stay with the company.

This chapter will briefly discuss the current status of the South African Security Industry and then provide an overview of the organisation which is the subject of this study. The current staff retention problem will also be discussed.

2.2. THE SECURITY INDUSTRY IN SOUTH AFRICA

It is important to outline the structure of the security industry in South Africa. What are the driving forces behind its phenomenal growth, where is it heading? What are

the implications on human resources employed by security companies as well as the markets which companies are trying to target?

The private security industry is made up of companies providing a service to clients, which aim to protect and safeguard people and property.

Mistry and Minnaar (1999) identified the following reasons for the growth in the South African private security industry, especially during the 1980's:


- The withdrawal of state policing from certain functions
- The growth in mass private property
- The inability of the police to protect citizens
- The movement of ex South African Defence Force and South African Police members into the private security industry
- Insurance companies insisting that home owners obtain private security
- Government use of private security to protect national key points
- The South African Police shifted its emphasis from ordinary policing to controlling political resistance

This left room for an increase in security company activity. The Government actively encouraged the private security sector to fill the gap left by the police as they became overstretched. This led to a close relationship between the private and public policing sectors.

The following information relating to the Private Security Industry in South Africa was quoted from an equity report prepared by Credit Suisse (2001):

- The South African private security industry, as a proportion of GDP (gross domestic profit) is the largest in the world.
- Since 1970, the security industry in South Africa has experienced an average growth of 30% per year.
- The industry is currently worth over an estimated R11billion
- The industry employs in the region of 284 000 people
- The following drivers will have an increasingly important influence on the industry: the fear of crime; South African Police Services inability to perform an effective policing function; economic growth and government outsourcing of certain policing functions

Credit Suisse (2001) divided the industry into three main sub-sections:

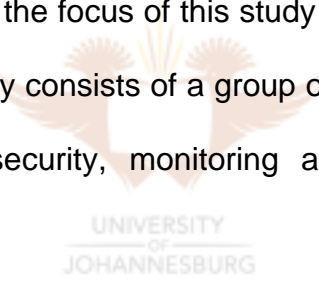
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- **Guarding:** concerns the safeguarding of fixed assets and property such as buildings, schools and shopping centres. This forms the largest and most visible sector of the security industry.
 - **Monitoring and response:** This part of the market is strongly linked to the electronic security market, as some form of electronic device is necessary to trigger the response procedure. The monitoring and response sector within the security industry benefits most from economies of scale and it is here where the market has experienced the greatest share of industry consolidation in recent years. In 2001, two providers controlled in excess of 50% of the market, where the rest of the market was controlled by 20 000 other providers. Competition between market players is more based on reputation, quality of service and local coverage, than price. Customers tend to be locked into one provider and a

change in provider only takes place either through natural residential movements or insufficient service levels. (finance)

- **Electronic security:** concerns primarily the installation and maintenance of alarm systems. The market includes large systems for large organisations and financial institutions with complex security requirements, as well as smaller, less customised systems for smaller businesses and domestic use. It also includes other security products, such as CCTV systems and access control systems.

2.3. OVERVIEW OF THE ORGANISATION

The organisation that will be the focus of this study is a well-known security company in South Africa. The company consists of a group of four smaller security companies, specialising in electronic security, monitoring and armed reaction, as well as guarding.



The recent company history dates back to 2001, when an international company that had been operating since 1979 started to acquire already established security companies in Gauteng. The Group currently consists of four security companies and is in the process of acquiring another two companies.

The profitable operation of a monitoring and armed response company is largely dependent on critical mass. The more clients a company has, in a smaller geographical area – the more profitable the operations of that company.

Expansion of the current operations to cover Gauteng will require both organic growth (acquiring new clients through the sales channel) as well as the acquisition of

additional blocks of clients from existing security operators (acquisitions). Organic growth necessitates skilled sales consultants who sell to both the corporate and the domestic market.

Security companies are primarily selling confidence to customers. This confidence comes from their belief that the organisation has the skills and infrastructure to provide an effective service. This is combined with a local presence in a specific area and being accountable and responsible towards the customer and his property.

Being a sales driven organisation, it is sensitive to the calibre of the sales consultants. To operate successfully in a services market, the quality and experience of management and employees needs to be such that they can cope with high expectations from clients.



The current composition of staff is reflected in table 2.1

	Company A	Company B	Company C	Company D
Management	2	2	1	2
Admin	4	3	4	4
Sales	5	3	3	3
Technical	4	3	3	6
Reaction Officers	14	10	12	36
Control Room Operators	7	0	0	10
Guards	10	94	0	333
Total	46	115	23	394
Group Total	578			

Table 2.1 Composition of employees at the group of security companies

Each company in the group is managed as an individual business with a general manager, reporting directly to the Managing Director. The Group office includes the following functions:

- Group Technical Manager
- Finance and administration (incorporating the payroll function)
- Marketing
- Legal
- Information Systems
- HR (outsourced labour relations, and certain training functions; induction and recruitment, as well as sales, customer care and operational training are done in-house)



2.4. REMUNERATION OF SALES CONSULTANTS

Currently, sales consultants are appointed on a basic salary only for the first 3 months. The amount of the basic salary is subject to previous relevant experience. All sales consultants are initially appointed on a 3-month fixed term contract.

For the first 3 months:

- The consultant will be paid the greater of the basic salary amount or the actual commission earned for the month.

After the first 3 months, sales consultants are entitled to a basic salary over and above the commission earned.

The basic salary that would apply for a period of 3 months at a time would be calculated as follows:

Number of new clients signed up (average for past 3 months)	Basic Salary
0 – 10	R 0.00
11-15	R1500.00
16 – 20	R 2000.00
21 – 30	R 3000.00
31+	R 4000.00

Table 2.2. Basic salaries that can be earned according to how many new clients a sales consultant signs up.



Over the past 18 months, consultants were employed on different basic salaries with limited success. Figure 2.1 illustrates the number of consultants who left the company over the past 18 months. This data was retrieved from the company's payroll system.

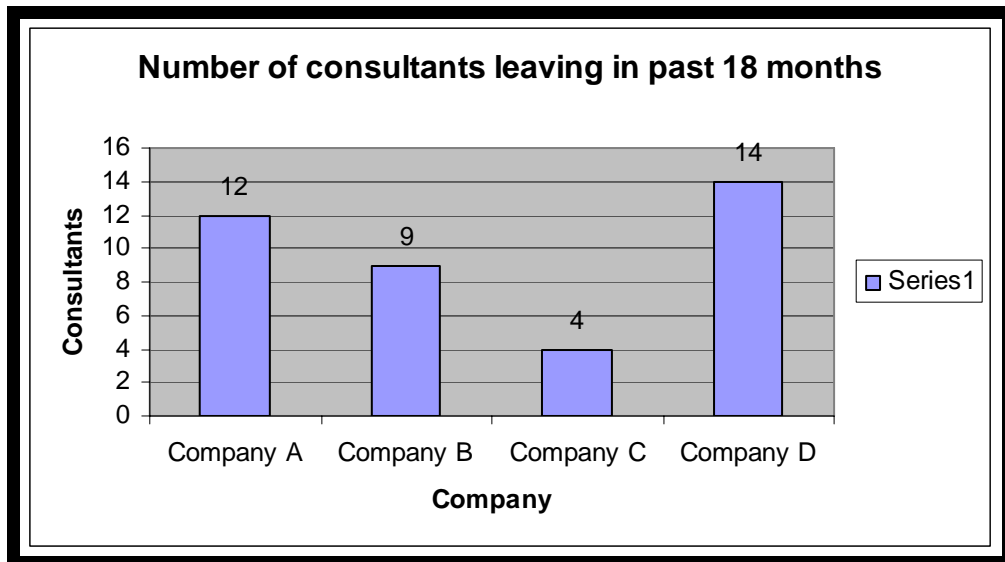


Figure 2.1: Number of consultants leaving the group; per company over the past 18 months

The next figure indicates what the average period of employment in months was for sales consultants during the same 18 month period, per company.

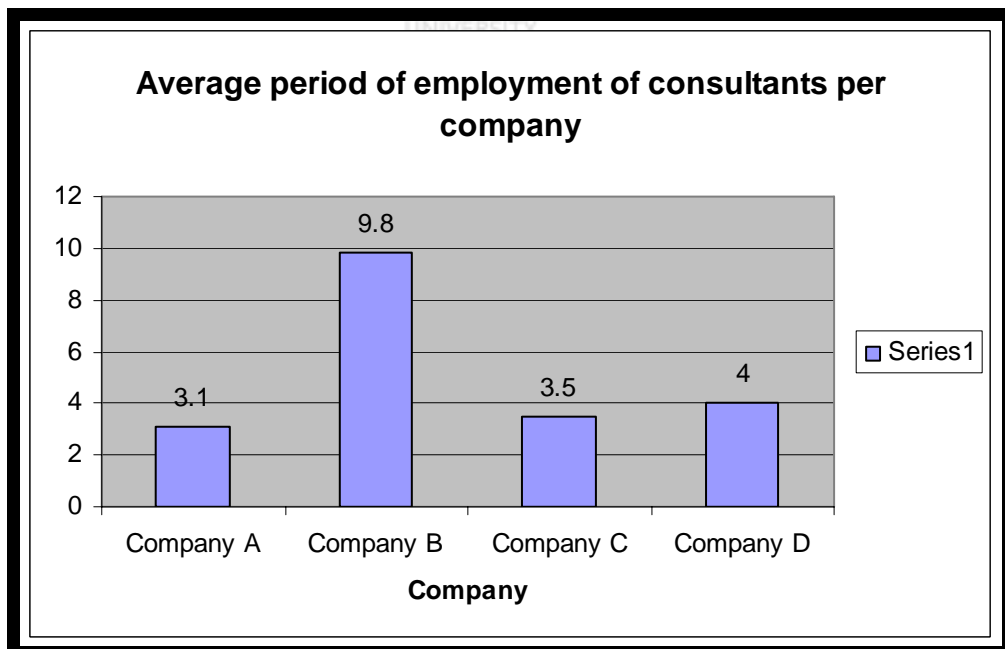


Figure 2.2: Average period of employment in months of sales consultants per company

Figure 2.3 indicates the amount of money spent on paying basic salaries for the consultants that have left in the past 18 months.

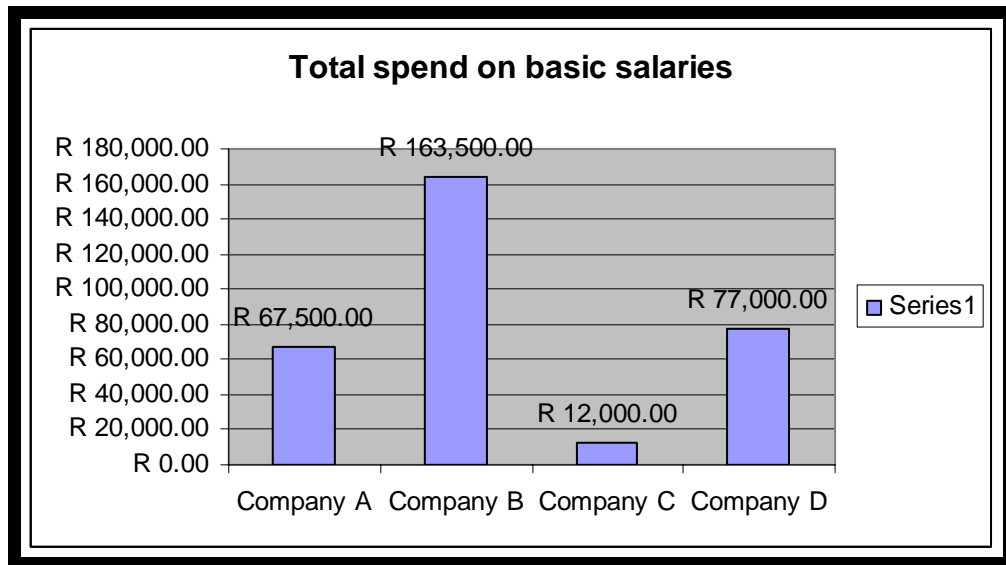


Figure 2.3: Total amount of money spent on basic salaries of consultants who left in the past 18 months (per company)



Summary:

Total number of consultants leaving the company in past 18 months:	39
Average period of employment per consultant:	5 months
Total cost of basic salaries:	R 320 000.00

Out of the above it is evident that:

- The sales consultants only stay for a short period of time. At company A and company C the average period of employment with the company is between 3 and 3.5 months. (See figure 2.2.)
- The company spends a considerable amount of money on basic salaries, but the consultants do not stay for a long period of time. (See figure 2.1.)

The question that arises from this data is why are the consultants leaving after such a short period of employment? What can the company do to address the situation?

2.5. EXIT INTERVIEWS

A quarter of the sales consultants who left the company in the past 18 months completed an exit interview. The following is a summary of the typical answers they provided as per the exit interview questionnaire. Note that the percentage in brackets after each answer indicates the average number of responses received for that particular answer. Due to the fact that some of the respondents gave more than one reason per question, the total tally is not equal to 100%, i.e. it is greater than the maximum percentage desired. It follows:



Name the most important reasons for your resignation.

- Better offer (80%)
- Financial reasons – can not live on the low basic (60%)
- No real challenge (10%)
- Better position with more stability (20%)

To what extent did the position meet with your expectations?

- All (80%)
- About 70% (5%)
- I received the support from management and training as required (20%)

Which of your expectations were not met?

- None (80%)
- My request for an ongoing basic salary (40%)
- My suggestions were not backed by the company (5%)

Were expectations created during the employment interview that were not met?

- None (100%)

To what extent is your salary in line with the type and quantity of work you do?

- Require a basic and petrol allowance for expenses incurred to see clients (80%)
- Basic salary should continue for a longer period (10%)
- Not equitable (5%)
- Your salary depends on your own input and involvement (5%)

What percentage salary increase were you offered at your new work?

- An ongoing basic, but much lower commission (70%)
- 100% increase (25%)
- 35% increase (5%)

How satisfied are you with your commission in comparison with your performance?

- Commission structure is best in industry (70%)
- 100% (10%)
- Not at all (10%)
- Difficult to survive without a basic (10%)

How long have you considered resigning?

- 1 week (40%)
- 2 months (30%)
- 3 months (30%)

Was your training sufficient for the work you had to perform?

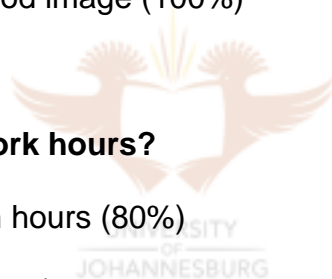
- Yes (100%)

What do you think of the physical working environment, office layout, facilities, etc?

- Better than any other security company (100%)
- Professional, creates a good image (100%)

What do you think of the work hours?

- Flexible – no problem with hours (80%)
- Acceptable and realistic(20%)



What type of pressure did you experience in your work?

- None (90%)
- None, except for financial problems. I enjoy working for this company. (10%)

Did you experience any communication problems (between departments and between you and management)?

- Never (80%)
- Only with Technical department. Management is great! (20%)

Was your manager willing to support you with any problems?

- Always (100%)

In your opinion, were problems satisfactorily solved? Please explain.

- Yes (100%)
- My manager always tried his best and all problems were solved

How would you describe the atmosphere in the office and the attitude of your colleagues?

- Atmosphere good – I got on well with everyone in the office (95%)
- Sales – negative. All other positive (5%)

What do you think about the image of the company?

- Very good (100%)
- Professional (100%)



How do you suggest the image be improved?

- Give employees better benefits (90%)
- More advertising (10%)
- Higher visibility, more patrols and marketing drives (10%)

Which aspects of the company's systems frustrate you, (e.g. rules, structure, administrative procedures etc)?

- Basic salary for sales consultants (80%)
- The management and systems at the technical department (20%)
- Administrative control (10%)

- Allocation of leads (10%)

What type of work are you going to do in your new position?

- Sales consultant at another security company (80%)
- Sales management position (10%)
- Technical support and installations at a security company (10%)

How did you obtain your new position?

- Applied for an advertised position (80%)
- Through a colleague (10%)
- I was head-hunted by another security company (10%)

Other comments:

- This is the best security company I ever worked for. It however takes you at least 3 months to build a client base and for this reason I suggest that the company should extend the period of paying a basic salary.
- I would like to stay at this company, but I need to look at my future and I need to earn more money.

2.6. CURRENT SITUATION FACING SALES CONSULTANTS

The above data from the exit interviews indicates some of the reasons why the company is faced with a high turnover of sales consultants.

If the sales consultants can not be retained, the company not only loses potential business, but the cost of recruitment, training and lost productivity also has an effect

on the bottom line. Ahlrichs (2000:15) explains that there are however invisible costs affecting the bottom line, when losing employees. Some of these costs include:

- Administration costs for processing the resignation
- Lower productivity: employee, peers and supervisor
- Selection of recruiter, screening of résumés, interviews
- Orientation and training of new employee
- Other hidden costs: missed deadlines and shipments; lower morale due to overwork; learning curve of new employee; client service issues due to employee turnover; loss of client relationships; disrupted operations, to name just a few.

High employee turnover in the Security Industry has the same impact on the bottom line of the company.



2.6.1. The position of the sales consultant

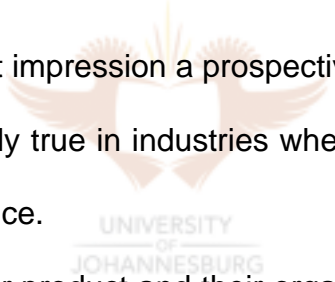
A sales consultant in the security industry primarily sells confidence to a potential client. The type of business necessitates that a potential client should trust the security company to protect him and his property. After convincing the client to buy into a specific company based on the service delivery, the sales consultant then sells the product. Products include monitoring and armed reaction, guards and electronic security systems.

Hopkins (1982:4) summarised the job of a sales consultant as follows:

- Prospecting, or in other words finding potential clients. This step involves cold calling, telesales and door knocking.

- Making contacts or networking with people who will give you business. Successful sales consultants in the Security Industry build their networks with estate agents as well as builders and developers.
- Qualification of prospects. Here the sales consultant ensures that he invests his time with the people who make the decisions on a deal.
- Handle objections. This consultant hears many excuses every day. By learning how to handle these objections, it will be easier to close the deal.
- Closing the sale, is when the client signs the contract and buys into what the sales consultant has to offer.

Hopkins (1982; 11) identifies the following characteristics of a successful sales consultant:

- 
- Appearance. The first impression a prospective client has can make or break a sale. This is especially true in industries where a client buys confidence, such as security or insurance.
 - Pride in their job, their product and their organisation. If the sales consultant is not proud of what he does and what he sells, why should a prospective client buy from him?
 - Confidence in themselves and their offering. Once again a sales consultant should sell a product he believes in.
 - Compassion and understanding of the client's needs. A sales consultant should sell solutions to a prospective client. In order to solve a prospective client's problem, the sales consultant should understand the client's needs first.
 - Drive and ambition to make money. As sales consultants normally work on commission, drive and ambition will motivate the consultant to work harder.

- Need for achievement. As sales consultants face rejection every day, it is the need for achievement that gets them up and going every time, gives them the will to go and knock on the next door for a potential sale.
- Enthusiasm. This is needed to go out there and get the sale, make money, face rejections and try again.
- Don't take rejection personally.
- Continuous learning. The sales consultant continuously gains more knowledge about his products, learns new skills and studies other relevant topics to help him in his job.

In the Security Industry, the type of prospective clients the sales consultant will see falls into one of two groups:

1. Someone who does not utilise the services of a security company. Here the consultant needs to prove / show the prospective client that security is of paramount importance in our social environment. The consultant can use protecting one's loved ones and assets, lower insurance costs, and so forth in the sales presentation.
2. Someone who already has security from another company. Here the consultant persuades the prospective client to switch security companies based on service levels, costs and infrastructure.

Dealing with both types of prospective clients would require the consultant to understand the client's needs. By understanding the client's needs it will be simple for the sales consultant to offer the client a solution to his security problem.

Sales consultants work on a commission structure, based on the amount of new clients they bring in. The next section will look at the current commission structure at the group of security companies.

2.6.2. Current Commission Structure

The current commission structure is based on how many new clients the consultant brings in. Consultants will earn commission on the following sliding scale:

Number of New Clients brought in for the specific month	Commission
0 – 6	1 X Monthly value of the contract per client
7 – 20	2 X Monthly value of the contract per client; from the sale of the first contract
21 +	3 X Monthly value of the contract per client; from the sale of the first contract

Table 2.3: Current commission to be earned on bringing in new clients

Commission can also be earned on selling electronic alarm systems and guarding contracts.

Table 2.4 illustrates how this security group compares with two of the other big players in the industry in terms of commission they pay:

	Company ABCD		Company X		Company Y	
Basic	First 3 months	R 2000.00 – R3000.00	First 3 months	R 5000.00	First 3 months	R 2500.00
	After 3 months	See above outline – depending on sales in first 3 months	After 3 months	R 4250.00	After 3 months	R 2500.00
Comm.	0-6	1 x revenue for 1 month	0-10	0.6 x revenue for 1 month	0-15	1 x revenue for 1 month
	7-20	2 x revenue for 1 month	10-20	0.7 x revenue for 1 month	15-20	1.5 x revenue for 1 month
	21 +	3 x revenue for 1 month	20 +	0.9 x revenue for 1 month	20+	2 x revenue for 1 month
					30+	Extra R3k incentive
					30+	
Other		The best consultant receives all his petrol for the next month.		None		None
		Cell phone allowance				
Incentives		Ad hoc cash prizes		None		None
		Ad hoc holidays for best consultant				

Table 2.4 Comparison of commission structures between Company ABCD and two other big players in the industry

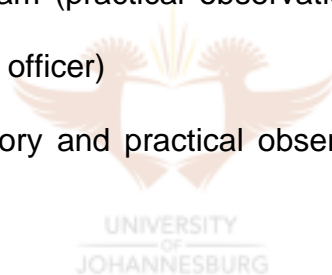
From the above table it can be seen that Company ABCD pays a better commission than the other two companies. Although Company ABCD has some incentives in place, the basic salary is less than that which the other companies are paying their sales consultants.

2.6.3. Sales Training

When a new sales consultant starts with the organisation, he goes on a one week training / induction programme. The training / induction programme for new sales consultants at this organisation include the following modules:

- Company history, structures, procedures and policies.

- The sales contract and legal issues are covered in order for the sales consultant to explain the terms of conditions to the client in simple terminology.
- The control centre (theory of operations as well as practical observation while spending half a day in the control centre with experienced control centre operators)
- Product knowledge (this training is done by the major suppliers of electronic security equipment)
- Technical installations (practical observation: the sales consultants spend a day with the technical team on an installation and thereafter do practical exercises in the design of alarm systems)
- Armed Reaction team (practical observation – spending half a day on the road with a reaction officer)
- Sales Training (theory and practical observation by spending a day with a sales consultant)



Training is class room based, with practical assignments and a written test at the end of the week. Sales skills are evaluated at the end of the programme by means of a role play exercise. During the role play, the new sales consultant is asked to do telesales and a sales presentation where a scenario is sketched and the sales consultant must provide a security solution for the specific situation.

The outcome of the test and role play exercise will determine whether the new employee can start selling or needs more training on a specific module.

2.7. THE IMPORTANCE OF SALES

Sales are the lifeblood of any organisation. They determine everything else that happens within the organisation. Selling activities are essentially the practical implementation of the marketing strategy.

In the security industry sales consultants help customers by analysing their needs and providing advice on the best choices available in terms of their security. Solving a customer's problem is more important than selling.

Austin (1999; 1) states that all successful sales people have one thing in common: they are all competitive, proactive, assertive, aggressive and they play to win. Sales people like to win a challenging game where the "prize" is worth their time and effort.

Vignali (1997:11) identifies the following talents that are required for a successful sales person:

- The ability to close: asking for a sale
- Intrinsic motivation: internal drive that cannot be taught
- Disciplined work style: having strategies and being tenacious about learning about the customer
- Ability to build relationships: empathetic, patient, caring, responsive, good listeners, honest and always wanting to add value.

At Company ABCD, it is expected of the sales consultant to:

- Identify prospects. The sales consultant should identify sources for new business in the company's areas of operation.

- Cold calling. The identified prospects should be contacted. This step includes telesales, door knocking and the use of networks to get a foot in the door.
- Set up appointments with prospects. Once a prospective client is contacted, the sales consultant needs to get an appointment with that prospect in order to start the selling process.
- Evaluate prospect's security needs. The sales consultant should listen to the client's needs and evaluate weaknesses in the client's current security system.
- Provide a security solution. The above evaluation will help the sales consultant to design a tailor made security solution for the client.
- Sell to prospects.
- Attend marketing drives in order to hand out business cards and speak to prospective clients.
- Build up relationships with prospective clients. This involves networking with people and businesses in order to build up a potential customer database.
- Provide after sales service to clients, follow up on installations and get referral business from happy clients.

Creating and maintaining well-motivated sales consultants is a challenging task. The confidence and motivation of sales consultants is continually run down by rejections.

Jobber and Lancaster (1997:294) refer to a study conducted by the Chartered Institute of Marketing in 1979 where sales managers were asked to rank eight factors, (excluding remuneration) which could be effective in stimulating their sales consultants to improve their performance. The results of this research highlighted the following factors (in order of importance):

- Individual meetings with supervisor to discuss career, problems, etc.

- Regular accompaniment in the field by the sales manager
- Merit promotions
- Participation in setting sales targets
- Meetings with sales team
- Sales competitions
- Bigger car for higher sales turnover
- Fear of dismissal / unemployment

Jobber & Lancaster (1997:296) mention that a commission system can be used to stimulate effort and to motivate sales consultants through providing a direct reward for effort and by giving recognition for achievement.

2.9. SUMMARY OF CHAPTER



The difficulties experienced with employee turnover amongst sales consultants in the security industry leads to a number of problems in the company. These problems include loss of business, high cost of recruitment and training, to name just a few.

This chapter glanced at the security industry in South Africa and the specific group of security companies that are the subject of this study. The current situation with sales consultants was discussed. Statistics showed that this company lost 39 sales consultants over a period of 18 months. Exit interviews indicated that the training offered is in line with the job requirements, their management supports employees, that the commission structure is among the best in the industry and that the work environment is positive. But why are these people leaving the company?

The following chapters focus on addressing these problems by taking a closer look at literature on motivation, money and employee retention.



CHAPTER 3

LITERATURE STUDY: MOTIVATION

3.1. INTRODUCTION

People are the lifeblood of an organisation. The employee's performance determines the performance of the organisation as a whole. But what makes employees perform?

Herzberg extended Maslow's work and conducted research into a problem that puzzled managers: why did some people remain demotivated even though they had been provided with high wages, excellent benefits and good working conditions?

Does money really motivate?

The objective of this chapter is to investigate motivational theories, especially Herzberg's theory in order to establish what it is that will make people perform and stay with an organisation.

Firstly this chapter will present an overview of work motivation in general. Then Herzberg's two factor theory of motivation will be discussed in greater detail. The last part of the chapter will look specifically at money as a motivating factor.

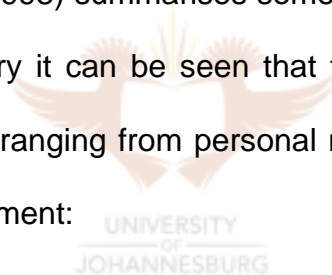
3.2. OVERVIEW OF MOTIVATIONAL THEORIES

Many authors have explored the concept of motivation. Motivation, according to the Journal of Extension (1998) has been defined as: the psychological process that gives behaviour purpose and direction; a predisposition to behave in a purposeful

manner to achieve specific, unmet needs; an internal drive to satisfy an unsatisfied need; and the will to achieve. Nelson and Spitzer (2003: xix) define motivation as the internal human energy that propels people to satisfy their unmet needs.

Herzberg (1968) distinguishes between movement and motivation. When a task is completed in order to be remunerated, the person has only moved. As long as there is remuneration, the person will move, but if the remuneration dries up, the movement will also stop. Herzberg concludes that motivation includes commitment and enjoyment of the content of the task at hand. Motivation is therefore an internal process that gets activated by a need or a motive.

The Journal of Extension (1998) summarises some well-known motivational theories. From the following summary it can be seen that the different motivational theories focus on different aspects: ranging from personal needs to the solution of satisfying these needs with job enrichment:



Maslow's Need Hierarchy

Maslow emphasises the satisfaction of human needs in hierarchical order. According to Maslow, employees have five levels of needs: physiological needs, safety needs, social needs, ego needs and then self actualisation needs. Maslow argued that lower level needs had to be satisfied before the next level need would motivate employees. According to Maslow a satisfied need ceases to motivate. This means that, as a person satisfies his needs and thereby moves up the hierarchy, progressively the lower-level needs loses its motivational power while the upper-level need increases in its motivational power.

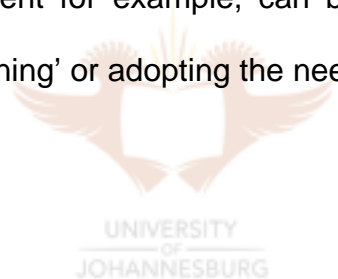
Managers learned the following from Maslow; people have different need categories and some needs take priority over other needs. Maslow also sensitised managers to the importance of growth and self actualisation.

McClelland's Learned needs Theory

David McClelland proposed a learned needs theory of motivation; which entails the need for achievement, affiliation and power. This theory proposes that when a need is strong in a person, it motivates that person to behave in such a way as to satisfy that specific need. For managers this theory is valuable in that motivation can be taught and needs are acquired from the culture of the organisation. This suggests that a culture of achievement for example, can be developed in an organisation, resulting in employees 'learning' or adopting the need for achievement.

Vroom's Theory

Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards. Rewards may be either positive or negative. The more positive the reward, the more likely the employee will be motivated. On the contrary, the more negative the reward, the less likely the employee will be motivated.

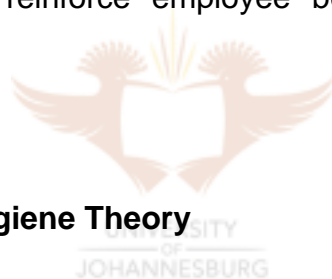


Adams's Theory

Adams states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs.

Skinner's Theory

This theory states that those employees' behaviours that lead to positive outcomes will be repeated and behaviours that lead to negative outcomes will not be repeated. Managers should positively reinforce employee behaviours that lead to positive outcomes and negatively reinforce employee behaviour that leads to negative outcomes.



Herzberg's Motivation-Hygiene Theory

Herzberg's work divided motivation into two categories, namely: motivators and hygiene factors. Motivator or intrinsic factors, such as achievement and recognition, largely are responsible for job satisfaction. Hygiene or extrinsic factors, such as pay and job security, largely are mentioned when people refer to job dissatisfaction. This theory focuses on structuring work in such a manner that the employee can satisfy his need to avoid pain as well as his need to grow and develop in the work environment. The most important value derived from Herzberg's theory for managers is that addressing employee's needs through the creation of jobs rich in intrinsic motivators has the greatest potential in releasing the untapped performance potential in employees. A more detailed discussion of Herzberg's work follows.

3.3. HERZBERG'S MOTIVATION HYGIENE (MH) THEORY

3.3.1. Development of the Motivation Hygiene theory

Out of the above theories mentioned, Herzberg's two factor theory on motivation appears to be the most appropriate for organisations to determine and rectify motivation problems. The reason is that only Herzberg takes the work and the work environment into account. The other theories explain motivation in terms of the individual alone and do not place it in the context of the work environment.

Kreitner & Kinicki (2001:217) note that Herzberg's theory is based on a landmark study in which he interviewed 203 accountants and engineers. These interviews were sought to determine the factors responsible for job satisfaction and dissatisfaction. These accountants and engineers were asked to describe a time when they felt especially satisfied and a time when they felt especially dissatisfied with their jobs, according to Backer (1973:10).

3.3.2. The theory

It was discovered that when people experienced happiness and satisfaction in their jobs, these feelings originated predominantly from the task itself. These factors were called motivators and included opportunities for advancement in the job, achievement and recognition for achievement, increased responsibilities and the work itself [Backer (1973:10)]. On the other hand Herzberg (1968: 74) found that feelings of dissatisfaction were largely the result of factors related to the surroundings of the job, for example company policy, interpersonal relations, wages, salaries and benefits, security, working conditions, status and personal life. Herzberg called these "hygiene"

factors, an analogy to the use of this term for preventing health hazards in the environment.

Motivators	Hygiene Factors
<i>Not Satisfied – Satisfied</i>	<i>Dissatisfied – Not Dissatisfied</i>
Achievement	Status
Recognition	Personal life
Work itself	Working conditions
Responsibility	Security
Advancement	Salary
Personal Growth	Supervision
	Relationship with subordinates
	Relationship with peers
	Relationship with supervisor
	Company Policy and administration

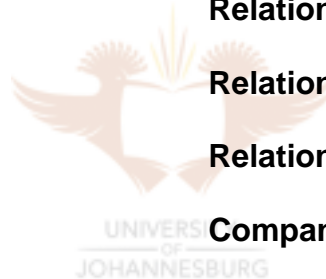


Table 3.1: Herzberg’s Motivators and Hygiene Factors

The following motivation and hygiene factor definitions are quoted from Backer (1979:39 - 42) and Herzberg (1968: 194 – 198).

3.3.2.1. Motivators

1. Achievement

This is the successful completion of a task, the solution of problems and the visible results of a person's job.

2. Recognition of achievement

Recognition can be offered by anyone, for example by management, a client, a co-worker or anyone else. This can be in the form of conscious verbal acknowledgement, encouragement, praise, salary increase or even promotion.



3. The Work itself

What is important here is the nature of the job and how it is performed. The job can be diverse or tedious, creative or meaningless, easy or difficult.

4. Responsibility

A person can have more responsibility and authority over his work and the work of others. The degree of supervision is directly related to the amount of responsibility a person has.

5. Advancement

This only means a change of status or job, which is coupled with more responsibility.

6. Personal growth

A person can grow in terms of knowledge, skills, status, seniority, and so forth. Here opportunities for training play an important role.

3.3.2.2. Hygiene Factors

1. Status

This includes status symbols, such as job title, size of office, company car, allocated parking and other privileges.



2. Security

A person can feel secure in job when feeling that the job is safe, meaning that it will not be easy to be fired, the company is financially stable and that there is long term insurance in the form of medical aid, pension, and so forth.

3. Relationship with subordinates

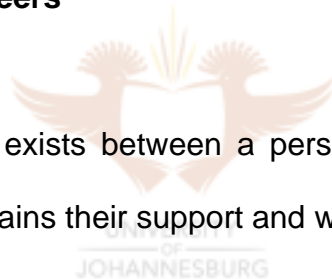
A pleasant relationship exists between a person and subordinates when the subordinates support their supervisor, provide acceptance and make use of advancement opportunities created by their supervisor.

4. Personal life

Aspects of the job affect the individual's personal life, for instance working long hours, flexible working hours and even forced relocation.

5. Relationship with peers

A pleasant relationship exists between a person and his peers when they like each other, when he obtains their support and when they form a close group.



6. Salary

This includes all aspects where financial compensation plays a role, for example wage increase, overtime pay, amount of salary, the administration and pay out of the salary, etc.

7. Work conditions

This includes the physical work conditions, amount of work, conditions at work and the facilities at the work place. This also includes protective clothing, adequate lightning, ventilation, tools, space and other environmental factors.

8. Relationship with supervisor

A person can have a pleasant relationship with his supervisor when he can learn from his supervisor, the supervisor supports him, and the supervisor is honest and willing to listen to suggestions and gives praise for good work.

9. Company policy and administration

This entails the effectiveness of the management of the organisation and includes communication, organisation of work, policies, procedures to name just a few.

10. Supervision

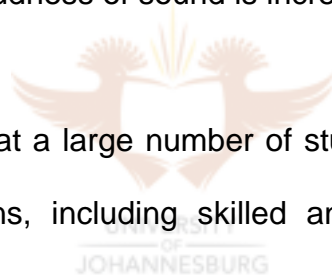
This involves the effectiveness of the supervisor, his management skills, knowledge, success and ability to solve problems.

The motivators above truly motivate and the hygiene factors lead to dissatisfaction, according to Herzberg (Chapman (n.d. [1])). Motivation comes from the content of the job and the opportunity to satisfy higher order needs.

Backer (1973:11) mentions that the results from the Herzberg study indicate in general that the factors involved in producing job satisfaction are separate and distinct from those that lead to job dissatisfaction. Herzberg (1968: 76) found that the two feelings are not opposites. The opposite of job satisfaction is not job dissatisfaction, but rather no job satisfaction and the opposite for job dissatisfaction is not job satisfaction, but rather no job dissatisfaction.

Herzberg (1968: 76) uses the allegory of vision and hearing to explain his new way of thinking about job attitudes. Job satisfaction is characterised as vision and job dissatisfaction as hearing. Where the stimulus for vision is light, it will have no effect on one's hearing if the light is increased or decreased. Similarly there will be no effect on one's vision when the loudness of sound is increased or decreased.

Backer (1973: 11) notes that a large number of studies obtained similar results in a wide variety of occupations, including skilled and unskilled workers in different companies and industries.



3.3.3. Adam and Abraham

According to Herzberg, man has two sets of needs; one (as an animal) to avoid pain, and the other (as a human being) to grow psychologically. Herzberg (1966; 50) explains that the human being is conscious of his own consciousness and therefore remembers past pain, he experiences present pain and he anticipates future pain.

This is illustrated through a Biblical example: Adam after his expulsion from Eden had the need for warmth, shelter and safety (the hygiene needs). However Abraham, was

capable and achieved great things through self-development (the motivational needs).

Herzberg (1966; 50) explains that as Adam, man suffers for his sin when he commits it and also suffers in the future for the same sin, since the satisfaction of all primary drives is temporary because of their cyclical nature. Thus, if I am hungry, I will eat to alleviate my hunger, but I will become hungry again. This will happen with all the body's vital functions, which are called primary drives. The escape from pain is only temporary, whether the pain originates from a basic drive or a more sophisticated learned drive.

Herzberg (1976; 168) studied man in his totality and found that in addition to his avoidance nature, there also exists a human being. This human being seems to be impelled to determine: to discover, to achieve, to actualise, to progress and to add to his existence. Herzberg (1976; 169) classified these needs as the 'Abraham' concept of man. According to Herzberg; man exists as a duality and the two aspects of man are independent. Furthermore each aspect has a system of needs that operate in opposing directions. Meeting the needs of one facet of man has little effect on the needs of the other facet.

Chapman (n.d. [1]) further explains that Herzberg's research proved that people will strive to achieve hygiene needs because they are unhappy without them. However once satisfied the effect soon wears off, thus satisfaction is only temporary.

To quote Herzberg (1976): "Those who only seek to gratify the needs of their animal natures are doomed to live in dreadful anticipation of pain and suffering... In addition

to the compulsion to avoid pain, the human being has been blessed with the potentiality to achieve happiness... man can be happy only by seeking to satisfy both his animal need to avoid pain and his human need to grow psychologically.”

Herzberg’s theory of motivation suggests that job attitudes should be viewed twice in order to see man as a whole (both as Adam and Abraham). The following questions should be asked in order to view job attitudes, according to Herzberg (1971; 169):

11. What does the employee seek? What makes him happy?

12. What does the employee wish to avoid? What makes him unhappy?

Herzberg states that addressing hygiene needs is important; without it any organisation will reap the consequences of unhappy personnel. The error however lies in assuming that prevention will unleash positive feelings and the return of increased creativity, productivity, lower absenteeism and employee turnover.

The effect of improved hygiene lasts for only a short time. Herzberg explained that man’s avoidance needs are recurrent and of an infinite variety; therefore demands for improved salary, working conditions, interpersonal relations and so forth will be constantly demanded.

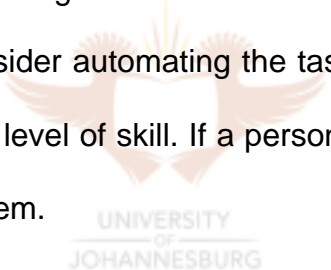
3.3.4. Applying the theory in practice

According to NetMBA (2004) both the motivators and the hygiene factors need to be applied simultaneously. People should be treated as well as possible so they experience minimum dissatisfaction. Similarly people should be utilised in such a manner so they can acquire achievement, recognition, interest and responsibility so that they can grow and advance in their work.

It is thus evident that management must provide: hygiene factors to avoid employee dissatisfaction, as well as intrinsic factors to the work itself, in order for employees to be satisfied with their jobs.

NetMBA (2004) points out that job enrichment is required for intrinsic motivation, and that it is an ongoing management process:

- The job should provide sufficient challenge, to utilise the full ability of the employee.
- Employees who demonstrate increasing levels of ability should be given increasing levels of responsibility
- If a job cannot be designed to use an employee's full abilities, then the company should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilised there will be a motivation problem.



3.3.4.1. Managing Hygiene Factors in an Organisation

As mentioned before, the presence of only hygiene factors will not cause job satisfaction, yet the feeling of job dissatisfaction will not be present. The employee feels neutral in terms of being dissatisfied or not, but also not necessarily satisfied. Reducing working hours, increasing salaries and improving physical working conditions will not motivate employees in the long term. According to Herzberg; job dissatisfaction is the result of insufficient hygiene factors. One of the most familiar terms formulated by Herzberg in terms of motivation, is KITA (“kick in the pants”).



Figure 3.1: The traditional KITA approach

Herzberg (1968) distinguishes between various forms of KITA, namely:

- Negative physical KITA: forcing someone physically to work harder
- Negative psychological KITA: this can be in the form of ignoring the employee, be over critical, etc.
- Positive KITA: entice an employee to work harder by giving him salary increases, status and promotions.

Herzberg (1968) explains why KITA is not motivation: “If I kick my dog, he will move. And when I want him to move again, what must I do? I must kick him again. Similarly, I can charge a man’s battery, and then recharge it and recharge it again. But it is only when he has his own generator that we can talk about motivation. He then needs no outside stimulation. He wants to do it.”

In order to manage the hygiene factors effectively it is important to understand that motivation is caused by the motivating factors, only when the hygiene factors are also present.

Backer (1979:62) mentions the following rules (as formulated by Herzberg) for the efficient administration of hygiene factors:

- Formulate a correct analysis of the underlying hygiene problem
- Provide hygiene factors for hygiene needs – everyone has the right to be treated fairly.
- Improve the hygiene factors where there is dissatisfaction – provide what employees say they need and not what management think they need.
- Keep the administration around hygiene factors as simple as possible so that everyone understands it.
- Improve the hygiene programme, but do not advertise it.

This will however just reduce the source, and the quantity of the pain, and will not solve the problem.



3.3.4.2. Managing Motivators in an Organisation

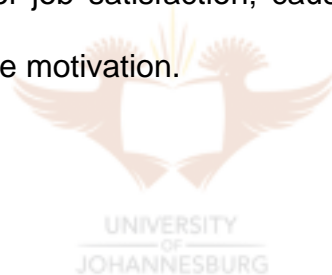
The motivators are related to how well employees are utilised. Herzberg (1971) is of the opinion that where employees are treated well in an organisation; but still have a negative attitude towards their job, and they don't want to do anything extra for the organisation, it can be concluded that the organisation has a motivation problem and not a hygiene problem.

According to Backer (1979: 63) one of the most important conditions for the effective utilisation of employees is that they should have the required potential to do the job as expected. Recruitment, selection and especially training and development plays a major role in continuous motivation.

Additionally, Backer (1979:63) mentions that originally Herzberg demonstrated that attitude does not determine behaviour, but that the opposite is true: behaviour leads to attitude. When an employee gets a job with challenges and opportunities for growth, he will perform better and in accordance develop a positive attitude.

Herzberg further notes that both a person's ability to perform, as well as opportunities to perform should be in place in order to achieve motivation. Motivation therefore does not lead to achievement, but achievement leads to motivation.

The influence of hygiene factors is short-lived and has the potential to create more dissatisfaction. The effect of job satisfaction; caused by job enrichment, is a more long term solution to improve motivation.



3.3.4.3. Job Enrichment

Backer (1973; 75) defines job enrichment as follows: “Job enrichment seeks to improve both task efficiency and human satisfaction by building into people's jobs, quite specifically, greater scope for personal achievement and recognition, more challenging and responsible work, and more opportunity for individual advancement and growth...is the attempt to provide positive opportunity, encouragement and reinforcement of individual contribution.”

Herzberg (1968): mentions that job enrichment is not a one-time proposition, but rather an ongoing management function. The initial changes should however, last for a long period of time. The reasons pointed out are:

- Changes should bring the job up to the level of challenge corresponding to the skill that was hired
- Those who have more ability will eventually be able to demonstrate it better and win promotion to higher level jobs
- The nature of motivators in comparison to hygiene factors is that motivators have a longer-term effect on employees' attitudes. The job will have to be continually enriched, but this will not occur as frequently as the need for hygiene.

Herzberg (1968): states that not all jobs can be enriched or need to be enriched. If only a small amount of the time and money, which are devoted to hygiene, were given to job enrichment efforts, the return in employee satisfaction and economic gain would be of the largest dividends that industry and society have ever reaped, through their efforts at better personnel management.



In a practical study conducted between 1933 and 1949; Backer (1973; 75) noted that the basic principles of job enrichment were successfully applied in an electrical equipment manufacturing company, long before Maslow or Herzberg's theories were formulated. The following principles were applied:

- Occasionally give the person; whom you wish to develop, a job that is over his head
- Keep in mind that the men you are leading must have a feeling of responsibility for their team members
- Keep the pressure on the workers
- Advance a man only on his ability and contribution to the success of the company. Only give recognition when someone shows the ability

- Be a leader, not a boss.

Backer (1973; 81) mentioned that the work of Mahler (1971) also supported motivation by job enrichment. Mahler concluded that job enrichment leads directly to higher performance and increased profitability.

Academic Emporia (2004) offers suggestions on implementing job enrichment in the work place:

- **Vertical loading:** allow staff to perform tasks at a range of different levels of responsibility. The key is to reduce the gap between doing the job and controlling the job. An employee in a vertically loaded job has some of the responsibilities that management held previously. This approach, when implemented correctly, should lead to feelings of personal accountability and responsibility for the work outcomes.
- **Formation of natural work teams:** These are small groups of workers that come together to plan how their work is best organised. The objective is to increase ownership of the task, which contributes to the meaningfulness of the work.

However, Academic Emporia (2004) notes that it is important to give employees continuous feedback if the organisation wants to implement job enrichment programmes successfully.

Backer (1973; 84) cautions that job enrichment could however fail, when:

- The managers who are responsible for the implementation of job enrichment strategies do not know how to go about it, because of their lack of knowledge and skill
- Managers are not patient enough to wait for results
- Managers resist change
- An incorrect diagnosis is made as to which jobs should be enriched

Herzberg sums up the argument for job enrichment: “If you have someone on a job, use him. If you can’t use him, get rid of him, either via automation or by selecting someone with lesser ability. If you can’t use him and you can’t get rid of him, you have a motivation problem. “



3.4. CRITICISM ON HERZBERG

Herzberg’s theory has been criticised based on the limited size of his experimental population. If the population was bigger and had consisted of more individuals in various job categories and job levels, the research would have carried more credibility, according to Backer (1985:29).

NetMBA (2004): states that critics of Herzberg’s theory argue that this two-factor result is observed because it is natural for people to take credit for satisfaction and to blame dissatisfaction on external factors. Job satisfaction does not necessarily imply a high level of motivation or productivity.

Backer (1973: 12 - 16) refers to some of the most important critiques of the Herzberg theory:

- The theory is methodologically bound. This means that only with copying the methodology (critical incident method) of the original study, would results support the theory. This was found to be questionable, since 75% of other studies (not using the same methodology) resulted in support, or at least partly supported the Herzberg theory.
- Further criticism deals with the reliability of the critical incident method. Consistency was however found in the numerous replications of the study, among a wide variety of populations, geographic locations, jobs and other variables.
- Another misinterpretation of Herzberg's theory is found in the attempts of various researchers and writers to describe the construct of overall job satisfaction, as had been derived from this theory. Overall job satisfaction is however not part of the Herzberg theory.
- Another error researchers make, lies in the conclusion that motivators should be rated more important than hygiene factors, when an individual evaluates a job in total. The MH theory states that when an individual evaluates a total job, then feelings of dissatisfaction are just as important as feelings of satisfaction.

Botha (2003:21) states that the great significance of Herzberg's theory lies in the following factors:

- It is easy for managers to understand
- It has the same credibility of Maslow's theory among managers
- It has received wide publicity in management circles

- It has been developed and applied widely in business
- It has stimulated research on improved models
- It has led to the concept of job enrichment

The next part of this chapter will take a closer look at remuneration as motivating factor. Firstly, an overview of a typical sales consultant's pay structure will be provided.

3.5. THE REMUNERATION OF SALES CONSULTANTS

Davenport (2003:5) explains that differences in the selling process, as well as differences in the makeup of a successful sales consultant (e.g. motivation, traits and skills) must be reflected in the compensation system. According to Davenport (2003:7), a successful compensation plan must include:

- Market and industry compensation trends
- Talent availability
- Competency profile of the sales consultant
- Team contributions

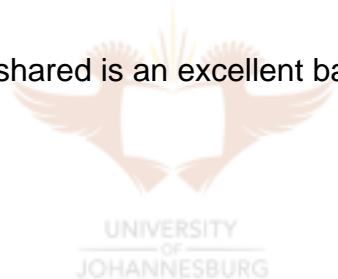
Davenport (2003:9) concludes that sales consultant reward programmes must be customised for each business segment and sales role.

3.5.1. Variable Pay

Sales consultants normally work on a basic salary and commission. PE Corporate Services (2003:25) discuss the advantages and disadvantages of variable, as well as fixed pay for sales consultants.

3.5.1.1. Advantages

- Some of the risks of loss attributable to any shortfall in sales are borne by the sales consultants.
- Sales consultants are quick to complain when their commission is in jeopardy, thus providing the organisation with feedback on what is happening in the market.
- The need to earn commission to survive financially can be a very strong driver, which urges sales representatives to achieve their targets.
- Efficiency and productivity is enhanced as a direct result of meaningful levels of variable pay.
- Variable pay, where shared is an excellent basis for teamwork.



3.5.1.2. Disadvantages

- Can lead to selfish behaviour from the sales consultants (holding back of market information, refusal to share leads, resistance to changing targets and handing over of customers, and so on.)
- The employer has little or no hold on consultants (or on their customers, with whom they develop a close relationship).

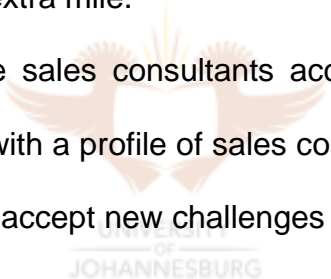
3.5.2. Fixed Pay

3.5.2.1. Advantages

- The facility to build a long-term relationship with the employee through employment benefit schemes and to derive what flows from this relationship: dedication, loyalty and team spirit.
- The employee may in turn aspire to build long-term relationships with customers, taking pride in a good and reliable service.

3.5.2.2. Disadvantages

- Complacency, settling into replicated habits of average performance, and a reluctance to go the extra mile.
- If the above average sales consultants accept offers from competitors, the employer will be left with a profile of sales consultants who are risk averse and generally reluctant to accept new challenges and demands.



It is important to understand the advantages and disadvantages of the different elements of a sales consultant's remuneration package. Now it will be possible to evaluate the motivation factors of money to a consultant in context.

The following section will look at money as motivator. Some research does support this, where other research shows that money is not the primary motivating factor.

3.6. MONEY DOES NOT MOTIVATE

It is a commonly heard argument that money is a primary motivator. However, Chapman (n.d. [1]) notes that it is not so. He argues that many surveys repeatedly show that other factors are stronger motivators than money. The example Chapman (n.d. [2]) posts is of a survey done by Development Dimensions International published in the UK Times in 2004, who interviewed 1000 staff members from different companies who employ more than 500 workers each. This survey found that the majority of employees are bored, lacking commitment and are looking for a new job. Remuneration came fifth in the reasons people gave for leaving their jobs. The main reasons posted by this survey were:

- Lack of stimulating jobs
- No opportunity for advancement
- Better promotion chances
- More challenging work
- More varied work
- More exciting place to work.



Daniels (2004) noted that employees look at the total picture when making career decisions, and each employee rank-orders the factors in different ways. Whether it is opportunities for advancement, recognition for accomplishments, rewarding relationships with managers and peers, a belief that individual results contribute to a common goal, or encouragement of work-life balance. Daniels notes that money is usually low on the totem pole.

The greatest guarantee for improved productivity, according to Daniels (2004) is not regular raises, but placement of people in jobs that fit their talents and personalities. Daniels (2004) further stated that moving talented people into higher-level positions that did not suit their training or experience, can turn star performers into 'dead wood', and drag team spirit down. An increase in salary will not motivate this employee to rise to the occasion.

Mulholland (1997): notes that a little appreciation goes further than a big bonus. He states that people work in order to meet their basic needs. Once basic needs have been met, they discover other needs.

Meudell and Rodham (1998) refer to Vroom's expectancy theory; which suggests that money will only motivate to the extent that it is seen as being able to satisfy an individuals' personal goals. Lawler, according to Meudell et al (1998) is one of the strongest advocates of the desirability of linking reward to performance, because pay has certain optimal characteristics:

- It is valued by its recipient
- The size of the reward can be flexible
- Its value remains relatively constant
- The relationship of money to performance is visible

Meudel et al (1998) also discussed Locke, who reviewed four methods of motivating employees towards improved performance: money, goal setting, participation in decision making and job redesign. He found however that money was overwhelmingly the most important.

Robins (according to Meudel et al (1998): proposes that money can be considered to act as a “scorecard”, which enables employees to assess the value that the organisation places on them, in comparison to others. Additionally, money acts as the medium of exchange through which individuals can purchase whatever they desire, and acquire a level of social status which brings feelings of satisfaction, which in turn will improve work performance. In the same article mention was made of Veccio; who argues that rewards do not necessarily control or manipulate behaviour, but that they provide a focus and reinforce good performance.

Vignali (1997:13) says that jobs, which are both challenging and meaningful, act as powerful motivators. Job enrichment attempts to build an increased sense of challenge and achievement into a job, where remuneration is surprisingly low on the list. Vignali (1997:13) suggests that in order to be satisfied, employees need:

- **Interest:** by using skill, having a mental challenge and using discretion
- **Recognition:** job is useful, important and requires hard work
- **Feedback:** knowing how one is performing will heighten self-respect, gain respect of colleagues and superiors.

To provide the above needs, Vignali (1997:13) suggests that the following points should be embedded in a training programme:

- **Trust:** by sharing more information and removing some controls that are in place.
- **Greater involvement:** by better communication and greater job freedom.
- **Delegating:** expecting more responsibility and allowing freedom.
- **Increasing abilities:** will provide increased security, prestige, self-realisation and scope.

Herzberg (1976:304) wrote: “money is not a motivator; it’s a good mover.”

3.7. MONEY DOES MOTIVATE

The Accell team (2004): claims that money is important. They note that we live in a money motivated world and that no amount of human relations can compensate for a lack of monetary reward. If the reward is right, good human relations can motivate employees to give their best. The argument is that good human relations cannot compensate insufficient monetary reward.

Smith and Rupp (2003:160) quote Cooke (1999) who believes that when it comes to sales people, money is the key motivator and that its influence as motivation or control depends on how it is distributed. They further state that salary is a controlling influence for sales people to force them to do things (for example sales reports) that they would otherwise not have done. There must be a balance between a basic salary and commission to motivate while maintaining some level of control and ethics.

Wiley (1995) compared various research studies done since 1946 in order to explore the factors that motivate employees in their jobs. Table 3.2 illustrates the most and least important factors, according to Wiley (1995).

	Motivational Factors	
Year of Research	Most Important	Least Important
1946	Appreciation	Discipline
1980	Interesting Work	Discipline
1986	Interesting Work	Personal Problems
1992	Good Wages	Personal Problems

Table 3.2: The most and least important motivational factors, according to Wiley (1995)

It is interesting to note the change in most important factors over the years. Wiley (1995) notes that the results are supported by numerous other studies indicating that monetary compensation, recognition, job security, upward mobility potential, individual growth and a sense of accomplishment are all important and enduring factors in a worker's analysis of the motivational facets of a job. All these factors mentioned, were also identified by Herzberg as either motivation or hygiene factors.

In another study done by Mould (2004), among 183 IT professionals in South Africa, salary was rated second after the job itself, as most important motivating factor.

Weaver (1998) suggested that where jobs do not, and can not, offer intrinsic job satisfaction and where they are broadly similar across an industry, the most effective motivation programme – which he terms “Theory M” – will be one which is based on direct cash rewards for above average productivity.

Weaver (1998): notes that an incentive programme can play an important role in whether or not employees meet their sales goals. She notes that cash is an effective reward, because everyone wants it and this is what sales people work for at the end of the day.

Out of the above discussion it is obvious that the money / motivation argument can be considered to be bipolar: money does or does not motivate. Meudell et al (1998) suggests a contingency view, where individual motivation is dependent on a wide variety of variables, which include age, gender, career stage, socio-economic circumstances and even culture.

Furnham, Kirkaldy and Lynn (1994) reported that greed for money was ranked higher by young people in the Far and Middle East, while work ethic and mastery were ranked higher in North and South America. "The search for a generalised theory of motivation at work appears a vain quest. A major determinant of behaviour is the particular situation in which individual workers find themselves...motivation varies over time and according to circumstances."

Kovach (1987) challenged the notion that everyone considers pay and promotion important. His research study looked at 1000 employees and asked them to rank order ten work-related factors. Although there was considerable similarity between men and women, there were distinct differences in terms of age, income level and level in the organisation. Younger workers with low incomes in non-supervisory positions were most concerned with money, while older workers with higher incomes and higher organisational positions were motivated more by work which was interesting, job security and being appreciated for their efforts.

It is evident that the issue of money as a motivator seem to have moved from a bipolar approach to one which accepts that the power of money as a motivator is contingent upon various factors.

3.8. SUMMARY OF CHAPTER

Herzberg turned the problem of motivation on its head, by looking at sources of dissatisfaction at work. He found that the things that de-motivated people differed from those that motivated them. The factors that needed to be in place if people were not to become dissatisfied with their jobs, he called hygiene factors. The intrinsic motivators on the other hand were the sense of achievement from a job well done, recognition, the work itself and responsibility, along with potential for advancement and learning. Herzberg's studies established that productivity could be achieved by instilling a greater sense of responsibility among employees.

This chapter offered a discussion on Herzberg's Two Factor theory. Apart from this, relevant literature on the motivational value of money was also considered.

According to Herzberg motivation can be categorised into extrinsic and intrinsic factors. The extrinsic motivation occurs when people feel that outside factors, such as reward drives them. On the other hand, intrinsic motivation will occur from a strong emotional interest in an activity.

The following chapter will discuss the issues around employee retention and link this subject to motivation and in particular to Herzberg's theory.

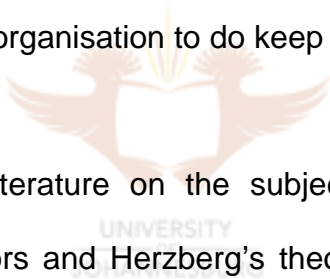
CHAPTER 4

LITERATURE STUDY: RETENTION

4.1. INTRODUCTION

Replacing an employee is expensive. Factors that contribute to these expenses include loss of time, production and sales, as well as finding and training the new employee. For this reason, with all the time and money involved, organisations do not want to lose their good employees if they can help it.

Yet, what are those elusive factors that will make an employee stay with an organisation? What can an organisation do to keep its valuable employees?



This chapter will review literature on the subject of retention. The relationship between the retention factors and Herzberg's theory will also be illustrated. At the end of the chapter a model will be proposed as a summary of the retention factors. This model will be used as a basis to evaluate the factors identified by the sales consultants at the different security companies.

4.2. FOUNDATIONS OF RETENTION

Kotler (2001:112): identifies sales consultants as a company's most expensive marketing communication tools. These people spend most of their time travelling, keeping existing customers satisfied and hunting for prospects. Kotler (2001:112) further explains that the top people in a sales force can often sell five to ten times as much as the average salesperson. For this reason it is advisable that companies hire

the best salespeople and pay them more. What is important is not the salesperson's cost, but his cost in relation to the generated sales. He expands this by saying that companies that try to save money by offering low pay to sales people often have the highest cost to sales. Poor salespeople sell less, become frustrated, and either quit or get fired, thus necessitating new recruitment, selection and training costs that would not be necessary in a strong and well-paid sales force.

Following on Kotler's argument, Dibble (1999: 31) states that job descriptions, recruitment, selection and orientation are the foundations of retention. If these activities are not done effectively, it will have a negative impact on the retention of employees:

- If the job description does not define what type of employee is needed, a person will be recruited without the required skills to do the job.
- If the recruitment effort is limited, there will not be enough good people to choose from.
- If the selection process does not focus on the pre-defined competencies, the new employee will not meet the requirements for the position.
- If the orientation does not engage the new employee in the organisation, he will not begin to contribute to the organisation's goals.

Dibble (1999: 32) further explains that the organisation and the employee start a relationship that will not last if there is a mismatch between the requirements of the job and the individual's skills.

Retention of employees needs to be managed. Dibble (1999: 77 – 210) lists the following areas that have an effect on the retention of employees:

- Remuneration
- Development and Career Opportunity
- Work environment
- Performance management
- Work, family and flexitime

The above factors will now be discussed in terms of employee retention.

4.2.1. Remuneration

It is evident from the previous chapter that Herzberg lessens the importance of money as the most important motivator, by concentrating on issues such as challenging jobs, relationship with manager and so on.

Meudell and Rodham (1998:128) argue that incentive pay schemes produce only temporary results and are ineffective at producing long-term attitude and behaviour changes. They further argue that rewards merely motivate individuals to seek more rewards and can also undermine intrinsic interest in the job, which is then only perceived as a means to an end.


Meudell et al (1998:128): mention some motivational theories:

- Vroom's expectancy theory suggests that money will motivate to the extent that it is seen as being able to satisfy an individual's personal goals and is perceived as being dependent on performance criteria.

- Locke found that between goal setting, participation in decision making and job redesign; money was the most important in order to improve performance.

Meudell et al (1998:128) quote Kovach (1987) who said that a major determinant of behaviour is the specific situation, and that motivation varies over time and according to circumstances. They also quote Weaver (1988) who suggests that where jobs do not or cannot offer intrinsic job satisfaction and where they are broadly similar across an industry, the most effective motivation programme is one based on cash rewards for above average productivity.

Companies need to be proactive in order to retain their best people. Bussin (2002:2) states that in order to be effective, organisations should use the Total Rewards Model (figure 4.1) when designing a retention strategy.



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

Figure 4.1: Total Rewards Model

Source: Bussin (2003:2)

Bussin (2002:3) claims that South Africa's average employee turnover rate is 15% and that turnover costs are between 0.75 times and 1.5 times the average salaries of employees. By using these rates it is possible to calculate the cost of employee turnover in an organisation:

Number of employees x average individual salary per annum x average overall employee turnover rate (15%) = cost of turnover

Apart from the cost implications, Bussin (2002:5) also points out the following benefits for retaining employees:

- Consistency and quality of work, products and services
- History and context of the business and customers
- Productivity and efficiency
- Skills and knowledge capability
- Constancy of the culture



Bussin (2002:24) is of the opinion that increased compensation is a very powerful lure to entice employees to accept new opportunities, but states that money is not necessarily the be-all and end-all. He mentions that career development and challenging work opportunities are often greater incentives than money to stay or start with an employer.

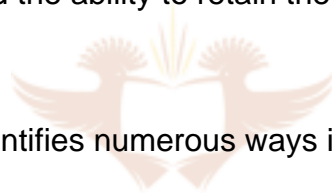
Dibble (1999:121) states that organisations need to be competitive with benefits when recruiting employees, but benefits alone cannot help retain employees.

4.2.2. Development and Career Opportunity

Availability of skills development opportunities and career movement are key attractions, according to Dibble (1999: 124). The top three reasons why people left their previous jobs, identified by Dibble's research were:

- Lack of career opportunities
- No opportunity to move up
- Dead-end job

By supporting development and creating career opportunities, organisations can only benefit, states Dibble (1999:126). The organisation benefits from both the increased ability to achieve results and the ability to retain the employees they wish to keep.



Dibble (1999:138 – 144) identifies numerous ways in which employees can learn:

- **Filling in for a supervisor**
- **Job shadowing**, where an employee learns by spending time observing and performing some of the tasks of an employee who regularly performs them.
- **Job rotation** is where employees use their skills in a new area, learn new skills and respond to the requirements of various positions.
- **Mentoring**: an experienced person guides a less experienced one in terms of information and advice on the employee's current job and helps with career movement.
- **Self paced learning** allows employees to learn and test their knowledge at their own pace.
- **Teaching**. An employee who is already skilled can further develop that skill by becoming a coach, instructor or mentor to other employees.

- **On the job learning** takes place on a continuous basis.

Advancement and personal growth are two of the motivating factors identified by Herzberg. The presence of these factors will lead to job satisfaction.

4.2.3. Work environment

Work environment, relationship with peers, subordinates and supervisors, supervision and company policy and administration, were identified by Herzberg as hygiene factors, thus maintaining satisfaction if present, but causing dissatisfaction if not present.

Dibble's (1999:161) research show that the work environment has an effect on the retention of employees and that the better employees believe they are treated, the more likely they are to stay with an organisation. Top attraction factors identified by Dibble (1999:161) were:

- All around good employer (2nd place)
- Co-workers are good (4th place)
- Boss is good (6th place)

Further support for the Herzberg theory was presented by Dibble's research on retention (1999:161). Not being treated well causes employees to leave and the reasons for leaving (out of a possible 44 items) were:

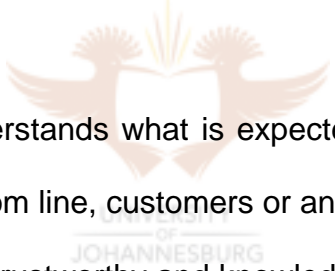
- Conflict with boss (14th place)
- Harassed (25th place)
- Conflict within working group (30th place)

- Discrimination (30th place)

4.2.4. Performance Management

Achievement and recognition for achievement are two of Herzberg's motivation factors. Once again these are true motivators and if present will result in job satisfaction.

Dibble (1999: 180) identifies performance management as a way to retain employees by helping them to achieve. Dibble further states that performance management is an end in itself. It improves the ability of the organisation to achieve results and be successful. This will however only work if the following are in place, according to Dibble (1999: 181):

- 
- The employee understands what is expected of him and also how his work impacts on the bottom line, customers or any other relevant factors.
 - There is someone (trustworthy and knowledgeable) the employee can ask for assistance or advice.
 - There is support, training and development available to help the employee achieve results.
 - The employee has clear goals and signposts to assess whether he is on the correct path.
 - Employees know how performance will be measured
 - Employees are given the opportunity to improve.

4.2.5. Work, family and flexitime

Personal life and working hours are another two hygiene factors identified by Herzberg, which can have a maintenance effect on satisfaction or cause dissatisfaction if not present.

Maintaining a healthy balance between personal life and work life is another aspect of retention as identified by Dibble (1999: 199). Dibble noted that the availability of childcare at the office and flexitime can make the difference between keeping and losing an employee. Other services provided by some organisations include:

- Care facilities for children
- On site services, like massages, dry cleaning, cafeterias, travel services, libraries and fitness centres to name a few.
- Flexibility at the work place include casual dress, flexible hours, working from home, etc. Health related services available at the work place, like flu injections, wellness screening, fitness programmes, etc.

4.2.6. Other motivating factors for retention of sales consultants

Sales consultants are the front line of any organisation and are normally the first point of customer contact. Retaining these employees is crucial to the success of any business. Sales consultants need to know that there are financial rewards for their success, but they also need to know that their employer supports them in their efforts and recognises the important role they play in the success of the business.

All business (2004) suggests that sales consultants can be motivated in the following ways:

- **Set goals:** Realistic goals need to be structured so that it encourages the consultants to improve on past performance. Establish both short-term and annual goals that help provide a sense of accomplishment, and reward consultants when they meet these goals. Include consultants in the process of setting goals. This way they will feel more committed to the goals of the company. Achieving these goals is a motivating factor according to Herzberg and will lead to job satisfaction.

- **Encourage and listen to input:** Create an atmosphere where consultants can offer input and acknowledge the input. The work environment, supervision and relationship with colleagues (peers, subordinates and manager) are all factors identified by Herzberg which are maintenance factors in terms of motivation. In itself these factors will not cause satisfaction, but it does however determine either dissatisfaction if not adequate or no dissatisfaction if appropriate.

- **Offer training:** Investment in training is one way to show consultants how important they are. Once again one of the factors Herzberg identified as an important motivator – advancement opportunities. By offering training the sales consultant will feel that the company is investing in him and that there are opportunities for growth within the company – giving meaning to the current job.

- **Provide feedback:** Managers should provide ongoing guidance and advice to help employees improve their work. Feedback should be constructive. Supervision plays an important role in motivation, according to Herzberg.

Although it is only a hygiene factor, it does determine whether employees will be dissatisfied or not, if it is not readily available.

- **Offer opportunities for growth:** People who perform should not only be rewarded financially, but they should also be offered opportunities to grow within the organisation. Employees who feel stagnant in their positions generally aren't motivated and won't stay in an unfulfilling position. As discussed, this is also one of the Herzberg motivators and critical for successfully motivating employees. When a sales consultant sees that there are opportunities for growth in a company, he will be motivated to work harder.

- **Avoid pressure tactics:** Some managers try to motivate through intimidation and fear. This style of management can produce short-term results, but it actually increases stress for employees, makes work an unpleasant place, and ultimately makes people less productive and more likely to leave. Supervision is one of the hygiene factors which can cause dissatisfaction. Although it does not motivate in itself, it still has an impact on the satisfaction of an employee.

Kaye & Jordan-Evans (2002; 5) list the most common reasons why employees stay at organisations. They mention that these reasons are relevant to all industries and on all levels. The following reasons (in order of popularity and frequency), according to Kaye et al. (2002; 6) are:

- Career growth, learning and development
- Exciting work and challenge
- Meaningful work, making a difference and a contribution
- Great people

- Being part of a team
- Good boss
- Recognition for work well done
- Fun on the job
- Autonomy, sense of control over my work
- Flexibility – for example, in work hours, dress code, etc.
- Fair pay and benefits
- Inspiring leadership
- Pride in organisation, its mission and quality of product
- Great work environment
- Location
- Job security
- Family-friendly
- Cutting-edge technology



It is possible to identify Herzberg's motivators and hygiene factors from the above list.

Replacing an employee can be quite expensive. Factors that contribute to this cost include loss of time, production, sales, recruitment costs (advertising, time of recruiter and cost of recruitment administration), and the expense of training the new employees once they are on board.

By reviewing these costs it is evident that talent management can be linked to growing the organisation.

4.3. PREVIOUS RESEARCH

Research done by Wallace and Winternitz (2004) aimed to identify the variables important to retaining valued employees, with specific focus on the South African context. Their aim was to discover the relative importance of intrinsic and extrinsic variables to South African talent. Their study found that South African talent placed great importance on intrinsic variables, although market opportunities were also considered highly significant in employees' decisions to leave a company.

Table 4.3 presents the five most important variables considered highest in importance in terms of retention.



Variable	Crucial	Fairly Important
Challenging and meaningful work	78%	22%
Advancement opportunities	69%	31%
High manager integrity and quality	78%	22%
Empowerment and responsibility	73%	25%
New opportunities and challenges	70%	27%

Table 4.1: Absolute rating of importance for the five most important retention variables.

Wallace et al (2004) note that all these variables are intrinsic in nature and that they all fall into the category Work / Development environment. They further state that the

focus on intrinsic variables indicates that the continued provision of these variables by the organisation, is considered important in decisions to leave.

Compensation and benefits were ranked second to the work / development environment. The highest ratings for this area were as follows:

Variable	Crucial	Fairly Important
External equity	73%	27%
Internal equity	66%	28%
Variable pay	49%	44%
Performance bonuses	70%	30%
Share options	66%	31%

Table 4.2.: Absolute rating of importance for Compensation and Benefits



Wallace and Winternitz (2004) conclude that their research provided some evidence that South African talent may largely value the same variables that have been identified as important in previous research conducted outside the South African context.

Wallace et al (2004) further notes that retention should be pinpointed as a serious business issue. By considering the cost implications of recruiting, appointing and training new employees, it makes more business sense to prevent losing employees.

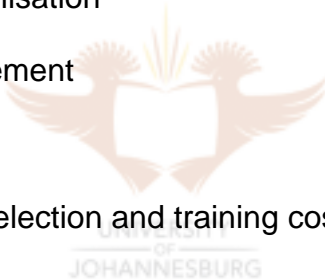
Wallace at al (2004) suggested the following strategies in order to improve retention:

- Avoid unfair and uncompetitive remuneration;

- Reward employees (monetary and non-monetary)
- Rewarding jobs in terms of skills used variety, significance, autonomy and opportunities for learning and growth.
- Give employees feedback on their performance
- Appropriate training for the specific position; training should also be in line with the South African Qualifications Authority (SAQA)
- Provide advice and guidance in terms of career development;
- Recruitment, selection and promotion procedures should ensure that the skills of the individual match the demands of the job they have to do;

According to Wallace et al (2004) the result of this will be:

- Commitment to the organisation
- Satisfaction with management
- Retention of employees
- Saving on recruitment, selection and training costs in the long run.



4.4. MODEL FOR RETENTION

Figure 4.2 presents a summary of this chapter's discussion and is proposed for this study as a model for retaining sales consultants at the group of security companies. The first part of the model suggests writing accurate job descriptions and an effective recruitment and selection process.

After employing the new individual, an excellent induction / orientation programme is needed in order to get the new employee up to speed with the new job, the organisation and other employees.

The next step involves the management of retention. This step is divided into two parts: intrinsic and extrinsic, and relate to the motivation factors identified by Herzberg and supported by various research studies on retention.

The outcome of this process suggests retention of employees; increase in productivity and motivation; as well as in the long term, a positive growth of the organisation. In the long run the result is a decrease in recruitment and training costs as well as a decline in lost business.

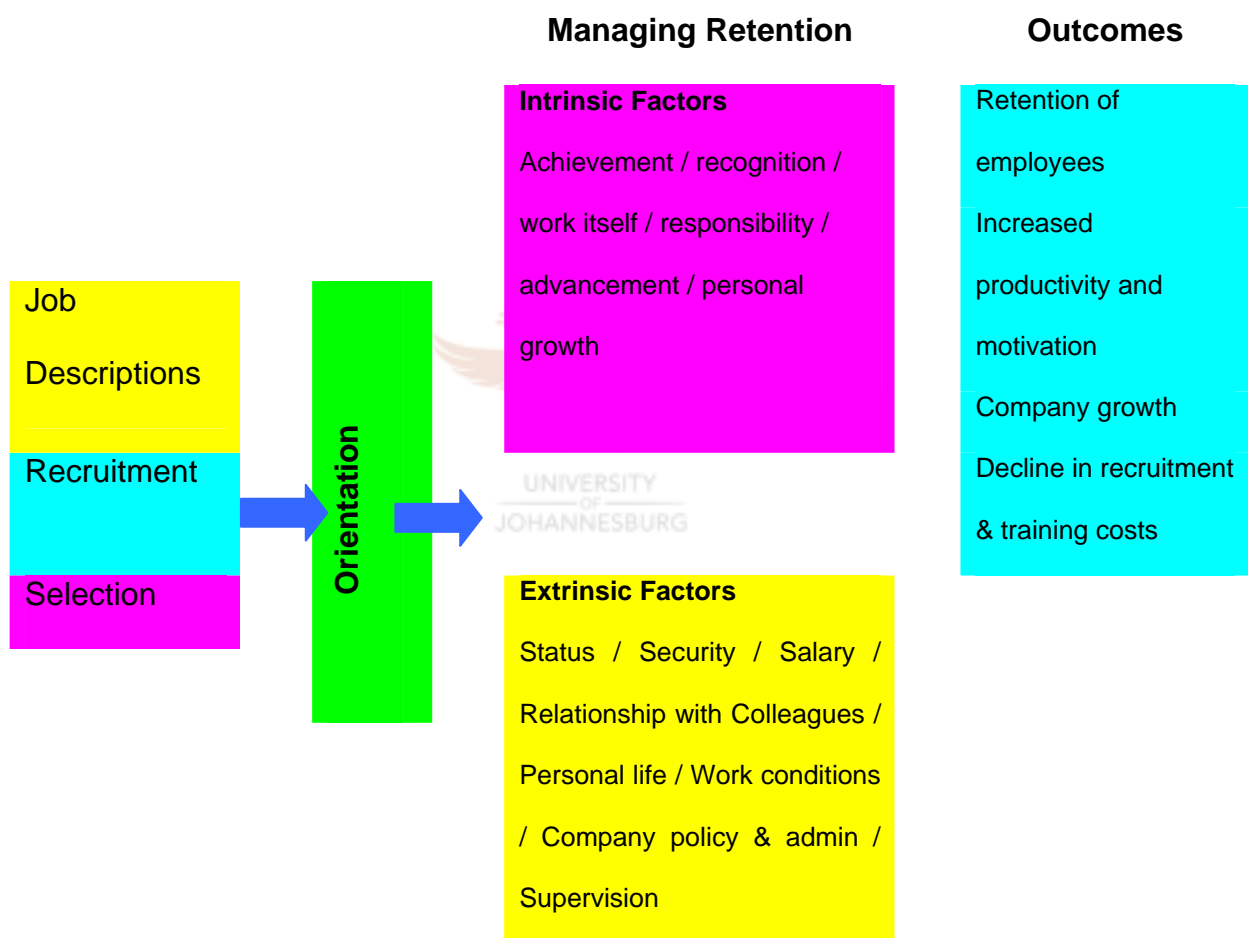


Figure 4.2: Retention Model

4.5. SUMMARY OF CHAPTER

This chapter took a closer look at the retention of employees. Literature on this topic was quoted and money as motivating factor for staying with an organisation was also considered.

The discussion in this chapter provides some indication as to what organisations need to do in order to retain their employees. A model to manage the process of retention was proposed.

This process starts off even before an employee joins the organisation. An organisation needs to focus on the recruitment and selection process in order to employ the right employee for the position. When the employee joins the organisation, a successful orientation programme is needed. The retention management process involves applying the intrinsic and extrinsic factors, identified by Herzberg, in the day to day management of employees. The outcome of this process will result in the retention of employees, cost savings in terms of recruitment, selection and training and finally organisational growth.

This proposed model for retention will be used to evaluate the results from the empirical study.

CHAPTER 5

EMPIRICAL STUDY

5.1. RESEARCH STRATEGY

5.1.1. Introduction

As indicated in Chapter 1, this study consists of two parts. The first part deals with the literature study on motivation, Herzberg's two factor theory, money and motivation, as well as retention. The second part will deal with the empirical study as well as recommendations on how to improve retention among sales consultants at a group of companies in the security industry.



5.1.2. Purpose of an Empirical Study

The purpose of this empirical study is to determine whether certain intrinsic and extrinsic factors influence the retention of sales consultants at a group of security companies.

5.1.3. Data-Gathering Technique

For this study, the nominal group technique was used to gather information. Randall (2004) defines the nominal group technique as a structured process which identifies and ranks the major problems or issues that need addressing.

Employees were asked some open ended questions related to factors concerning their current jobs. These questions were discussed in groups at the different companies. The results from the discussions were captured and rated according to the number of responses for each answer.

The main reason for choosing this specific method for the study, was to draw upon the attitudes, feelings, beliefs, experiences and reactions of the sales consultants in the different companies, and to use the information gathered to develop a recruitment, development and retention strategy for the group of companies.

5.1.4. Nominal Group Technique

Cooper & Schinder (2001:148) offer another definition for nominal group technique: a panel of people, led by a trained moderator, who uses group dynamics principles to focus or guide the group in an exchange of ideas, feelings, and experiences on a specific topic.

Randall (2004) suggests that the nominal group technique should be used in face to face meetings where you want people to think about a question by themselves and then work on the responses as a group.

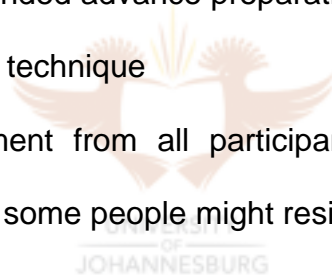
Randall (2004) mentions the following advantages of using the nominal group technique in research:

- Balances participation across members
- Balances influence of individuals

- It produces more creative ideas as well as a greater number of ideas than interacting groups
- Results in greater satisfaction for participants
- Reduces the conforming influence common to most face-to-face group meetings
- Encourages participants to confront issues on a problem-solving basis rather than on a personal assault basis
- Leads to a greater sense of closure and accomplishment

The limitations of the nominal group technique, as identified by Randall (2004) are however:

- It requires extended advance preparation, which means that it cannot be a spontaneous technique
- Needs agreement from all participants to use the same structured method, which some people might resist



Cooper & Schinder (2001:145) warn that because this is a qualitative device, with limited sampling accuracy, results from focus groups should not be considered a replacement for quantitative analyses.

5.1.5. Conducting the Nominal Group Meetings

The objective of the discussions with the sales consultants was to determine which factors have an influence on their motivation.

Questions were developed around the aspects of the sales consultant's job as well as the company.

All consultants were invited to attend the discussions and were informed about the following issues:

- Purpose / objective
- Anonymity
- Confidentiality

At the beginning of the process the investigator set the scene, and discussed the rationale of the process and emphasised the importance of the role of the consultant in the process. The different steps to be followed were explained to the participants.

Each of the consultants received the questionnaire (See Annexure A).

Step 1: Silent generation of ideas in writing. The first step was to have the group members write key ideas silently and independently, based on the questions posed in the questionnaire. This step allowed the consultants approximately 40 minutes for thinking and reflection and to complete the questionnaire in writing.

Step 2: Round-robin recording of ideas. This step was a structured sharing of ideas. Each member in the group was requested to prioritise individually the most critical aspects of their answers and present it to the rest of the group in a round-robin fashion. A recorder noted these ideas on a flip chart in full view of all participants. There was still no discussion at this point of the meeting – only a recording of each consultant's answer. This form of listing continued until all participants indicated that they had no further ideas to share.

Step 3: Discussions for clarification: The third step was the discussion of each idea, and to combine similar ideas or to eliminate duplication. The objective of this step was to clarify answers.

Step 4: Preliminary vote on item importance: The purpose of this step is for the consultants to have a discussion in order to create understanding of the meaning of the item, the logic behind the item and arguments for and against the importance of individual items on the list.

Step 5: Final vote: This voting process combines individual judgement leading to a group decision. The final vote will determine the outcome of the meeting and also give a sense of closure and accomplishment.

The abovementioned steps were followed in dealing with each question.

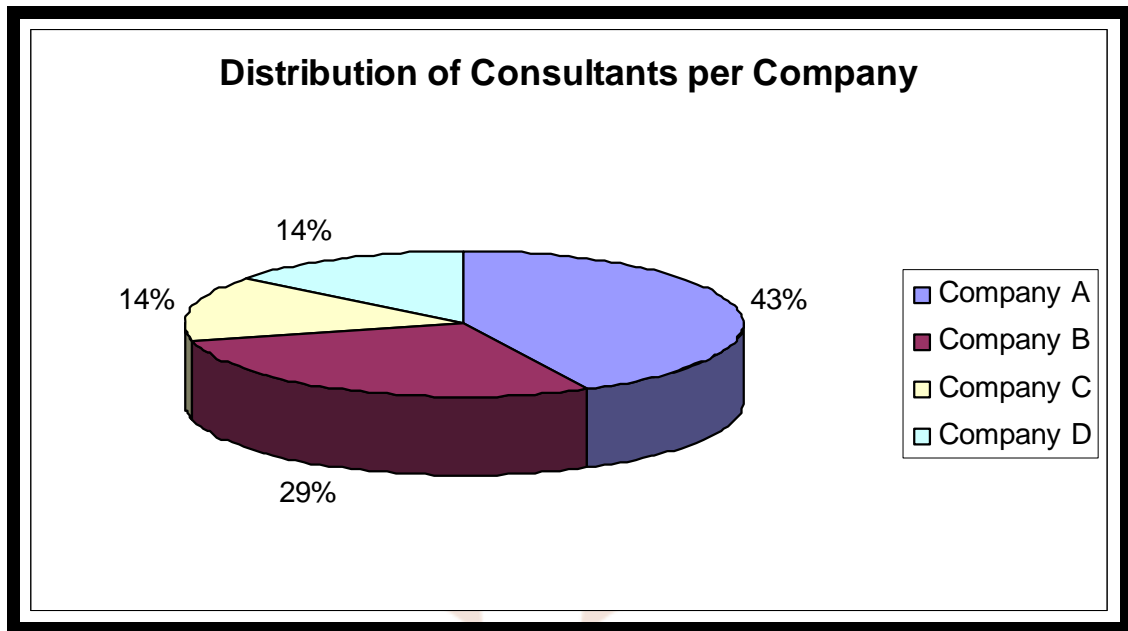
Meetings were planned for each company and scheduled to be around two to three hours long.

5.1.6. Research Subjects

The population for this study consisted of 14 sales consultants across the group of four security companies. These employees have been employed with the group of companies for periods of between 1 month and 18 months. Because of the small size of the population, the sample size for the focus group consisted of the whole

population. The sample was skewed towards males, with only two female respondents. (see figure 5.2).The respondents fell between the ages of 24 and 50.

Figure 5.1 shows the distribution of sales consultants per company.



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Figure 5.1: Distribution of sales consultants per company

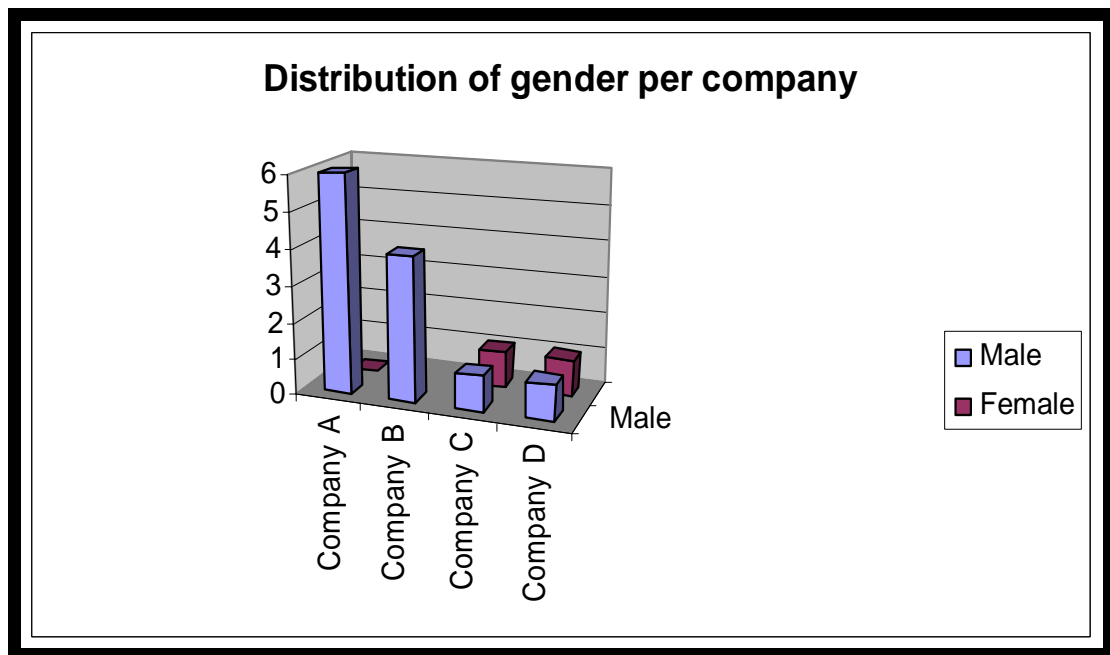


Figure 5.2: Gender distribution of sales consultants per company

5.2. SUMMARY OF CHAPTER

The purpose of this study is to determine the aspects that are important to enhance the motivation (for performance and retention) of sales consultants in the security industry. This chapter discussed the research design and methodology, where sampling, data collection and analysis was discussed. The next chapter will look at the results of this study with a short analysis of each question.



CHAPTER 6

FINDINGS AND RECOMMENDATIONS

6.1. INTRODUCTION

Deriving from each of the four group discussions, similar issues were identified. This chapter will take a closer look at these issues. Each question will be discussed individually after listing the answers from the group meetings per company. The results will be related back to the Herzberg theory, as well as the literature on retention of employees. The end of the chapter will evaluate the results of the study in terms of the retention model proposed in Chapter 4.



6.2. NOMINAL GROUP MEETINGS: FINDINGS

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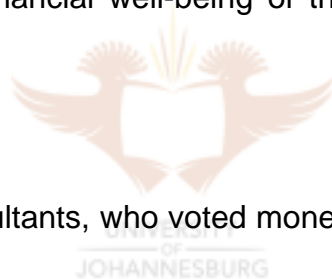
6.2.1. Evaluation per Question

1. Identify the main reasons why you think this company is losing consultants.

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Money	Basic salary not	People are lazy and	Basic salary not
Basic salary	enough	they don't want to	enough
	Problems with	work.	No benefits
	paying commission		
	No room for		
	personal growth /		
	promotion		

It appears that the main reason for the high turnover of sales consultants is money. Money is one of those commodities that, regardless of how much one has of it, one still desires more. Having said this it is important to note that the basic salaries of sales consultants in this industry are extremely low.

It is quite fascinating to see how economic theory reveals itself in this instance. Benefits are such things as retirement funds and medical aid. Currently the company does not offer such benefits to the sales force. Only 14% of the sample interviewed voiced its concern over the lack of the above.. It is an interesting phenomenon, which confirms economic theory that a Rand today is worth more than a Rand tomorrow. Even though all those benefits have a monetary value attached to them they do not directly contribute to the financial well-being of the person at this present point in time.



The 86% of the sales consultants, who voted money as main reason why other sales consultants left, indicate that there is a high level of dissatisfaction among these consultants. According to Herzberg money is a hygiene factor and does not motivate in itself, but it does however cause dissatisfaction, if not adequate.

Lack of opportunity for personal growth received 29% of the votes. Personal growth is one of the motivating factors, identified by Herzberg. As this issue is mentioned by the consultants of Company B, it is obvious that they are dissatisfied with their growth opportunities.

2. If you were in charge of this company, what would you change in order to encourage sales consultants to stay with the company?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Better basic salary Incentives	Increase basic salary Put more incentives in place	Increase basic salary Offer more training	Offer higher basic salary, medical aid, petrol and cell phone allowance, as well as pension

Overwhelmingly, 100% of the sample wanted the structure of the basic salaries to change. A further 29% of the sample wanted incentives to be increased and changed. The need for a higher basic and more incentives is currently causing dissatisfaction, as it is a hygiene factor. Herzberg's research proved that people will strive to achieve these hygiene needs, because they are unhappy without them, but once satisfied the effect will soon wear off.

Only 14% of the people interviewed indicated that they need more training. It is possible that the rest of the consultants are satisfied with the current situation as it is. Training is a form of advancement, identified by Herzberg as a motivator. This shows that the advancement element of the motivators is in place at this company.

3. What do you like most about being a sales consultant?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Meeting people New challenges every day Can make good money	Dealing with people Not office bound	Challenge of making target and being the best	Passion for the industry Getting the sale

The typical sales person loves variety and interpersonal interaction. By their very nature, most sales consultants are extroverts. Sales environments such as in the security industry require mainly extroversion as an attribute, as a lot of people might view the purchase of security as a grudge purchase, much like insurance. There are a lot of negative connotations that the sales consultant needs to overcome before a sale is concluded. The results show that 72% of the sales staff do enjoy meeting people. All consultants in their day to day operations need to meet and communicate with people. If this is not done there are no sales.

It is interesting to note that most of the factors identified relate to two of the motivators identified by Herzberg. Meeting people, new challenges everyday, not office bound, passion for the industry are all related to the work itself, which is a motivator. Challenge of making a target and being the best, as well as getting the sale, can both be classified as achievement - which is also a motivator.

This gives support to the Herzberg theory that motivators cause satisfaction, or in this case the part of the job consultants enjoy most.

4. What do you like least about being a sales consultant?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Problems from technical department	Cold calling and telesales	Working after hours	Long hours
Begging for appointments	Most work is done after hours		

The question, what do you hate about your job, can also be related to Herzberg's theory where hygiene factors are seen to cause dissatisfaction. Out of the answers posted from the different groups it is also evident that the issues that cause dissatisfaction are typical hygiene factors: the working hours are related to personal life and company policy: problems with technical department is a company administration issue. This answer given by 57% of the consultants was having to work after hours. Unfortunately this cannot be rectified easily as the nature of the job is such that the only time you can have a meaningful discussion with the client is when they are at home.

Cold calling was the second least popular factor with 29% of the votes. This is quite natural as rejection is not something that people get accustomed to. Cold calling is a shot in the dark regardless of how well a consultant knows their product specifications.

5. How do you feel about the basic, commission and remuneration in general?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Basic not enough.	Basic not	Basic not enough.	Basic low
Commission	reasonable to	Commission	Commission
structure very good	make a living	structure very good	structure is fair
	More incentives		
	Commission		
	structure great!		

Yet again one observes that the basic earnings of the sales consultant are not perceived to be equitable. It is important to note that the low basic is used as a filter which allows for the natural “selection” and division of good vs. poor consultants. The result of the survey was that 100% of all people interviewed did not deem the basic salary to be enough.



However there was 100% agreement that the commission structure was very good. The good commission structure will however not motivate the sales consultants, but only result in maintaining satisfaction. The dissatisfaction thus lies with the basic and not the commission. The basic salary is a hygiene factor and is currently causing dissatisfaction. Changing it would only bring temporary results, according to Herzberg. Although it might be possible that the dissatisfaction is caused because of the basic salary not being adequate enough to sustain basic needs. Increasing it could motivate the sales consultants and also have an impact on the retention of the consultants. On the other hand, an increase in basic salary might cause the consultants to be in a comfort zone, which will not motivate them to earn commission

as well. A fine balance should be established when deciding how to increase the basic salary of sales consultants.

6. Is the training sufficient for the work you have to perform?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Yes	Initial training sufficient, but need for ongoing training.	Yes, but need ongoing training	Yes

All consultants agree that the training is sufficient, but 43% requested follow-up training. This is an acceptable level of satisfaction among the consultants. The important thing is that training falls under advancement and personal growth, which are motivators. In this instance it can be said that the consultants are satisfied in this instance and the satisfaction with the training results in motivation on the long term.

7. What do you think of the physical working environment, office layout, facilities, etc?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Good! Are not embarrassed to invite clients to our office.	Great! Need for computer to do quotes.	Great.	Could be improved

In terms of what the sales staff thought about the physical environment they have to work in, 86% stated that the environment was either good or great. Only 14% thought

that it needs to be improved. This is however a hygiene factor and will not in itself cause motivation, but it can however cause some dissatisfaction at Company D.

8. What do you think of the working hours?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Too short	Flexible. Long, but that is the industry standard.	Flexible, but don't like working at night	Long, but used to it

The people interviewed were fairly content with the working hours. 43% indicated that they find the working hours flexible. Another 43% thought the hours were too long but this is seen as a standard within the industry so there has not been much dissatisfaction over it. It is clear that the consultants accept the hours and that it is not causing major dissatisfaction among the consultants.

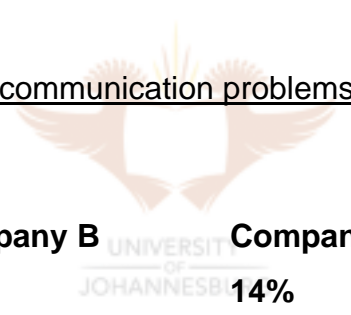
9. What type of pressure do you experience in your work?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Technical department's service delivery	Dealing with unhappy clients Making target Dealing with problems caused by other departments	Making target	Dealing with other departments

A total of 86% of the sales consultants indicated that the biggest pressure they face was the non-delivery of other departments. As the sales person is the one facing the client the biggest frustration is to be unable to deliver what has been promised regardless of whether it was a reasonable or unreasonable promise. All the issues identified are hygiene factors and are currently causing dissatisfaction among the consultants.

Making target was also seen as a problem/pressure by 43% of the consultants interviewed. Achieving targets can be seen as a motivator and cause satisfaction if it is reached. However if the consultant does not achieve his target it will result in dissatisfaction.

10. Do you experience any communication problems?



Company A	Company B	Company C	Company D
43%	29%	14%	14%
Nothing at all	Yes, between the different departments	No	No

71% of the consultants indicated that they do not experience any communication problems. Communication relates to a number of hygiene factors, such as company policy and administration and relationships with colleagues and supervision. It is evident that communication is not a source of dissatisfaction, although there is some dissatisfaction with other departments.

11. Does your manager support you with any problems?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Always	Yes	Yes, very	Manager bends
100%	Sometimes, but not	supportive	over backwards to
	sufficiently		help, always
			available and
			never too busy

The two hygiene factors surfacing from this question, namely relationship with superior and supervision does not cause dissatisfaction at the various companies. It appears that management is perceived to be willing and able to help the sales staff. 71% of the respondents found that management was supportive and willing to assist with resolution of problems. Company B does not feel that the support of management is sufficient. It is important to note here that the general manager at this company was recently transferred to this company. This might have had an effect on the consultant's attitude.

12. How would you describe the atmosphere in the office and the attitude of your colleagues?

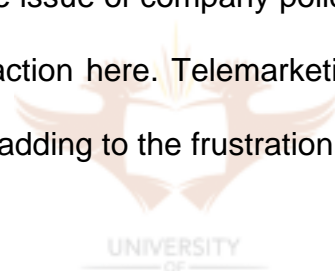
Company A	Company B	Company C	Company D
43%	29%	14%	14%
Very positive	In general positive,	Positive and	Great
	but not as good as	motivational.	
	it used to be.	Everyone is very	
		friendly	

The atmosphere in the office was generally found to be positive although 29% of the sample interviewed thought that there has been somewhat of a decline in terms of a positive attitude.

13. Which aspects of the company's systems frustrate you? Why?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Technical department's planning	Lack of clarity Telemarketing	Accounts department	Administration

This question addresses the issue of company policy and administration, which is the biggest cause for dissatisfaction here. Telemarketing, which is part of the job itself, was also mentioned – thus adding to the frustration.



14. Which marketing aspects have an influence on your success?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Price: must be more negotiable	Perceived value for money (price) Our good name and service	Price – lot of companies who sell for cheaper	Price – competition undercut

The sales consultants see the price of the service to be the biggest influencing factor of sales. Given that the purchase of armed response services can be viewed in the same light as a grudge purchase, i.e. a necessary one but not necessarily a pleasant

one, price elasticity of demand plays a vital role. Here company policy in terms of price (a hygiene factor) is causing frustration and may lead to dissatisfaction. The company's good name and service on the other hand also received recognition by the sales consultants. This factor can be classified under supervision and company policy.

15. How do you feel about the quality of the product / service you are selling?

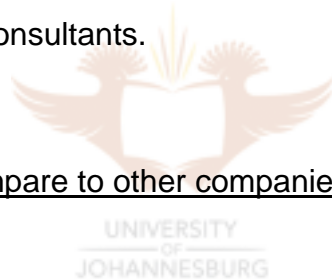
Company A	Company B	Company C	Company D
43%	29%	14%	14%
Very good	Very good products Reaction service also good	Product quality great and we strive towards service excellence!	Good

Consultants seem to be very comfortable about the quality of product and service they are selling, 100% of those interviewed reaffirmed this statement. This is a good sign as the confidence in front of the client is one of the keys to secure the sale. As noted previously though, if there are facts, such as statistics, personal stories of clients etc. this confidence will be substantially enhanced and the right message will be reinforced to the potential client. The quality of the product / service which is a hygiene factor is not causing dissatisfaction.

16. How does our product / service compare to the product of other companies?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Far better	Our service is better Use the same products	Same products	We have the best product & service

Linked to the above is the belief of the consultants questioned, that the service the organisation offers is better than that which you get from other companies in the industry. This statement would suggest excitement about the product itself and are currently (as a hygiene factor under company policy and administration) not causing dissatisfaction among the consultants.



17. How does our price compare to other companies?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
In line / sometimes better. Smaller companies are much cheaper	Better than the rest	Same, but smaller companies under quote	Sell on best product and not on price

Once again, part of the company policy and seen as a hygiene factor, the respondents state that the price is either in line or better than industry average. Although the same individuals also stated that they know of cases where some security operators also under-quote the group in order to get the business, it should not be much of a concern to the organisation.

18. Do you think security is a luxury or necessity?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Necessity	Necessity	Necessity	Necessity

All consultants interviewed answered that security is a necessity and not luxury. This is encouraging. However the question that would subsequently arise is: are they communicating this to the customers in a manner that would prompt the potential customer into a buying action? They believe that the product / service they are selling is a necessity: this can be viewed as a hygiene factor, currently maintaining satisfaction among the sales consultants.



19. What makes you successful?

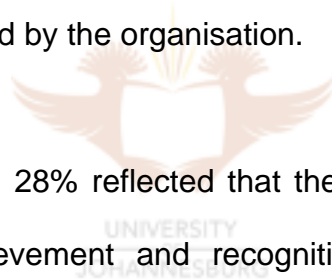
Company A	Company B	Company C	Company D
43%	29%	14%	14%
Tenacity	Setting of goals	Positive	Honest with clients
Know industry	Perseverance	Believe in product, service and company	Know the industry
Good with people	Dedication	Good communicator	

Despite what was said earlier by the consultants a salesman stays true to his/her nature. Out of the sample 57% stated that they owe their success to their tenacity and knowledge of the industry. Only 14% stated that the quality of the product is the key to their success.

20. What drives you to sell?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Money	Money, money, money! Providing a service to clients	Money To be the best	Money Getting the deal

In Question 3 sales consultants stated that money was not the biggest motivating factor. In terms of what motivates the consultants to sell in this question, 100% of the responses identified money. After all this is what keeps the consultant going. Money is a hygiene factor and is probably not adequate, therefore the dissatisfaction. This issue needs to be addressed by the organisation.



Of the responses received; 28% reflected that they need to be the best or get the deal. This need for achievement and recognition are motivators according to Herzberg and can cause great job satisfaction. This is easily accepted as being the best in a sales environment and is equivalent to getting the biggest commission among your peers.

21. To what extent do you think the market is saturated?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Not at all – still lots of opportunities	Totally saturated	Lots of opportunity	Not at all

The question posed to the consultants was whether they feel that the market is saturated by security companies and subsequently service of this nature. It was encouraging to see that 71% of the consultants thought that it was not.

Only one company in the group answered that the market is completely saturated. This might be true for this specific area or it might be a comment which is driven by a negative perception of this company's sales consultants of the area in which they are trying to sell.

22. What do you think of the service delivered by the following departments?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Technical: fair	Technical: fine,	Technical: good	Technical: great
Admin / Finance: good	but do cause unhappy clients	Admin / Finance: good	Admin / Finance: fine
Reaction: very good	Admin / Finance: fine	Reaction: excellent – receive compliments from clients	Reaction: best in the industry
Control Centre: good	Reaction: good	Control Centre: good	Control Centre: good
	Control Centre: fair		

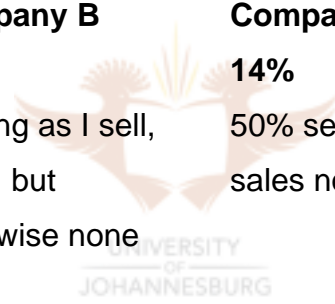
Consultants were asked to evaluate the departments; on which they depend, in terms of delivering promises made to clients. How they see other departments is also a hygiene factor, classified under supervision, relationship with colleagues, as well as company policy and administration.

A positive sign is that 71% of the respondents are extremely impressed by the services delivered by the reaction services. Not one person had stated that the service was lacking. This is extremely positive, as the reaction service is the proverbial proof of any security company's service to its clients. Without this offering the company, needless to say, no longer exists!

The control centre, that is the hub that distributes the emergency calls, was valued as good overall.

23. To which extent do you have job security?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
60% secure, but not always comfortable	As long as I sell, good, but otherwise none	50% secure – no sales no job	50%



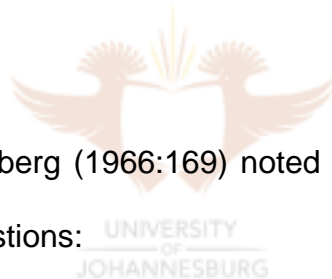
Job security is another hygiene factor, causing dissatisfaction among sales consultants. All of the respondents felt that their job is only secure if they sell. A recent survey by the Sunday Times (2004) indicated that the security industry is the industry where people have the lowest job security in South Africa. The responses to the next question indicate that the sales consultants do however feel that the company is financially stable. Therefore the insecurity for this specific question might be related to the job itself. Consequently is this causing no job satisfaction among the sales consultants.

24. Do you have trust in the financial stability of the company?

Company A	Company B	Company C	Company D
43%	29%	14%	14%
Yes	Yes	Yes	Yes

100% of the sample interviewed responded that they have trust in the financial soundness of the organisation. This security is a hygiene factor, as identified by Herzberg. The results indicate that their satisfaction is caused by the financial security of the specific company.

6.2.2. Summary of the different Hygiene factors and Motivators addressed in the group discussions.



As mentioned before, Herzberg (1966:169) noted that job attitudes must be viewed by asking the following questions:

- What does the employee seek?
- What makes him happy?
- What does the employee wish to avoid?
- What makes him unhappy?

Organisations that focus on only hygiene needs, only prevent dissatisfaction. The problem lies in assuming that prevention of dissatisfaction will unleash positive feelings, increased productivity, lowered absenteeism and turnover, and other manifestations of employee efficiency. Herzberg stresses the point that the effect of improved hygiene lasts for only a short time. "In fact, man's avoidance needs are recurrent and of an infinite variety; therefore, we will find that demands for improved

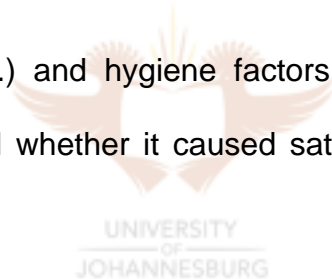
salary, working conditions, interpersonal relations, etc. will continue...” (Herzberg, 1968:169)

Herzberg (1968:170) suggests that if organisations want to use employees effectively, it must treat employees in terms of their complete nature; thus concerning hygiene needs, as well as motivator needs.

Recommendations for the group of security companies will be made according to both the hygiene, as well as the motivator factors.

The outcome of the group discussions are summarised in the following two tables.

The motivators (Table 6.1.) and hygiene factors (Table 6.2.) were identified per question and it is indicated whether it caused satisfaction or dissatisfaction for the sales consultants.



Motivators	Identified per Question	Consultants are Satisfied	Consultants are Dissatisfied
Achievement			
	9		Not making target (43%)
	20	Driver for success (28%)	
Recognition			
	3	Making target and being the best (28%)	
Work itself			
	3	Meeting people, not office bound; passion	

		for industry (86%)	
	4		Cold calling and telesales (72%)
	13		Telemarketing (29%)
Responsibility			
Advancement			
Personal Growth			
	1		No room for personal growth / promotion (29%)
	6	Training is sufficient (100%)	Need for ongoing training (29%)

Table 6.1. Summary of motivators, identified per question

Hygiene Factors	Identified per Question	Consultants are Dissatisfied	Consultants are Satisfied
Status			
Personal Life			
	8		Hours long but flexible and used to it (86%)
Working Conditions			
	4	Working hours	
	7	Physical environment needs improvement (14%)	Great physical environment (86%)
	12		Positive atmosphere (100%)

Security			
	23	Only has security if one sells (100%)	
	24		Trust in the company's financial stability (100%)
Salary			
	1	Main reason why other consultants left the company (100%)	
	2	Ask for increased basic salary, benefits and more incentives (100%)	
	5	Basic salary not enough (100%)	Commission structure best in industry (100%)
	20		Main driver for success (100%)
Supervision			
	10		No communication problems (71%)
	11		Support from manager (100%)
Relationship with subordinates			
Relationship with peers			
Relationship with supervisor			
	11		Support from manager (100%)

Company Policy & administration			
	3	Problems with technical department	
	9	Problems from other departments (86%)	
	10	Communication problems between different departments (29%)	
	13	Problems from other departments (71%)	
	14	Need for price to be more negotiable (71%)	
	15		Quality of product & service (100%)
	16		Comparison of product / service to other companies (100%)
	17	Comparison of price and other companies under quote (71%)	

Table 6.2. Summary of hygiene factors, identified per question

The above two tables will be used to identify the issues that need to be addressed by the organisation in order to achieve job satisfaction among the sales consultants. This will be discussed in more detail under the Conclusion and Recommendations section.

6.3. QUESTIONNAIRE RESULTS ON WORK SATISFACTION

After the discussion of the above questions, consultants were asked to rate a number of factors in order of importance for work satisfaction. The outcome for the group of companies was as follows, where 1 is most important and 12 is least important:

1. Salary
2. Achievement
3. Job Security
4. Recognition
5. Growth possibility
6. Advancement Opportunities
7. The job itself
8. Interpersonal Relationships
9. Work conditions
10. Responsibility / Authority
11. Organisation Policy and Administration
12. Status



Money matters occupied the top position in respect of importance. The reason for this could be that the current basic salary is not adequate, as identified in the group meetings. Achievement was the second most important factor motivating sales consultants. Except for salary and job security (rated number one and number three respectively) the rest of the satisfaction factors are all true motivators: achievement, recognition, growth possibility, advancement opportunities and the job itself.

The hygiene factors, of interpersonal relationships, working conditions, status and organisational policy were not identified as major causes of dissatisfaction.

Question two of this questionnaire asked the consultants whether they would prefer working for a low basic and very high commission or a high basic and a low / no commission basis. Out of the 14 consultants, the majority prefer a higher basic with low or no commission.

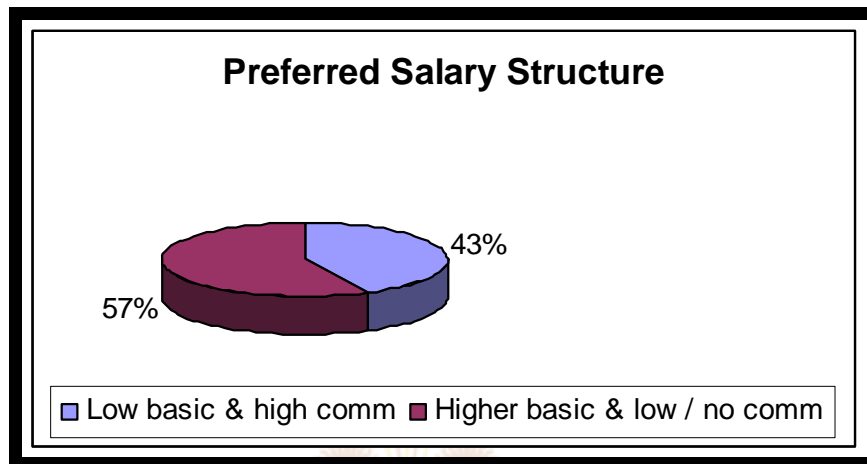


Figure 6.1: Preferred Salary Structure

6.4. CONCLUSION & RECOMMENDATIONS

Following the outcome of this study, as summarised in Table 6.1 and 6.2, specific recommendations on how to retain the sales consultants at the group of security companies will now be discussed.

6.4.1. Motivators causing dissatisfaction

A study by Haasen and Shea (1997: 44) indicated that intrinsic motivation is much more powerful and lasting than extrinsic motivation. According to them intrinsic motivation has to do with having the right skills to meet all the challenges, being able to learn and grow, and following 'one's goal of self-enhancement.' The study taught

Haasen et al that to generate real, unusual and lasting productivity, the interest, dedication and effort applied to work have to be intrinsically motivated – coming from the inside.

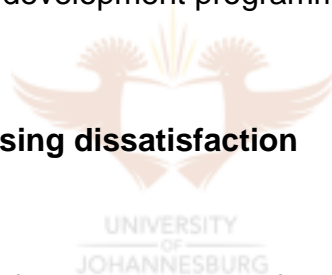
At the group of security companies, the following motivator issues are causing dissatisfaction at present and need to be addressed by the company:

- **Achievement & Recognition:** Not making target is currently causing dissatisfaction. This can be a developmental issue or an incorrect selection of sales consultants in the first place. A mismatch of skills to the job can be the cause of a lack of motivation, as discussed before.
- **The job itself:** Telesales and cold calling, as part of the work itself are also causing frustration. By evaluating the content of the job, this issue can be addressed. It might be possible to get junior people to do the cold calling and telesales who then make appointments for the sales consultants. Instead of spending a lot of time on looking for business, the sales consultants can then focus on making the sale.
- **Growth and advancement:** Sales consultants believe that there is no room for personal growth and they also identified the need for ongoing training. The company can introduce ongoing developmental initiatives and assist the sales consultants to develop their skills. Opportunities for promotion should be created.

6.4.2. Motivators causing satisfaction

Note however that the following issues in terms of motivators are currently causing satisfaction among the sales consultants:

- **Achievement and Recognition:** Achievement is seen as a driver for success. This can be used to further motivate consultants by implementing more achievable goals and more visible recognition methods.
- **Growth and Advancement:** Initial training is sufficient, but it can be improved by an ongoing training and development programme for sales consultants.



6.4.3. Hygiene factors causing dissatisfaction

The hygiene factors identified a number of issues that are currently causing dissatisfaction among the sales consultants. These issues need to be addressed in order to maintain satisfaction levels:

- **Working conditions and personal life:** Under working conditions and personal life the physical environment and working hours were mentioned. This is however not a big issue as the majority of consultants accepted the hours as being the standard for the industry.
- **Security:** Sales consultants only feel they have job security only if they sell. The company will have to address this issue as 100% of the consultants admitted that

this is causing dissatisfaction. The feeling of having job security can be introduced by giving the consultants ongoing training, a longer period to prove themselves as well as by setting more achievable goals.

- **Salary:** Salary and specifically the basic salary were identified by all sales consultants as the reason why other consultants left the company and the reason why they are not motivated. The company should look at increasing the basic to an adequate level, which will motivate the sales consultants to sell more, but not so high that they fall into a comfort zone and are thus not motivated to increase their earnings with commission.
- **Company policy and administration:** Here, the following issues came to light: problems with other departments, especially Technical Department; communication with other departments as well as the need to have a more negotiable pricing structure. These are all internal issues that need to be addressed at the individual companies.

6.4.4. Hygiene factors currently causing satisfaction

Some of the hygiene factors also came out positively and are currently not causing any dissatisfaction among the sales consultants:

- **Working conditions:** In terms of physical environment and positive atmosphere, working conditions are rated as more than satisfactory.

- **Security:** All consultants indicated that they have trust in the company's financial stability.
- **Salary:** The consultants all agreed that the commission structure is the best in the industry. The main driver for their success was attributed to money.
- **Supervision:** Support from manager and no communication problems between the sales consultants and their managers was also a positive factor that came out of the group discussions.
- **Relationship with management:** In terms of the relationship with their supervisors, all consultants indicated that their managers support them.
- **Company Policy and administration:** The sales consultants believe in the product they are selling, all find that security is a necessity. They also agree that this company offers an excellent product and service.

6.4.5. Retention recommendations

According to the retention model presented in Chapter 4, the following recommendations are proposed:

- **Job descriptions:** Evaluate the current job description of the sales consultant. Design the job so that the elements currently frustrating the sales consultant (for example telesales) are given to a more junior person, concentrating on telesales

alone. This will give the sales consultant the time to focus on bringing in the business.

- **Recruitment and Selection:** Use the new job description to recruit and select the right calibre of sales consultants.
- **Induction and Orientation:** The current induction / orientation programme was identified as sufficient for the current sales consultants. Evaluate the programme however on a continuous basis in order to stay on track with new developments in the industry.
- **Achievement:** Set achievable targets and create an environment where the consultants are recognised for achievement.
- **Recognition:** Openly recognise sales consultants for performance.
- **The job itself:** Evaluate the content of the work itself and how it can be designed to give meaning to the consultant's job.
- **Growth and advancement:** Introduce ongoing developmental initiatives and training programmes. Give sales consultants opportunities to grow and advance in the company.
- **Salary:** Take into account that Herzberg said on the limited motivational power of hygiene factors, such as salary; and also consider that sales consultants are driven by the need to make money. Now ask this question. Will it be to the benefit



of the company to increase the sales consultant's salary? The basic salary should be increased to a level that is adequate to motivate the sales consultants, but not so much that it will place the sales consultant in a comfort zone where he does not have to work hard to earn more commission. The suggestion is to adjust the sales commission so that it can encourage the top performers to work even harder and also encourage the under performers to try harder. Incentives to encourage the internal competition among sales consultants in the organisation should also be introduced.

- **Company policy and administration:** Address the internal issues in terms of communication between departments. Evaluate the other problems sales consultants have with the other departments in the company, such as the poor service from the technical department.



6.4.6. Limitations & Implications for Management

This study was conducted with a limited number of sales consultants, working for a group of four different security companies only.

Another limitation of this study was the short period in which the study was conducted. The responses from the consultants could be influenced by the recency effect. Conducting similar studies over a period of time would give a better picture of the actual situation at the group of companies.

Herzberg's MH Theory makes it possible for managers to identify those aspects that lead to feelings of satisfaction and dissatisfaction. Satisfaction leads to motivation

and retention, where dissatisfaction or hygiene factors won't necessarily increase motivation, but in their absence will have a negative effect on motivation. For this reason it is important that employers take note of these aspects.

6.5. NEXT STEPS

A model was presented in Chapter Four, to serve as a summary of the literature study on retention and motivation (see Figure 4.2). This model suggests that the organisation should approach retention of employees as an ongoing process. This process starts off with recruiting the right people in the first instance. The next step of this process looks at induction and training of the new employee. After the initial induction and training, retention of the new employee must be managed on an ongoing basis, by addressing the hygiene and motivator factors that Herzberg identified. The outcome of this retention model promises increased productivity and motivation, retention of employees, as well as a positive effect on the organisation's bottom line.

By using this model, the following steps are suggested for implementation in order to address the employee retention issue at the group of companies and in the long term; result in the growth of the company.

1. Commit to a Retention Strategy

Process

Communicate and obtain commitment

Output

- Sell business case for retention to management team
- Establish achievable and measurable

targets

- Develop a draft policy, system and strategy for retention
- Approve and implement

2. Recruitment and Selection Process

Process

Design and create attractive sales positions

Design attractive advertisements for vacancies

Use the right media for the target group

Output

- Research and develop specialist / professional position as a sales consultant.

- Focus on attracting the best talent
- Establish alliances with top talent resources

- Improve the recruitment and selection process

- Sell the organisation to the applicants



3. Orientation, Training and Development

Process

Create opportunities for training and development

Output

- Induction programme for all new employees
- Invest in an ongoing training and development programme
- Mentorship Programme

4. Manage Retention: Motivators and Hygiene Factors

Process

Output

Implement a performance management system

- Set targets
- Manage performance

Create a work environment that embraces respect, work/life balance, quality of work and leadership

- Elevate talent management as a business priority
- Train managers to create the desired environment
- Provide employees with frequent feedback
- Identify gaps in performance
- Implement identified actions and interventions
- Improve communication between departments, employees and companies

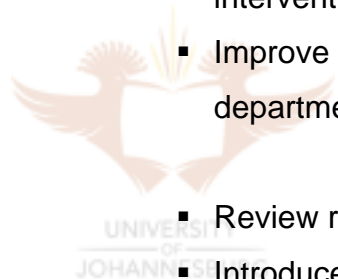
Feedback and recognition

Compensation

- Review remuneration package
- Introduce incentives
- Rewards can be monetary and non-monetary, but should be perceived as fair and objective

Measure retention

- Conduct exit interviews
- Measure performance of individual sales consultants over a period of time
- Obtain feedback from sales consultants on an ongoing basis



6.6. SUMMARY

The retention of Sales Consultants in the Security Industry was identified as a critical issue. The costs involved in recruitment, selection and training, as well as loss of potential business make this a serious business issue.

The purpose of this study was to determine those aspects that are important to retain sales consultants at a group of security companies. The elements that Herzberg identified in his theory on motivation are also visible at this group of companies. Motivation and retention is an outcome of factors internal and external to the job.

This study clearly illustrates (both in theory as well as in practice) that money is not the primary driver of satisfaction in the workplace leading to retention. Aspects such as recognition for achievement, advancement opportunities, management and growth are also important.

This study discussed Herzberg's motivation / hygiene theory as well as various studies on employee retention. This literature was summarised in a model, which was used to recommend strategies for the specific organisation, in terms of retaining their sales consultants. This retention is however a continuous process that needs to be managed on a daily basis. The successful implementation will not only result in the retention of sales consultants; but also a working environment that allows for achievement, increased business as well as cost savings on recruitment, selection and training.

ANNEXURE A

Questionnaire used for the Nominal Group Technique

1. Identify the main reasons why you think this company is losing consultants.
2. If you were in charge of this company, what would you change in order to keep sales consultants with the company?
3. What do you like most about being a sales consultant?
4. What do you like least about being a sales consultant?
5. How do you feel about the basic, commission and the remuneration in general?
6. Is the training offered sufficient for the work you have to perform?
7. What do you think of the physical working environment, office layout, facilities, etc?
8. What do you think of the working hours?
9. What type of pressure do you experience in your work?
10. Do you experience any communication problems?
11. Does your manager support you with any problems?
12. How would you describe the atmosphere in the office and the attitude of your colleagues?
13. Which aspects of the company's systems frustrate you? Why? (E.g. sales administration, policies, procedures, etc.)
14. Which marketing aspects have an influence on your success (product, price, delivery, etc?)
15. How do you feel about the quality of the product / service you are selling?
16. How does our product compare to the product of other companies?
17. How does our price compare other companies?
18. Do you think security is a luxury or a necessity?

19. What makes you successful?

20. What drives you to sell?

21. To what extent do you think the market is saturated?

22. What do you think of the service delivered by the following departments:

- Technical
- Administration / finance
- Reaction
- Control centre

23. To which extent do you have job security?

24. Do you have trust in the financial stability of the company?



ANNEXURE B

Questionnaire, completed by each individual sales consultant

1. Rank each of the following factors from 1 - 12, where 1 is most important and 12 is least important in terms of your work satisfaction:

- Salary
- Interpersonal relationships with colleagues, managers, etc.
- Working conditions (facilities & physical environment)
- Job security
- Organisational policy and administration
- Status
- The job itself (interesting & challenging)
- Achievement
- Recognition for achievement
- Possibility of growth (learning & developing opportunities)
- Opportunities for advancement (promotion)
- Responsibility and authority

2. If you can choose your remuneration package, which one of the following would you choose?

- Low basic & high commission
- Higher basic with a very low / no commission

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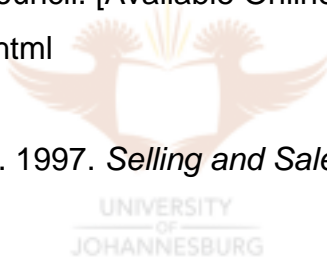
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