

AN EXAMINATION OF FACTORS IMPACTING ON TALENT RETENTION AT A FINANCIAL  
INSTITUTION

By

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## DECLARATION

I MULITI JOSEPH SATHEKGE, hereby declare that this dissertation is my own unaided work. Any assistance that I have received has been duly acknowledged in the dissertation. It is submitted in partial fulfillment of the requirements for the degree of Master of Commerce at the University of Johannesburg.

I certify that the research described in this dissertation has not already been submitted for any other degree, or examination at this or at any other University

I certify that to the best of my knowledge all sources used and any help received in the preparation of this dissertation have been acknowledged.

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## **ABSTRACT**

Talent commitment, efficiency and retention issues are emerging as the most important corporate challenges of the present and immediate future, driven by talent loyalty concerns, corporate reorganization efforts and stiff competition for key talent. For most organizations, "surprise" talent departures can be devastating on the execution of business strategy and the achievement of business goals and objectives. This phenomenon is most prevalent now in light of current economic uncertainty and following corporate downsizings when the risk of losing critical talent increases exponentially.

Talent retention is one of the greatest challenges confronting many business organizations today. For most organizations talent recruitment and retention is a major concern as the ability to keep talent is crucial for the organization's performance and future survival. It is recognized that talent turnover, is a critical challenge to most organizations that cost money, effort and energy. This challenge poses major problems to HR professionals in their efforts to formulate talent retention policies. South Africa has for the past few decades seen an influx of foreign investment, ideas and practices, facilitated by the development of the Internet and associated technologies. As with many organizations worldwide including organizations in South Africa, staff retention problems affect organizational productivity and performance.

The global war for talent has increased the challenge to most organizations in attempting to address the issue of talent retention in the context of increasing competition in the global marketplace. It is against this background that this research will look into talent retention problems within the socio-economic context of South Africa and in particular factors impacting on talent retention at Alexander Forbes as an organization. This study brings into focus the extent to which factors impacting on talent retention such as pay and compensation, career development, leadership, working environment and organizational commitment as discussed in the literature review impacts talent retention within Alexander Forbes.

## **THE PURPOSE OF THE STUDY**

The purpose of this study was to examine the factors impacting on talent retention such as; pay and compensation, career development, leadership practice, working environment and organizational commitment. To further examine the impact of these factors on talent retention at Alexander Forbes, resulting in a comparative study of factors impacting on talent retention as espoused by literature review to better understand the subject. To accomplish this task, a qualitative research approach was adopted. This study aims to identify the main turnover factors that impacts on talent retention and provides practical suggestions on talent retention strategies that can be applied by Alexander Forbes to improve talent retention and decrease turnover rates. Data was collected by means of a questionnaire developed based on the extensive literature review on the subject and distributed amongst a total of 300 talented employees in full time employment within Alexander Forbes Group Head Office. The importance of having a retention strategy, which is based on a well-articulated human resources management system, is emphasized.

The findings reveal greater insights into the talent retention factors and provide an empirical validation of retention factors and the impact that these factors have on retention. More specifically this research identified five retention factors that influence the decision of core talent to stay. These factors are pay and compensation, career development, leadership practice, working environment and organizational commitment. The findings of this study revealed a positive significant co-relationship between the five factors and talent retention. The findings of this research have implications for both theory and practice. The main theoretical contribution that this research theory offers regards the connection between talent retention and pay and compensation, career development, leadership practice, working environment and organizational commitment. The secondary contribution is the study of talent turnover in the context of HR practices and the state of the labor market. The results also provide a practical guide to managers and policy makers, to enable them to recognize and initiate measures that will make the workplace experience a more pleasant one for talent, to improve talent retention and sustainable organizational performance.

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## CHAPTER 1

### 1. AN EXAMINATION OF FACTORS IMPACTING TALENT RETENTION

#### 1.1 INTRODUCTION

Globalization and interlinking of world economies, increased by the technological advancement, has deepened competition in today's business environment (Kuruville, 2010). Most organizations are increasingly recognizing that with the increase in global trade, facilitated by advancements in technology, communication and transportation, competition increases as markets converge (Raymond, 1989). As economic globalization becomes more pronounced, the organizational capability to compete in the global market is closely linked to its human resources management. Many organizations depend on the expertise, skill, experience and capabilities of their talent to gain competitive advantage in global economies (Reiche, 2007). In this uncertain and often volatile economic environment, the retention of key talent is a crucial strategy for human resources managers and organizational leaders alike. This lead us to the next critical question which organizations should respond to convincingly.

Why should someone exceptionally good at their job want to join your organization? And how would you keep them for more than just a few years? Alongside the backdrop of these modern-day questions, and at a period where there is an ever increase in scarcity of global talent pool, companies confront immense challenges with regard to effective talent management strategy implementation (Botha, 2011:1). In the current knowledge economy where talent, skills and knowledge is critical for an organizational competitive advantage, companies cannot therefore ignore the importance of attracting and retaining good talent (Botha, 2011:2).

The recent financial system is epitomized by an unpredictable talent demand-supply phenomena set against inconsistent talent turnover trends and unlimited aggressive competition(Mohaptra, 2005). Organizations have never had as much difficult time in discovering, managing and developing talent as it has been in the last decade (Cheese et al, 2007; Mohaptra, 2005). Talent retention is a critical task in most

organizations. This paper aims to focus on factors impacting talent retention at Alexander Forbes, a multinational financial services company whose head office is situated in Johannesburg, Sandton, South Africa. Alexander Forbes like many other organizations is confronting the problem of talent retention as a result of many macroeconomic factors. An organization can achieve a competitive advantage in the market, if it maximizes the utilization of its resources and acquire an efficient workforce that is qualified and experienced to deal with all work related challenges (Muhammad Hassan, 2011: 8). Pay and compensation is one of the most critical factor in talent retention. According to Muhamed Hassan (2011), most second level managers within the leather industry change their jobs seeking higher salary offers, recognition, authority, more knowledge and to get a more competitive edge.

Talent retention is very critical for the survival of the organization in the long term, and for sustainable profitability. When an organization is unable to keep its capable and talented workers it leaves an adverse impact on innovation, customer satisfaction, knowledge gained during the past years and on the profitability of the organization. Moreover the replacement cost of talents is prohibitive for most organizations (Muhammad Hassan, 2011: 9). The current war for talent and talent retention in particular has been the thorny issue for most organizations in the past two decades. There is ample academic writing on various factors influencing talent retention but non has considered the impact of such factors on talent retention, hence this study will consider the impact that the selected five retention factors will have on talent decision whether to stay or to leave the organization. These factors may be external, or internal or a combined effect of both (Muhammad Hassan, 2011: 9).

In today's dynamic and competitive business environment it is crucial for organizations to retain their key talent. In this research an investigation of factors behind the dilemma of talent retention will be explored and suggestions made regarding key factors that are critical for talent retention. In fact, research on talent retention indicates that engagement of existing talent through talent development or talent management programs costs less than the cost of acquiring new talent, because organizations know what their talent wants and desires (Davidow, 1989). Academic literature on talent retention suggests that talent that is satisfied and

happy with their jobs remain devoted to doing a good job and improve customers' satisfaction (Denton, 2000).

Satisfied talent is more devoted and loyal to an organization, which results in a low turnover rate (Sinha, 2012)(Chandrashu Sinha, 2012). Abundant studies have hypothesized and empirically validated the link between job satisfaction and talent retention (Anderson, 1993). In addition numerous studies validate the importance of an increase in talent participation in decision making and improved retention (Arthur, 1994). In summary, the literature defines retention as continuing the relation between talent and their organization.

In the last two decades the world of work has transformed significantly as a result of technological advancement, globalization and increased competition. These changes in the world of work gave birth to the "knowledge worker" also called "Talent". According to Nienaber, (2011:1) talent retention is at the forefront of many organizations agenda in order to ensure high performance. It is therefore, critical for organizations to attract, develop and retain talent in order to ensure their ongoing competitive advantage against competitors (Peteraf, 1993).

The migration of global economies from industrial age characterized by emphasis on machinery to modern knowledge economy where human capital is regarded as a key and indispensable resource to organizational survival has presented new challenges to most organizations. Organizations are increasingly competing for the best talent (Porter, 2001). The new paradigm shift for human resource management is for organizations to successfully attract, motivate and retain talent that has the required skills and capability to survive organizational downsizing, consolidation, restructuring, reorganization and re-engineering activities (Clark, 2001). According to Cheese *et al.*,(2007), talent refers to an individual's differentiated potential or ability to execute against the organization's growth strategy, however, effective talent attraction and retention remains an elusive business feat.

Today most organizations are finding it hard not only to attract but also to keep talent in order to grow and remain competitive. The conventional sources of competitive advantage like technology, monetary resources, and vicinity has

become less important. Companies are waking up to the awareness that human resources if well managed can provide sustainable competitive advantage. According to Rueff, (2008), human resource differentiates and contributes to the quality of the product and service offering. Therefore at the centre of the quality of the product and service offering, it is the skill and knowledge of organizational human resources that provides a competitive advantage (Rueff, 2008).

## **1.2 GLOBAL WAR FOR TALENT**

In 2010 Unites States white paper reported that there could be as many as 10 million more jobs available in the country than there is talent. This paper also reported that there is a growing evidence of talent dissatisfaction resulting from retrenchments, lack of career growth and salary increases over the past decade as a result of the global economic meltdown (Matkeri, 2011:103).

It is quite clear that without talent organizations cannot compete; in the wake of the current global economic and financial crises, business closures, bankruptcies and reduction in work force activities are commonplace (Guay, 2010:5). In 2009 following the financial crises, the United States data indicated that small-business bankruptcies were up 81% in the last 12 months ended Sept. 30, compared with the previous year. The filings nationwide were also up by 44%, according to the credit analysis firm Equifax Inc (Giles N.O,2009). The global slowdown in economic activity and the current financial crisis is resulting in a cascading massive lay-offs and an inevitable increase in unemployment rates not only in Europe, America but also in South Africa (Giles N.O,2009).

The 'war for talent' is therefore a global phenomenon, with the demand for and retention of talent the most critical challenge not unique to South African employers. In South Africa, however, these challenges are intensified by three other factors indicated by (Roodt, 2005:48), which factors are still relevant today namely; (1) the emigration of skilled people at an alarming rate; (2) the scarcity of specialist and managerial talent due to an oversupply of unskilled labor and an under-supply of skilled labor; and (3), a national drive to address employment equity, which is fuelling the war for talent among people from designated groups, as will be more apparent from the discussion that follows.



### 1.3 SOUTH AFRICAN SKILLS SHORTAGE

According to the latest report by Trading Economics.com, the South African unemployment rate decreased to 24.10 percent in the fourth quarter of 2013 from 24.50 percent in the third quarter of 2013. Unemployment Rate in South Africa is reported by Statistics South Africa. From the year 2000 until 2013, South African unemployment rate averaged 25.26 percent, reaching an all time high of 31.20 percent in March 2003 and a record low of 21.50 percent in the fourth quarter of 2008. In South Africa, the unemployment rate measures the number of people actively looking for a job as a percentage of the labor. The same report detailed the South African unemployment rate, historical data chart below.



Figure 1.1: South Africa Unemployment Rate

Competition to recruit and retain talent is currently the single biggest challenge that most organizations have to confront, and will continue to face in the next 10 years, yet most companies are not prepared (Slavich, 2011:24). The importance of talent is well expressed by Hawitt Associates cited in Slavich (id.) who reported that, "more than 90 percent of organizations senior leaders believe that outstanding talent is essential to competitive advantage".

The South African high unemployment rate is caused by many factors similar to the causes in other places. These causes include lack of education, poor living

conditions, corruption and mismanagement of resources. The increase in South African unemployment rate has been largely attributed to the lack of skills. According to the South African info reporter,(2009), forty-one percent of South Africa's privately held business cites lack of skilled workforce as the key biggest growth constraint, well above the BRIC average of 36 percent according to consultancy firm Grant Thornton's International Business Report (Grant Thornton International, 2013)

According to Roodt (2005) the South African employers have two options in order to succeed in the war for talent: Option 1 is to try to become an employer of choice – thus becoming a “talent magnet” that is able to attract and retain people with the required profile; and Option 2 is to develop, retain and efficiently utilize the employer's existing talent pool. In order to retain talent, the employer must explore and then manage the factors that inspire such skilled and talented employees to either “stay” or “leave” (Dibble, 1999). This study focuses on the second option, and more specifically on the exploration of factors impacting on talent retention.

#### **1.4 THE CHALLENGE OF RETAINING TALENT**

Why do organizations have the need for talent retention and how can organizations keep talent for more than a few years?

Against the backdrop of these contemporary questions, employers are continuously asking themselves, “How do we keep Talent?”. This question is more crucial now than ever before as the demand for talent is at all-time high, as competition for the limited pool of talent becomes fiercer. The cost associated with talent replacement is prohibitive and these are not good news for most organizations (Howatt, 2010:1). Human resource is critical resource for any organization, it is accountable for every result, choices made and work done. Talent should be managed accordingly and inspired by best salary and reward as per business standards. Competitive salary will help the organization to attract and retain the best talent (Matkeri, 2011:102).

The challenge of talent retention is made more complicated by talent ease of mobility. There is an increase in the demand for talent and talent continuous to change jobs for better remuneration and improved working conditions. In addition

talent is frequently poached by large-scale international organizations that can provide them with improved compensation and other benefits (Zheng and Lamond, 2010). This is predominantly an important factor for countries such as South Africa. Many organization's top management are aware of the need to retain talent and in particular committed talent with skills and abilities to contribute meaningfully to the organizational success; but may at times lack the required resources to introduce changes that will solve retention difficulties (Burke, 2006).

## **1.5 THE NEED FOR TALENT RETENTION**

Talent retention is an important and continuous organizational endeavor. One of the critical challenges of most organizations is having managers that understand their responsibility to create and sustain an environment that bolsters retention (Kameswari, n.d.). According to Kameswari,(n.d), talent requires strengthening, target, and acknowledgment to develop and remain fulfilled in their positions. Managers must therefore understand that establishing these essentials would demonstrate their objective to support, nurture and motivate their talent. Recruiting the right talent for the right job is the greatest contributing factor of workforce turnover. If there is a divergence it would result in attrition as both are interlinked.

According to Bussin, (2007), the global talent pool is shrinking and organizations are indecisive as to what talent management strategies they should be making. With talent shortages able to render an organization susceptible in terms of economical sustainability, organizations are required to implement talent management strategies to reduce turnover (Botha,2011) (Annelize Botha, 2011). Kameswari,(n.d), strongly suggests that talent retention requires that an organization should be sensitive to talent needs and demonstrate various talent management strategies. Most talent is looking for a good working environment, opportunity to learn, career growth, and decent salary.

The retention of key talent is important to the organizations long term survival and profitability. Managers agree that retaining talent ensures customer contentment,

production of sales, and that satisfied talent have a deeply imbedded organizational knowledge and learning.

## **1.6 CHANGES IN THE WORKFORCE**

The evolution of industries from the manufacturing to information age has transformed the employer–talent relationship concept, and the supply and demand curvature for talent is fetching more and more preference towards talent. The war for talent confronts companies around the world to realign their employer brand to efforts in a bid to mitigate talent limitations (Botha, 2011:2).

With the increase in the number of baby boomers reaching retirement age, and exiting from the workplace, this is resulting in a further increase in skills shortage in critical roles in most companies. Modern talent do not recognize the traditional norms of mutual trust, loyalty and commitment, as the main characteristic that defines the relationship between employer and talent in the market place (Cappelli,2000:78). According to Birt (2004:25), talent has shifted the power in the employment relationship from the employer to talent, because the value that these talents create for an organisation is such that an organisation needs talent more than talent need the organisation (Birt, 2004:25).

The past two decades have seen dramatic changes in terms of work force composition in South Africa, and these changes have been apparent in the age, gender, racial composition, family structure and talent aspirations. Accordingly these factors have had a significant impact on the nature and business operational model of many organizations (Ferris et.al, 1999) and have prompted changes in human resource management in particular relating to, recruitment and selection, training and development activities. According to Allan and Sienko(1997), changes in the organization are assessed in terms of both organizational structure and employer and talent relationships. The recent financial crises and global economic meltdown has had significant impact on talent morale and organizational loyalty in both formal and informal employment relationships. As a result talent motivation and organizational commitment has been adversely affected. The adjustment to these changes has serious implications in terms of sustained competitive advantage grounded on the capacity to access and retain a loyal skilled workforce (Kissler, 1994:335).

According to Overman,(1998) (Overman, 1998)talent today is less committed to their respective employers. This is because employers are unable give talent assurance, stability or long term corporate career paths, and job security, as the long-standing convention of talent dependability in exchange for work security and reasonable work has now been broken down.

What is evident today is the trend geared towards the direction of having a 'career portfolio' (Handy, 1995). Talent today realize that they should take the initiative in job resiliency, developing the skills and flexibility desirable to adapt more swiftly to ever-changing employer requirements (Beck, 2001) loyalty to one's professional growth has replaced organizational loyalty (Levine, 1995). It is now obvious to most talent that the conventional psychological agreement that existed between an employer and talent is now disbanded (Hays, 2001). Overall due to the volatile global market forces that have emerged in the past decade, an overwhelming non-market institutions, indicates a decline in jobs stability; and long-term employment is quickly becoming rare. However this increase in the flexibility of employment directly coincides with the decrease in tenure and job stability for talent. This has led to greater job insecurity and a decrease in the overall commitment levels of many talents. In addition, the lack of stability in the employment market could have long term adverse consequences to many organizations.

In this fast paced work place changes, mostly driven by talent need for self 'empowerment' and risk taking, coupled with longer working hours and less leisure time, this increases talent risk of 'burnout' tenfold, as talent' values shifts discernibly (Whitener, 2001). Talent understands that maximum opportunities can be attained by moving from one organization to another. Talent ease of movement results in organizations having to compete to attract and retain the best talent (Margo Vanover, 2001). Consequently these developments have a substantial impact on many organizations' human resource management landscape of recruitment and selection, training and development, performance management and retrenchment programs.

## **1.7 COST OF TALENT TURNOVER**

The increase in talent turnover costs has become problematic to many organizations; in some industries turnover costs are estimated to be more than the organization's profit per annum. As a result it has become more critical for organizations to address the issue of talent retention across the board. According to Matkeri, (2011:102) the greatest challenge today faced by most organizations worldwide is that of retaining talent. Howatt W.A, (n.d:2) argued that the cost of replacing talent varies conservatively from 30 percent of talent's annual salary to a staggering 1.5 times the annual salary.

With talent turnover being a fact of corporate life, organizations with talent retention management capabilities have a greater chance to retain talent and bolster talent loyalty to the organization(Howatt, n.d:4). Organizations should therefore understand that in order to keep talent they must understand what talent likes and do not like, and work at addressing what talent does not like and pay particular attention to talent needs (Howatt,n.d:5). The Talent Value Proposition (EVP) is unique differentiator that provides a concise and clear representation of what sets an organization apart as an employer, and is defined by an exceptional set of attributes and remuneration that motivates talent to stay (Sartain, 2006).

## **1.8 RETENTION MANAGEMENT- A STRATEGIC TOOL**

Talent retention is today a great concern to many organizations operating in the current highly competitive job market. According to Howatt,( n.d)(Howatt, n.d.), there is a greater demand for highly skilled professionals. The more highly skilled the talent, the more the organizations demand for talent's services. As the cost to replace talent is becoming even more prohibitive, organizations must develop strategies not only to recruit but also to retain the right talent.

Researchers have defined retention management as a strategic, coherent process that starts with an examination of the reasons why talents join an organization (Fitzenz, 1990) and (Solomon, 1999). Studies have also indicated that several key factors can affect talent turnover. These factors include the internal structure of the

organization, recruitment policies and strategies, career development, rewards and benefits, and training and development (Fitz-enz, 1990).

In order to reduce turnover, improve commitment and employer and talent relations, human resources managers must take all these factors into account in developing their talent management strategies as retention tools (Arthur, 1994). These factors should be addressed as comprehensive human resources management strategy. Progressive human resources practices in training, compensation and reward have shown that these can lead to reduced turnover and absenteeism, better quality work, and improved financial performance of the organization (Arthur, 1994). Talent's decision to leave an organization is rarely due to one single factor, such as being passed over for a promotion, or pay increase. In most cases one such event may however act as a catalyst, but most talent leaves their organization because of multiple factors underlying their reasons. Turnover drivers such as diminished job satisfaction, a stressful work environment and better career advancement opportunities are amongst many such factors (Davies, 2001).

In order for organizations to succeed in improving talent retention and reducing turnover, organizations must seek to understand how the different factors interrelate and their impact on talent' commitment to an organization. This can be a daunting task as organizations worldwide are battling with talent retention problems, the war for talent is expected to increase in the years ahead. This would have a significant impact on organizational competitiveness, productivity and performance. Managers must therefore address the retention crisis in the context of increasing competition in the global marketplace. It is against this background that this research will examine factors impacting on talent retention with specific focus on talent retention strategy within Alexander Forbes Group of companies.

## **1.9 ALEXANDER FORBES GROUP**

### **1.9.1 ORGANIZATIONAL BACKGROUND**

Alexander Forbes is a leading provider of risk, insurance, health, retirement and multi-manager investment solutions internationally. The company's primary

operations are based in South Africa and the United Kingdom. The company has significant network of subsidiaries and partners in Europe and Africa which ensures that the company provides outstanding level of service to its global clients. The Group employs a total of 3000 people mainly professionals across its various business divisions in South Africa. Alexander Forbes Group business divisions comprises of the Alexander Forbes Financial Services Group, The Guardrisk Group and Investment Solutions Group. In the published financial report for 2011 financial year the Chairman of the group reported that:

[“People are the cornerstone in ensuring success in a fiercely competitive financial services sector. We place significant emphasis on seeking and retaining high calibre professionals with sound business values. To this end, there will be renewed focus on bolstering the management team and attention will be paid to key technical areas so as to maintain our competitive edge and attain our ambitious goals”.]

In the same report the Group CEO reported that the group is building a high performance culture to ensure a sustainable trajectory and has successfully implemented group wide initiatives to strengthen its capability to deliver exceptional performance. This includes amongst others the following; putting in place group strategy, programmes and performance management office to strengthen its strategic, operational planning and execution capacity. Introducing a new performance management system using a customised balanced scorecard to better clarify deliverables and align short term goals with the need to enhance the sustainability of the business. The company launched a leadership development programme to improve leadership effectiveness, etc.

AFRIS is the largest risk advisory and specialist insurance provider in South Africa.

Alexander Forbes has five main divisions:

- **Corporate Risk Services** provides risk management and Insurance broking services for corporate clients. These services include negotiation of the terms and placement of insurance cover, handling of claims management services, loss prevention, alternate risk finance and enterprise-wide risk management consulting services.



- **Commercial Risk Services** provides risk management and Insurance broking services for small and medium enterprises (SME's) throughout South Africa.
- **Alexander Forbes Compensation Technologies (AFCT)** provides comprehensive claims administration and recovery services to both the private and public sector focusing on the recovery of benefits and medical expenses in respect of the road accident fund as well as the compensation for occupational injuries and diseases fund.
- **Alexander Forbes Insurance (AFI)** is a provider of motor and household insurance.
- **Guardrisk** is a provider of cell captive insurance, administration and facility management services. The Guardrisk-Short portfolio includes Guardrisk Allied Products and Services.

## 1.9.2 FINANCIAL SERVICES ACTIVITIES

The higher purpose that the financial services group aims to achieve is mainly to enhance the financial security of its clients, protect the hard earned assets of clients from unplanned risks and unforeseen events, and to create wealth for those who entrust Alexander Forbes with their money.

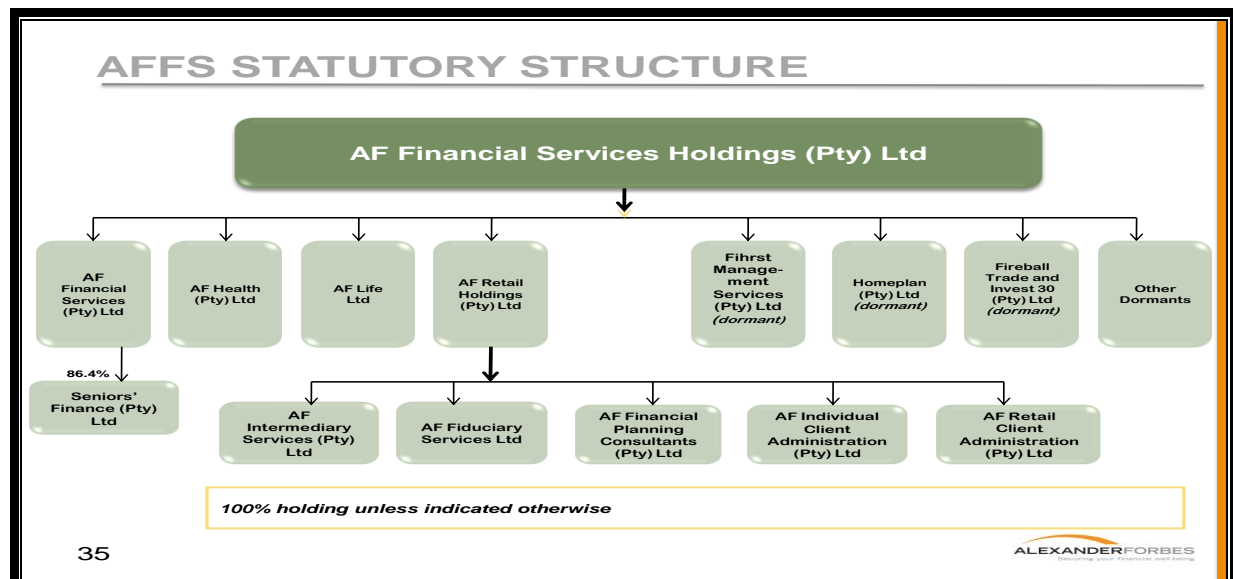


Figure 1.2: Alexander Forbes Financial Services Structure

**Guardrisk business activities includes**, providing innovative and cost-effective insurance alternatives for clients to 1<sup>st</sup> party cells; enabling clients to sell branded insurance products to their customers through 3<sup>rd</sup> party cells, and provides underwriting managers services to cells and binder holder agreements.

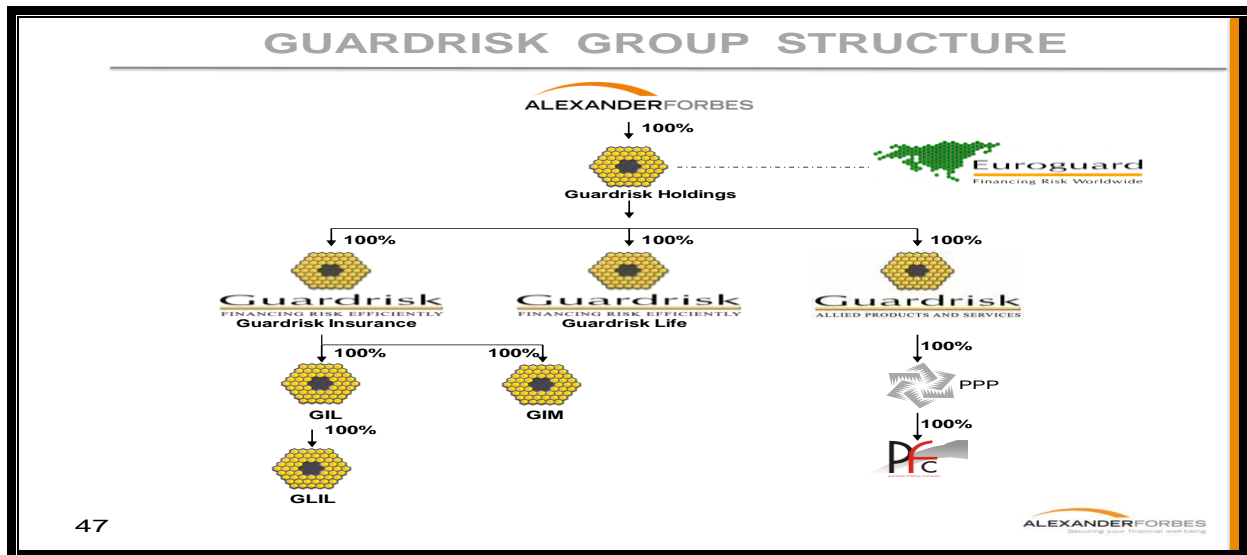


Figure1.3: Gaurdrisk Group Structure

### 1.9.3 INVESTMENT SOLUTIONS ACTIVITIES

Investment Solutions Group is a multi-manager investment management company that assesses and ranks various investment managers and combines a selection of these managers to optimally manage a portfolio of assets.

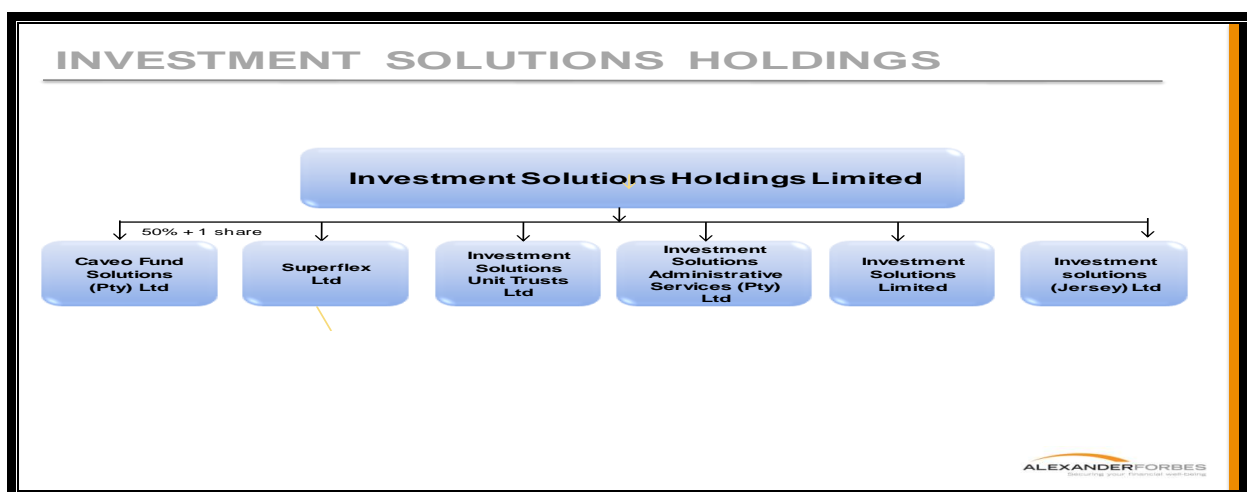


Figure1.4: Investment Solutions Structure

## MAIN BUSINESS OPERATIONS BY ENTITY

ENTITY NAME	BUSINESS OPERATION
Investment Solution Holdings	Holding company
Caveo Fund Solutions	Hedge fund of funds management company
Superflex Ltd	Multi manager investment (Linked life policies)
Investment Solutions unit trust	Unit trust management
Investment Solution Administrative services	Investment administration services
Investment Solutions Ltd	Multi manager investment (Linked life policies)


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**Figure 1.5 : Main Business Operations by Entity**

### 1.9.4 STAFF COMPLIMENT FOR ALEXANDER FORBES GROUP

Schedule of staff compliment for Alexander Forbes Group at 31 March 2013 is set out here below.

Divisions	Total Headcount		
	Forecast 13	Budgeted 14	Growth
Guardrisk	216	224	-8
Investment Solutions	153	154	-1
Financial Services	1775	2020	-245
Alexander Forbes Insurance	558	593	-35
Group and Technology	214	245	-31
Total Head count	2916	3236	-320

**Table 1.1 Alexander Forbes Staff Compliment**

### 1.9.5 TURNOVER ANALYSIS FOR ALEXANDER FORBES GROUP

Table 1.2 below is a Schedule of Turnover Analysis for Alexander Forbes Group at 31 March 2013.

HEADCOUNT ANALYSIS 2013 / 2014						
	AFFS	AFGIT	AFI	IS	Guardrisk	Total Group
<b>Opening Balance: 30 April 2012</b>	1873	233	459	142	199	<b>2906</b>
<b>Less Decreases in headcount:</b>						
Resignations	241	33	66	12	24	<b>376</b>
Retirements	5	1	4	1	2	<b>13</b>
Deaths						<b>0</b>
Dismissals	9		11		1	<b>21</b>
Disablement	1				1	<b>2</b>
Absconded	3		1			<b>4</b>
Transfers Out	28	11	12	1	7	<b>59</b>
Contract Expired	48	11	21	6	3	<b>89</b>
Business Closed					2	<b>2</b>
Retrenchment	1					<b>1</b>
<b>Plus Increases in headcount:</b>						
New engagements	347	39	195	26	40	<b>647</b>
Transfers In	38	7	2	2	4	<b>53</b>
<b>Closing Balance on 31 march 2013:</b>	<b>1922</b>	<b>223</b>	<b>541</b>	<b>150</b>	<b>203</b>	<b>3039</b>
<b>Budgeted Headcount for 2014:</b>	<b>2020</b>	<b>245</b>	<b>593</b>	<b>154</b>	<b>224</b>	<b>3236</b>
<b>Variance</b>	<b>98</b>	<b>22</b>	<b>52</b>	<b>4</b>	<b>21</b>	<b>197</b>

**Table 1.2: Alexander Forbes Headcount Analysis**

The impact of talent scarcity negatively affects the organizational attempts to implement growth strategies thereby secure sustained financial performance and remain competitive. Managers and their human resources are implementing various talent management strategies as critical factors in the war for talent (Botha, 2011:2).

### 1.10 RESEARCH PROBLEM

Organizations are losing talent at an alarming rate, the cost of talent replacement is argued to be equivalent to twice the annual package of talent, especially the cost relating to the replacement of rare talent. With talent shortages able to render an

organization susceptible in terms of economical sustainability, organizations are required to implement talent management strategies to reduce turnover (Annelize Botha, 2011). Alexander Forbes Group has highly qualified and experienced talent, with knowledge, skill, experience and understanding of internal system to provide quality service to its customers. Over the past year there has been an increase in turnover of its talent joining competitors.

The Alexander Forbes Group is confronting the challenge of talent attraction and retention in order to remain competitive and to improve its performance. According to Kameswari,(n.d.), talent requires strengthening, target, and acknowledgment to develop and remain fulfilled in their positions. Managers must therefore understand that establishing these essentials would demonstrate their objective, to support, nurture and motivate their talent.

Although there are many factors contributing to talent's decision to stay or leave the organization. Recruiting the right talent for the right job is the greatest contributing factor of workforce turnover. This research therefore seeks to highlight five key talent retention factors as evidenced by literature review and to assess talent's perception on the impact that this factors could have if correctly applied within Alexander Forbes Group division and whether this retention factors will have an influence on talent decision either to stay or to leave.

## **1.11 SIGNIFICANCE OF THE STUDY**

The high level of talent attrition rate is costly to organizations. The loss of key talent results in the stripping of valuable human capital, critical skills and institutional memory (Entrekin, 2001). Organizations do not suffer only from the loss of productivity but also loss of knowledge that critical talent possesses that is beneficial to the organization. Retention of these valuable talents is therefore a strategic issue and competitive advantage for most organizations.

## **1.12 THE AIM OF THE STUDY**

### **1.12.1 PRIMARY OBJECTIVE**

The primary objective of this study is to investigate general factors impacting on talent retention, and more specifically focusing on the five factors that impact on talent retention as espoused by the literature review namely: (1) Pay and

compensation, (2) Career development, (3) Leadership / Management practice, (4) Working environment and (5) Organizational commitment.

### **1.12.2 SECONDARY OBJECTIVE**

The secondary objective of this study is assessing the impact that the five factors; (1) Pay and compensation, (2) Career development, (3) Leadership / Management practice, (4) Working environment and (5) Organizational commitment would have on Alexander Forbes Group talent's decision whether to stay or to leave the organization. Finally to propose to Alexander Forbes Group human resources management strategies that could bolster the organizations talent attraction and retention strategy and ultimately improve its performance in a sustainable way. The results from this study will assist Alexander Forbes in the development of an effective talent retention and human resources management strategy.

Data will be collected by means of a questionnaire distributed amongst 300 talents, across the Alexander Forbes Group. The research questions will be developed based on an extensive literature review on the subject. The importance of having an effective talent retention strategy, which is based on a well-articulated human resources management system, will also be stressed. Although literature review indicates that there are several organizational factors that impact on talent decision to stay or to leave. How effective these organizational factors are on retaining talent if well implemented forms the subject matter of this study. Talent attraction and retention is a highly important strategic tool for many companies. This research will improve Alexander Forbes' chances of selecting talent that will become committed to the company and also foster its ability to retain highly skilled and motivated talent.

### **1.13 RESEARCH METHODOLOGY**

The population of the study comprises 300 talented Alexander Forbes Group employees, of which 200 respondents will be drawn from Alexander Forbes Financial Services, 50 respondents will be drawn from Alexander Forbes Group and

Technology Services, 25 talents from Guardrisk Group of business and 25 talents from Investment Solutions Group.

The distribution of the questionnaire along this ratio is prorated based on the total number of employees that each of these business divisions currently employs. The total number of full time employees currently employed at Alexander Forbes head office in Sandton is 3000 as at 31 March 2013. Alexander Forbes Financial Services alone employs about 2500 employees, and Guardrisk and Investment Solutions employs about 200 employees each respectively.

#### **1.14 LIMITATION OF THE STUDY**

The focus of this study is limited to talented employees in full time employment at Alexander Forbes Group of companies head office in Sandton as at 31 March 2013. These talents include first line managers, professionals, middle management, senior management and executive level management.

## **1.15 ARRANGEMENT OF THE CHAPTERS**

### **Chapter 1: Introduction**

The introduction chapter presents general theoretical and statistical background about talent retention. This chapter also sets out the discussion of the aims of this study and elaboration of the research questions. In addition, this chapter explains the purpose of the study, reasons for the study, and its significance.

### **Chapter 2: Literature review**

Chapter 2 will deal with an outline of the subject, research questions under consideration and related issues. The theoretical background to global war for talent, need for talent retention, turnover reasons, factors impacting talent retention, and various points of view as espoused by other researches and academics will be discussed, in particular those that support a particular position.

Conclusions as to which part of the arguments best reflect the strongest view, and thereby make the most valuable contribution to the understanding and advancement of the subject matter under discussion.

### **Chapter 3: Research methodology**

Chapter 3 describes the techniques used in conducting the present study; it also addresses the research approach, strategy, sampling method, target population, and the primary data collection method, reliability and validity. Ethical issues are also discussed in this chapter.

This is a quantitative study in order to gather information published on the subject of organizational factors impacting on talent retention. The reason for using such an approach is to ensure that the quality of the evidence is not compromised and is gathered mainly from primary sources.



#### **Chapter 4: Presentation of the results**

Chapter 4 will deal with the systematic presentation of the results collected through the research questionnaires as well as statistical analysis of the data. This chapter presents the overall results along with a discussion of the qualitative data gathered during this study.

#### **Chapter 5: Conclusion and Recommendations**

Chapter 5 will contain the empirical results as integrated with the literature review. This chapter discusses the overall findings of the study, including the implications for the target groups and directions for further research. It offers recommendations arising from the findings, reports on the limitations of the study, indicates areas for future research and offers the final conclusion.

### **1.16 CONCLUSION**

In this chapter the researcher discussed briefly the scarcity of talent, the need for talent retention and related costs of talent replacement. This chapter also highlighted the shift in traditional power between employer and employee relationships in favor of talent. The researcher also discussed the challenge confronted by many organizations including Alexander Forbes group in respect of talent attraction and retention in the current global competitive environment in order to improve performance. It is well acknowledged that talent is at the centre of service delivery and client satisfaction. The next chapter therefore provides literature review on factors impacting on talent retention to determine the current knowledge of the subject and to advance the research question.

## **CHAPTER 2**

### **2. LITERATURE REVIEW ON FACTORS INFLUENCING TALENT RETENTION**

#### **2.1 INTRODUCTION**

This literature review discusses published information on the broad aspects of talent retention, with specific focus on talent retention factors, and factors that influences talent to stay or to leave the organization. This chapter also discusses the cost relating to talent turnover, factors that organizations should take into account in order to decrease turnover and ensure organizational performance. The advantages and disadvantages of talent turnover are also discussed within the context of the retention factors. The issue of talent retention remains the cornerstone of organizational success and sustained performance. With talent turnover levels having reached all-time high in recent times, most organizations are asking themselves one question: How can we retain our talent?

The retention of key talent is crucial to the long-term health and success of any organization. Therefore most organizations are aware of the fact that retaining their best talent ensures customer satisfaction, increased sales, satisfied colleagues and reporting staff, effective succession planning, and deeply embedded organizational knowledge and learning. Hence, failing to retain talent is a costly proposition for any organization (Dixit, 2011). With the cost of talent turnover inflating everywhere and now exceeding profits in some industries, addressing the issue of talent retention is urgent across the board business agenda. The greatest challenge today faced by most organizations worldwide is that of retaining key talent (Matkeri, 2011:102).

#### **2.2 WHAT IS THE MEANING OF TURNOVER**

There are various reasons why talents leave the employ of the organization, this may include amongst others; finding a different job, returning to school, following their spouse who relocated or got transferred out of town. Others reach retirement age; others just quit on impulse, or stop working after earning a certain amount of money. Still others are fired or retrenched, or come into money by winning a lottery or an inheritance and decide they no longer want to work. The above represent examples

of turnover, but these examples don't have the same implications to an organization. In order to separate their impact, it is important to define the various types of turnover. There are two types of turnover namely voluntary and involuntary. Voluntary turnover, also referred to as "quit", occurs when an employee decides to leave a workplace on their own accord (Wagar, 2006). The decision to leave may have been influenced by a more appealing job offer, a change in career direction or changes in personal circumstances. Conversely, involuntary turnover, also referred to as discharge, arises when an employer decides to terminate the employment contract (Shaw et. al,1998).

Voluntary turnover is initiated by talent; for example, where talent quits job to join another organization. Involuntary turnover is initiated by the organization; for instance, where an organization dismisses talent as a result of poor performance or restructuring (Shaw et.al,1998). This report focuses on voluntary turnover, considering factors influencing talent to leave the organization on their own accord. And what strategies organizations should be employing in order to reduce high talent turnover rate.

### **2.3 WHY TALENT RETENTION MATTERS**

A high talent turnover rate is costly and detrimental for business; it has a negative impact on talent morale, loyalty and ultimately the organizations bottom line (Michael et.al, 1984). Against this backdrop organizations are continuously asking themselves this question: How best can we keep Talent? This question is more crucial now than ever before as the demand for talent is at all-time high, as competition for the limited pool of talent becomes fiercer. The cost associated with talent replacement is prohibitive and this is not good news for most organizations. (Howard, 2010:1).

Human resource is a critical resource for any organization. It is accountable for every result, choices made and work done. Talent should be managed accordingly and be inspired by best salary and reward as per business standards. Competitive salary will help the organization to attract and retain the best talent (Matkeri, 2011:102).

According to Muhammad et al.(2011), talent retention means keeping right people on right jobs for every organization. There is no single specific definition of talent retention. Talent retention is all about "keeping good people", it has much to do with organizational culture and how people are treated (Muhammad et al., 2011:10).

Organizations are currently confronting the challenge of retaining talent, the hiring of skilled and qualified people for jobs is essential for most organizations. But it is the retention of this talent that is even more important than the hiring (Dixit, 2011).According to Dixit (2011), it is argued that there is no dearth of opportunities for talent as there are many organizations looking for such talents. Top organizations are on top because they value their talent and know how to keep them glued to the organization. Gone are the days when talent would stick to an employer for years to get increment and promotion. Talent today is different; it has good opportunities at hand. As soon as talent feels dissatisfied with the current employer or the job, talent switches over to the next employer (Dixit, 2011).

The current knowledge economy is characterized by a new era of modern technology and competitive business environment. This requires that organizations must continuously be transforming in order to be adaptable. The changing business environment affects organizations and talent alike. In order to take full advantage of organizational productivity and optimize exploitation of resources, human resources must be managed properly. Human resource management plays a critical role in respect of how talent is treated in the organization (Muhammad et al., 2011:9).

The concept of talent retention arose from an increase in the number of talent's exodus from organizations due to various reasons. It is well established that talent retention is a "controllable component" of an organization. According to Muhammad et al. (2011:10) there is no single plan that fits every situation; as a result organizations must develop talent management strategies, and tactics to retain talent that is both adaptable to changing times and daily circumstances. Management should provide talent with support because research confirms that "People don't leave organizations, but leave their Managers" (Collins, 1958).

Most talents like to work in organizations that have an enjoyable working environment. In such a working environment talents are more industrious especially where the relationship between themselves and their Manager is improved (Asmed, 2006). The organizational challenge to finding, attracting, developing and retaining talent is the most important component of human resources management and once the right talent is found the next task is that of retaining talent. Talent retention involves an understanding of talent motivating factors which many organizations are unable to identify. More importantly because individual interests and preferences vary in many respect. Organizations should therefore attempt to define the non-monetary interests and constituent preferences of its key talent, and then attempt to meet these preferences in action (Muhammad et al., 2011:10).

According to Jim Collins (2005) - author of 'Built to Last and Good to Great' - the first vital component to an organizational success is human resources. Organizations should attract and employ the right people first; and thereafter develop the organizational vision and strategy later. It is the people in the organization, who are the key to its success. All organizations are established to serve the needs of the people, and are not only run by people, talent at various levels of the organization are responsible for the competence and efficacy of the organization. To maintain this competence and efficacy, organizations should be retaining talent within the system. This organizational competence which would bolster the competency, efficacy and survival of any organization anywhere, is dependent on human resource management.

The global war for talent has increased organizational challenge to address the issue of talent retention in the context of increasing competition in the workplace. It is against this background that this research will look into talent retention challenges within the socio-economic context of South Africa and in particular within Alexander Forbes Group as an organization. There is ample academic literature on retention; in most instances retention is either discussed as an independent aspect or as part of talent management strategy. The importance of retention stems from the holistic nature of talent management. As a result there is an urgent need for organizations

to implement an integrated human resources management strategy, of attracting, developing, and retaining talent to ensure high performance (Lockwood, 2006).

"The retention of talented, experienced managers and executives is one of the biggest strategic challenges facing organizations today as they strive for high performance. The challenge is driven partly by the complex labor market forces of the increasingly multi-polar world. The globalization of product and labor markets has introduced new sources of talent to companies and new competition to it. Demographic changes, including the aging of the workforce, are shrinking the supply of managerial talent in most developed countries. At the same time, employers in countries like China and India are finding it extremely difficult to attract and retain enough managers simply because there is enormous demand for such talent in their rapidly growing economies" (Elizabeth Craig, 2008).

According to (Kameswari, n.d.), talent retention requires an organization to be more sensitive to talent needs and demonstrate various talent management strategies. Talent is looking for a good working environment, opportunity to learn, career growth, and a decent salary. The retention of key talent is important to the organization's long term survival and profitability. Managers agree that retaining talent ensures customer contentment, produce sales, and that satisfied talent have a deeply imbedded organizational knowledge and learning.

McKinney and Company (2001), expressed the view that the war for talent is estimated to persist at least for the next decade. This view although expressed over a decade ago, still resonates within the workplace. In today's knowledge economy, the calibre of talent that the organization has is critical for its success in the market place. With the demand for top talent surging, most companies are confronted by an ever increasing challenge to attract, and retain the best talent in order to gain a competitive advantage. However attracting and retaining top talent is not an easy task, but it is the task which successful companies have to pursue relentlessly. Despite extensive research articles written about the changing demographics, and the end of traditional employment contract compounded by the recent jobless economy, the demand for talent remains at all-time high (Murphy, 2004).

Muhammad et al.(2011:10) argues that during the period of high employment levels, organizations discover that the balance of power shifts from the employer to talent. Excessive turnover is a clear indication of fundamental problems within the organization. It is of critical importance for organizations to retain talent and reduce turnover. In order to achieve this objective, organizations must have the knowledge of what to do in order to ensure that its talent can remain fully engaged within the organization. Researchers on retention are of the view that retaining talent is considered as a key strategy to achieve organizational goals and financial success.

The challenge for talent retention is increasing daily as organizations battle to remain competitive. There are several approaches that organizations can adopt in this regard. The one approach that an organization can adopt is to understand the value of rewards in talent retention and secondly making jobs more challenging and valuable to talent. Some academics suggest a merger of both approaches; as talent retention remains a critical aspect of every organization (Raudenbush, 2002). According to Cappelli, (2000:104) previous studies indicated that several factors are considered important in the well-functioning of talent retention. The factors that are regarded as having a direct impact on talent retention are amongst others the following; pay and compensation, career development, leadership practice, working environment and organizational commitment etc.

According to Cole (2000) talent remain in organizations where there is a sense of pride and work to their fullest potential. The reasons why talent would stay in an organization are mostly work related such as work environment, rewards, growth and career development and work-life balance to name but a few. Muhammad et al, (2011) argued that the relationship between talent's job performance and talent retention differs significantly depending on the organizational culture and values. As the quest for selecting and retaining talent is important for any business success, only talented people who continue to develop their skills and increases their value to an organization and to the customer are the most sought after resource (Muhammad et. al, 2011:10).

According to Grimmer,(2014) there are several things that an organization should do in order to retain talent, amongst others he suggested that an organization should pay talent reasonably well, treat each and every talent with respect, show talent that it cares about its talent as individuals, and not just as critical resource, praise talent's attempts and clearly communicate goals, responsibilities and expectations. Never criticize talent openly, and reward talent for outstanding performance with promotions and opportunities for career growth.

An organization should also involve talent in plans and decisions, and ask for talent ideas and opinions. Grimmer,(2014) suggests further that an organization should encourage talent to be initiative, and create opportunities for talent to learn and grow. Link the goals of the organization with the goals of each individual talent. Keenly listen to talent concerns both work related and personal, share information openly and clearly. Celebrate successes and milestones reached by the organization and individual talents in their personal capacity and create an organizational culture that is open, trusting and fun.

It is argued that talent stays with the organization either because the organization satisfies talent needs and uses talent abilities to an optimal level or because talent just can't find another job. Obviously retention policies based simply on remuneration practices are inadequate for talent retention. Retention is maximized where the organization's values are very clear, and encourages talent ambition, and where organizations policies provide both "rewards" and "capacity" from within the organization. Finally organizations need to be more concerned about retaining talent because if there is stronger organization's commitment it has been proven that talent is retained longer (Muhammad et al., 2011:11).

In the effort to win the war for talent, organizations have intensified their focus on factors that are critical for talent retention. Research has found that a combination of essential and nonessential factors in rewarding talent such as, performance based pay, talent stock ownership, meaningful and challenging work, good supervisors and development opportunities are highly valued by talent (Birt, 2004: 27).



Although there are several factors that contribute towards talent retention, it is quite evident from the discussion above that organizations should develop effective human resource strategies that meet the needs of their talent. Organizations that have these strategies are more likely to retain their top talent, reduce talent turnover and achieve their organizational goals and financial performance in the long run.

## **2.4 THE MEANING OF TALENT**

Talent refers to an individual's differentiated potential or ability to execute against the organization's growth strategy and is a term that is much talked about in the contemporary era, however, effective talent attraction and retention remains an elusive business feat (Cheese et al., 2007). According to Frank, et al, (2004) retaining talent refers to employers' efforts to create an environment that engages talent for the long term and ensures that an organization keeps desirable talent in order to meet business objectives. However if talent is not satisfied with these efforts talent could still leave. Therefore, retention results from mutual satisfaction between talents and employers' needs and occurs voluntarily (Kontoghiorghes & Frangrou, 2009).

According to Fay Hansen, (2007), talent in the organization refers to core employees and leaders that drive the business forward, top achievers who inspire others to superior performance. Talent comprises the core competencies of any organization and represents a small percentage of workers within an organization (Berger & Berger, 2004). These defined pool of workers make up on average of less than 15 percent of the total workforce (Fay Hansen, 2007). Talents who are skilled, creative and driven to satisfy customers are essential for differentiating an organization from its competitors (Bhattacharya et. al, 2008).

Ulrich, (2008) definition of talent emphasizes competence, which means that talent should have the skills and the abilities today and in the future to generate the required business results. Knowledge is always embodied in a person; carried by a person; created, augmented, or improved by a person; applied by a person; taught and passed on by a person; used or misused by a person. The shift to the knowledge economy therefore puts the person at the center of an organization's success (Drucker, 2001:287). In order for organizations to grow, and be competitive they

require talent. Talent attraction and retention is the biggest challenge that most companies will phase in the coming decade. In this research "talent" includes high performing executives, knowledge workers, professionals, junior management, middle management and top management employed within the Alexander Forbes Group at Sandton Head office.

## **2.5 THE GLOBAL WAR FOR TALENT**

Talent scarcity is a reality; although there are currently approximately 7 billion people in the world according to (ScienceDaily, 2011), one would hardly think that there could be talent scarcity. With the rise of globalization and people becoming mobile across country borders, technology changes and accessibility to foreign countries, it's difficult to phantom how talent scarcity exists. However it seems to be a real issue for many organizations around the globe.

Most organizations are increasingly becoming aware of the value of talent towards their long term sustainability. As a result organizations are incentivizing their talent, through competitive remuneration packages including the granting of long term share options as part of talent retention strategy. A recent US white paper found that by 2010, there could be as many as 10 million more jobs available in the country than there are talents. There is a further growing evidence of talent dissatisfaction resulting from retrenchments, lack of career growth and salary increases over the past decade due to global economic meltdown (Matkeri, 2011:103).

It is evident that talent scarcity exists despite the world population of about 7 billion and counting, mainly because the majority of the world population is either uneducated, not qualified, unskilled and therefore unable to access job opportunities that are currently available. Accordingly the majority of the world population does not fall within the definition of talent; and therefore does not have the ability and capability to execute on the organizations business strategy and objectives in the current knowledge economy.

## **2.6 SOUTH AFRICAN TALENT SCARCITY**

According to the latest report by Trading Economics.com, the South African unemployment rate decreased to 24.10 percent in the fourth quarter of 2013 from 24.50 percent in the third quarter of 2013. Unemployment rate in South Africa is reported by Statistics South Africa. From the year 2000 until 2013, South African unemployment rate averaged 25.26 percent, reaching an all time high of 31.20 percent in March 2003 and a record low of 21.50 percent in the fourth quarter of 2008. However the increase in South African unemployment rate has been attributed to the lack of skills. According to the South African info reporter (2009), forty-one percent of South Africa's privately held business cites the availability of a skilled workforce as the biggest constraint to business growth, (SAinfo reporter, 2009).

Du Preez (2002) argues that South Africa is currently encountering an acute skills shortage, especially with regard to the retention of its critical talents in the private and public sectors. The exodus of talent from South Africa to developed countries, the phenomenon known as the 'brain drain' has led to the depletion of talent in the country, with a negative impact to the country's economic and social growth. Internationally, Clarke (2001) reported that the critical labour and skills shortages are virtually affecting all industries. According to Lengahan and Eisner (2006) stressed the view that global unemployment rates and associated job mobility will not resolve the shortage of talent.

Competition to recruit and retain talent in the workplace is currently the single biggest challenge that most organizations are facing, and will continue to face in the next 10 years, yet most organizations are ill prepared to meet this crisis, (Slavich, 2011:24). According to Slavich, (2011), more than 90 percent of organization's senior leaders believe that top talent provides an organization with a competitive advantage. The impact of talent scarcity negatively affects the organizational attempts to implement growth strategies thereby secure sustained financial performance and remain competitive. Organizations' human resource managers are implementing various talent management strategies as critical factors in the war for talent retention (Botha, 2011:2).

In the light of the above discussion, South Africa is on its way to curb talent scarcity, it is investing a large amount of the National budget towards education and training, for example the matric pass rate in 2013 was just over 78.2 percent (Guardian, 2014). The government is also providing opportunities for bursaries to students who wish to pursue higher education at Universities through National Student Financial Aid Scheme (NSFAS, 2014). To fight against unskilled workforce, the Government is encouraging the private sector through the (State Information Technology Agency ("SITA"), to employ graduates and provide them with the necessary skills and job related experience and training at the government cost. Legislations such as employment equity and Affirmative action (labour, 1998) are also measures taken by the government to provide opportunities to previously disadvantaged communities largely black and the poor to access economic participation. The battle against skills shortage in South Africa will be won through the commitment of government and the private sector to ensure industry competitiveness and economic growth in the country.

## **2.7 THE NEED FOR TALENT RETENTION**

The resource-based theory argues that human resources that are valuable, rare, inimitable and non-substitutable have the potential to confer competitive advantage on an organisation (Becker and Huselid 1998; Bartel 2004) as cited in (Garavanb, 2013). Studies using a resource-based perspective demonstrate that HRM practices influence performance through the enhanced behaviours of employees. Retention management is defined as "the ability to hold onto that talent you want to keep, for longer than your competitors" (Johnson, 2000). It is argued that for most companies, the retention of skills is the only viable option (Thomas, 2009:82). The modern age talent is highly skilled, qualified and experienced and has embraced much career freedom of movement. These talents are sought after commodities by companies, in particular for their skills, knowledge, experience and ability to create value to the company (Birt, 2004:25).

It is argued to be a futile exercise for organizations to try to capture talent's knowledge in organization's systems and databases, as this group of talents possess

what Quinn Anderson and Finkelstein (1996) referred to as systems understanding and self-motivated creativity. System understanding allows these talents to solve complex problems through understanding the cause and effect relationships involved, while motivated creativity is a personal attribute that keeps these talents motivated and adaptable to changes (Birt, 2004:25). According to Frank, Finnegan & Taylor,(2004) cited in (Nienaber, 2011:2) defined retaining talent as referring to employers' ("efforts to create an environment that engages talent for the long term and ensures that they keep desirable talent in order to meet business objectives").

According to Birt (2004), this calibre of modern talent places importance in a wide range of attributes, both intrinsic and extrinsic variables. Whichever organization that can provide most of these attributes to talent, it can be argued that such an organization will be better placed to retain talent. In the current knowledge based economy, talent places significant importance on intrinsic variables offered by the organization; such as challenging and meaningful work, advancement opportunities, high manager integrity and quality, empowerment and responsibility and new opportunities and challenges are highly regarded and telling. These factors have been found to impact positively on talent's level of affective commitment, which research indicated to be postulated to the increase in talent retention (Birt 2004:29).

Fitz-Enz,(1997) stated that an average organization loses approximately one million American dollars, with every ten managerial and professional talents that leave the organization. Taking into account both direct and indirect costs, the total cost of talent turnover is estimated to a minimum equivalent of one year pay and benefits, or a maximum of two years managerial pay and benefits. There is a huge economic implication to an organization that loses its critical talent, especially given the knowledge lost with the talent departure. This knowledge is used to meet customers' needs and expectations. According to Bassi,(1997) as cited in Fitz-Enz,(1997) argued that knowledge management is the process of creating, capturing, and using knowledge to enhance organizational performance. Knowledge is the most valuable asset of most organizations and supportive systems are therefore required to retain and leverage the value of talent knowledge.

Organizations should therefore be active in their knowledge management by ensuring that sources of knowledge are accessed throughout the organization. According to Robinson & Stern, (1997) as cited in Fitz-Enz,(1997), organizations seeking to sustain competitive advantage should move quickly in developing systems to leverage the value of knowledge for this purpose.

The concept of human capital and knowledge management is that people possess skills, experience and knowledge, and therefore have economic value to organizations. These skills, knowledge and experience represent capital because they enhance productivity (Snell and Dean, 1992). This deep knowledge is what many organizations believe will help to meet the needs and expectations of their customers and to create and sustain their competitive advantage within the global competitive economy.

## **2.8 THE IMPORTANCE OF RETENTION**

The importance of the organizations' talent retention cannot be over emphasized. Talent retention is critical because there are prohibitive costs associated with replacement. In particular the direct costs of talent replacement relates to the costs of the recruitment of new talent, such as the costs of recruitment agencies, interviewing and assessing prospective candidates and finding replacements whilst the recruitment process is underway. The other costs relates to training and development, as well as the cost of severance packages on dismissal if the organization employed the wrong candidates in the first place. According to Hillmer, Hillmer & McRoberts, (2004) cited by (Nienaber, 2011:2) argued that organizations can easily calculate the direct costs associated with talent turnover, as this costs can easily be linked to specific activities that talent turnover has on the organization. Frank, Finnegan & Taylor,(2004) cited by (Nienaber, 2011:2) defined retaining talent as referring to employers' ("efforts to create an environment that engages talent for the long term and ensures that employers' keep desirable talent in order to meet business objectives").

However the indirect cost of talent turnover relates to costs associated to knowledge, in particular the tacit knowledge which talent takes with when they leave the organization. The loss of tacit knowledge impacts the organization adversely in achieving sustained long term competitive advantage and high performance. The organization cannot easily determine and quantify indirect costs such as the knowledge that specific talent have and their contribution to creating competitive advantage in archiving organizational goals and high performance (Nienaber, 2011:3).

According to Kotler & Armstrong, (2000) cited by Nienaber, (2011:3), competitive advantage means that "organizations make it easier for customers to do business with them than with their competitors because of the value they offer to customers". The key to competitive advantage lies in the abilities of managers to utilize their current resources and capabilities in optimizing value creation whilst developing required future resources and capabilities (Grant, 2010; Helfat & Peteraf, 2003; Peteraf, 1993) as cited by Nienaber,(2011:3).

According to Dixit, (2011), losing a middle manager in most organizations costs up to five times the manager's annual salary. The loss of talent is very costly for most organizations because of the resultant bidding up of market related salaries for experienced hires to replace them. The cost for recruitment and assimilation of new talent, the loss of investment relating to talent development, and hidden cost relating to loss of productivity, loss of sales opportunities and strained customer relationships (Eskildesn, 2000).

Research indicates that while the annual turnover rate at established organizations is only 6 percent, the cost of talent replacement usually amounts to a quarter of talent's annual salary. With the cost to a company employing over 50 000 talented staff estimated at about \$18 million a year (Davies, 2001). Nienaber,(2011:3), argued that Generation X talents are not easy to retain, as they are likely to leave the organization if dissatisfied than any other generation because of their exceptional characteristics and diverse arrays of goals, aspirations and values.

Accordingly organizations should invest in their human resources management and develop talent retention strategies that meet talent needs in order to improve talent retention, increase customer satisfaction and reduce the cost associated with turnover.

## **2.9 WHY TALENT RETENTION MATTERS**

Dixit, (2011), provides the following reasons why talent retention matters:

- High turnover often leaves customers and talent in the lurch; departing talent takes a great deal of knowledge with them. This lack of continuity makes it hard to meet organization's goals and serve customers well.
- Talent replacement costs are high. The cost of replacing talent is estimated to be up to twice the individual's annual salary (or higher for some positions, such as middle management), and this doesn't even include the cost of lost knowledge.
- Recruiting talent consumes a great deal of time and effort, while sometimes much of this results in wild goose chase. Organizations are competing for qualified talent, and job searchers make decisions based on more than the sum of salary and benefits.
- Bringing talent' up to speed takes even more time. And when short-staffed; organizations often need to put in extra resources and time to get the work done.
- In almost all cases, it is senseless to allow good people to leave an organization. When they leave, they take with them intellectual property, relationships, investments (in both time and money), an occasional talent or two, and a chunk of an organization's future.

Therefore organizations should do everything possible to retain their top talent, in order to remain competitive and improve their financial performance as the cost of turnover is incalculable.



## **2.10 TRENDS IMPACTING TALENT RETENTION.**

The retention of talent whose expertise has great competitive advantage is becoming a decisive and well-recognized challenge for most organizations (McCann, n.d.). Such talent are also known as knowledge talent in that they “have high degrees of expertise, education, or experience, and the primary purpose of their jobs involves the creation, distribution or application of knowledge” (Davenport, 2005:10).

The challenge to retaining talent is a result of increasing job mobility in the current global knowledge economy where most talent average at least six employers over the duration of their career (O’Neal, 2005), combined with the retirement of the baby boomers from active business, an increase in the “brain drain” as smaller numbers of generation of talent enters their prime working age during this time (Jamrog, 2004). It is occurring in all types of organizations across all management levels.

The organizational challenge of finding, attracting, developing and retaining talent is the most important component of human resource management and once the right talent is found the next task is that of retaining talent. Talent retention involves understanding the motivating factors of talent which many organizations are unable to identify more importantly because individual interest and preferences vary in many respects. Organizations should attempt to define the non-monetary interests and constituent preferences of its key talent, and then attempt to meet these preferences in action (Muhammad, 2011:10).

The changes in the economic environment over the past decades as a result of an increase in international competition, technological advancement and globalization of markets, requires organizations to be more adaptable to increase productivity. This challenges has adversely affected the job security of most talent at all levels and at the same time increased the need for organizations to attract and retain talent who have capabilities that are critical for organizational survival (Horwitz et al., 2003).

In most cases these talents are not easy to retain as they put more importance on their career development opportunities than to organizational loyalty, this results in an increase in voluntary turnover (Cappelli, 2000). Studies in this field maintain that in order to have an effective talent retention management strategies, organizations must not only rely on the creation of an optimal portfolio of HR practices as these are insufficient, what is important is the management of talent' expectations relating to these practices. This will pave the path of HR managers to confidently develop a compact of policies that is equally supported by the organization and talent alike. In the light of huge costs associated with talent turnover, layoff and downsizing as a result of the current global economic downturn, HR managers still need to develop HR practices that empower them to retain their talent (Horwitz et al, 2003.)

These practices are frequently classified under the term "Retention Management". However very few researches have dealt with the topic of Talent Management consequences in terms of retention as contrary to turnover (Frangou, 2009). Retention management is defined as "the ability to hold onto that talent you want to keep, for longer than your competitors" (Johnson, 2000). In the last two decades the world of work has fundamentally changed as a result of technological advancement, globalization, competition and changing market demands as most organizations try to keep ahead of competition (Holbeche, 2009).

Human resource is a critical resource of any organization. It is accountable for every result, choices made and work done. Talent should be managed accordingly and inspired by best salary and reward as per business standards. Competitive salary will help the organization to attract and retain the best talent (Matkeri, 2011:102).

### **2.10.1 GENERATIONAL TRANSITION**

The transition from the 19<sup>th</sup> century industrial economy to the 20<sup>th</sup> century knowledge based economy, has fundamentally changed the traditional employer talent relationship. The new knowledge worker is more mobile and has different values as opposed to the 19<sup>th</sup> century talent who valued loyalty to an organization. These require organizations to customize their attraction and retention strategies to appeal

to the new breed of Talent (Bussin, 2007). This difficulty is compounded by globalization, where people are constantly moving sometimes intercontinental, talent retiring, or because talent is constantly been chased by other companies; it seems to be a never ending circle.

### **2.10.2 THE RETENTION OF GENERATION X**

This section explores factors that affect the retention of Generation X talent and shares light on strategies to retain them. This section also highlights retention with specific reference to costs associated with turnover and retention of Generation X talent. The latter is of specific interest in this this research. As the baby boomers generation enters retirement age, and withdraws critical skills from the workplace. This vacuum which normally should be filled by candidates in the age bracket that normally fill leadership roles will drop 30 per cent by 2015 (Slavich, 2011). Generation X is expected to fill the gap in the market place created by the exodus of the Boomers (DeMacro, 2007). Unfortunately this generation values differ substantially from that of its predecessor in many respects.

The traditional "good old boy", "bureaucratic culture" and the double standard of yester year are seen as draining, egocentric and childish to this talent (DeMacro, 2007). It is evident that the challenge for talent retention continues to plague many companies today. Research studies suggest that at any given time talent is preparing to leave their current job (DeMacro, 2007). It is submitted that this statement is equally applicable to South African talent as well. As generation X talent continue to lose their trust and loyalty to their organizations, organizations are confronted with the challenge of how to stimulate and retain this talent in order to remain competitive. Nienaber,(2011:2) agued that Generation X talent are the repositories of knowledge, skills, expertise and ensure good performance.

It appears that notwithstanding the plethora of academic research on retention, organizations' reactions to talent requirements in modern times seem to be ineffective and jeopardizing organizational performance. Talent retention is critical for organizations to ensure that the organization has the right skills at all

occupational levels in order to achieve organizational goals, particularly that of high performance.

### **2.10.3 GENERATIONS XERS DEFINED**

Generation Xers, are those born between 1965 and 1981 (Bova, 2001), these people usually grew up alone as their parents were employed and many had divorced (Cordeniz, 2002). Therefore, Generation Xers are disquieted about life balance. DeMarco,(n.d.) as cited by (Nienaber,2011:4) argued that Generation Xers are specifically protective of their family.

Generation Xers values communication, and the exchange of ideas through participation. They seek to understand as much as to be heard. To them communication is critical in fostering commitment and engagement (Nienaber,2011:3). Generation Xers prefer management behaviors that are associated with their generational themes, such as workplace flexibility, recognition and challenging working conditions (Cordeniz, 2002; Perrine, 2009; Pfau & Kay, 2002; Rodriguez, Green & Ree, 2003; Salopek, 2008)as cited by (Nienaber, 2011:3).

Nienaber,(2011:3) argued that in order to contribute to Generation Xers commitment and engagement, organizations' talent management strategies should include flexible working arrangements, recognition, training (including mentoring), development, and performance management (including feedback).

### **2.10.4 UNDERSTANDING REASONS FOR TALENT TURNOVER**

Dixit, (2011) suggest that talent do not leave an organization without one particular reason. There are certain circumstances that lead to their leaving the organization. The most common reasons can be:

- **Job is not what the talent expected to be:** Sometimes the job responsibilities don't come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.
- **Job and person mismatch:** A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his

personality, then he won't be able to perform it well and will try to find out reasons to leave the job.

- **No growth opportunities:** No or less learning and growth opportunities in the current job will make candidate's job and career stagnant.
- **Lack of appreciation:** If the work is not appreciated by the supervisor, the talent feels de-motivated and loses interest in job.
- **Lack of trust and support in coworkers, seniors and management:** Trust is the most important factor that is required for an individual to stay in the job. Non-supportive coworkers, seniors and management can make office environment unfriendly and difficult to work in.
- **Stress from overwork and work life imbalance:** Job stress can lead to work life imbalance which ultimately many times lead to talent leaving the organization.
- **Compensation:** Better compensation packages being offered by other company may attract talent towards themselves.
- **New job offer:** An attractive job offer which talent thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead talent to leave the organization.

All these factors plus other dependent ones result in the attrition of talent. Although remuneration is important in retention, it is not the only cause. Psychological and social maladjustment is equally responsible for attrition of talent in response to the physical environment. Despite research pointing to different solutions, many organizations use incorrect tactics in the attempt to improve talent morale, satisfaction and retention (Dixit, 2011:444).

Dixit(2011), proposes that the typical issues that cause talent dissatisfaction are organizational policies and procedures, quality of supervision, working conditions, relationship with the immediate supervisor and salary. Over the past decade incentives have been over-used, as management books peddled the significance of improving appreciation of exceptional performance. Although studies indicates that carrot-and-stick incentives does not assist with the long-term organizational profitability or talent satisfaction or retention. On the opposing side, incentives have

been found to harm value when talent aims for promptness or other objectives rather than value creation (Dixit, 2011:445).

Talent wants a chance to grow and develop their skills, advance their careers and have greater variety at work. Research confirms that people want to do new things, feel skillful and experience personal satisfaction of higher levels of achievement. Talent also seeks greater work-life balance than in the past, and organizations are making significant strides in providing flexible working hours and dress codes. As talent seeks to make a contribution, according to recent research studies organizations that provide healthy quantities of the key satisfiers relish greatly in reduced turnover and higher morale and increase in profitability (Dixit, 2011:445).

Considering all these factors, the following barriers to talent retention come into focus:

- Lack of support from management.
- Company culture does not support change.
- Back lash only from talent.
- Managers do not view work/life initiatives as business tools that impact talent retention.
- If the practice of talent retention has to bring into reality, these barriers have to be overcome.

In the effort to win the war for talent, companies have intensified their focus on factors that are critical for the retention of talent. Research has found that a combination of essential and non-essential factors in rewarding talent such as, performance based pay, talent stock ownership, meaningful and challenging work, good supervisors and development opportunities is highly valued by talent (Birt 2004:27). According to Hall, stock based rewards continue to be central to management compensation. Although stock based rewards are commonly used for goal alignment and motivational purposes, they are certainly used for other reasons, including attracting and retaining talent (Benjamin,2010).

Talent retention is an important and continuous endeavor of most organizations. One of the critical challenges of most organizations is having managers that

understand their responsibility to create and sustain an environment that bolsters talent retention (Kameswari, n.d.). According to Kameswari,(n.d.), talent requires strengthening, target, and acknowledgment to develop and remain fulfilled in their positions. Managers must therefore understand that establishing these essentials would demonstrate their objective to support, nurture and motivate their talent. Recruiting the right talent for the right job is the greatest contributing factor for reducing workforce turnover. If there is a divergence in talent skills, abilities and job requirements this would result in attrition as both these factors are interlinked.

Kameswari,(n.d.), strongly suggest that talent retention requires that an organization should be sensitive to talent needs and demonstrate various talent management strategies. Most talents are looking for a good working environment, opportunity to learn, career growth, and decent salary. The retention of key talent is important to the organizations long term survival and profitability. Managers agree that retaining talent ensures customer contentment, produce sales, and that satisfied talent have a deeply imbedded organizational knowledge and learning.

The war for talent is intense, with high level executives and HR departments in most organizations spending large amounts of their time, effort and money in the attempt to retain their key talent (Mitchell, 2001). Organizations are looking for retaining appointees whose skills and capabilities could serve the organization's needs whilst at the same time talent are seeking out to stay in organizations where their needs are likely to be met (Frangou, 2009). One of the most important issues facing organizations today is the retention of talent that the organization has trained, invested in, developed and shaped profile.

According to Frank, et al. (2004) retaining talent refers to employers' efforts to create an environment that engages talent for the long term and ensures that employers keep desirable talent in order to meet business objectives. However, if talents are not satisfied with these efforts they can leave. Therefore, retention results from mutual satisfaction between talents and employers needs and occurs voluntarily (Kontoghiorghes & Frangrou, 2009). Herman (2005) argues that a retention plan helps to avoid undesirable loss of human and intellectual capital, and thereby

reduce the costs of talent's turnover and improves the workforce stability and engagement.

The current popular belief across many industries is that the increase in labor market efficiency and mobility has generated a new breed of talent: knowledge worker (also regarded as talent) with portable skills (Tulgan, 2001; Woodruffe, 1999). Drucker (1998:11) argues that "knowledge makes resources mobile". Knowledge workers, unlike manual employees in manufacturing, own the means of production: they carry that knowledge in their heads and can therefore take it with them." The portability of talent' performance has implications for how firms develop, hire, retain, and leverage their talent (Phillips, 1997). The old contract of talent loyalty in exchange for job security and fair work has dissolved (Oveman, 1998). Talent will offer their commitment to the organization in reciprocation for the organization having fulfilled its psychological contract (Angel & Perry, 1983; Robinson, Kraatz & Rousseau, 1994).

Talent motivation is defined as "a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work-related behavior and to determine its form, direction, intensity and duration" (Collings & Mellahi, 2009:311). The emphasis for HR practices should therefore be on building the motivation, commitment and development of those in the talent pool, and a shift from a short-term psychological contract towards a more long-term psychological contract (Boxall & Purcell, 2008).

Previous studies of the concept of commitment have substantiated that talent commitment to the organization has a positive influence on job performance and a negative influence on intention to leave or talent turnover. According to Lambert, Hogan & Barton, (2001) cited by (Salleh Mohd Radzi, 2009:173), the intent to stay or leave is strongly and consistently related to voluntary turnover.

### **2.10.5 THE NEGATIVE IMPACT OF TURNOVER**

The changes in Human resources management and practices in the later part of the twentieth century had further complicated the retention challenge. With organizations no longer able to provide managers with a stable career and secure



long term employment. Most organizations are facing a growing practical and strategic challenge of markets and increase in competition brought by new technologies and performance pressures exerted by investors who favors short-term return over long term growth (Craig, 2008:2). Organizations are responding by developing new strategies of enhancing performance, including developing flexibility with their talent.

Literature review on this subject acknowledges that successful organizations share a primary philosophy of recognizing and investing in their talent (Maguire, 1995). Several research studies defined human resource management as critical means of achieving competitive advantage. This view is consistent with the retention of highly skilled talent. Most organizations claim to provide talent with opportunities to accumulate skills and experiences that improve the organizational performance and at the same time enhance talent employability in labor market than guaranteeing their employment security (Craig, 2008:2).

It is argued that employability approach motivates and often expects talent in particular those highly skilled professionals such as managers and professionals to take greater personal responsibility of their careers. The self managed careers eliminates implicit promises of organizations' long term employment security and enables managers and executives to take charge of their career growth often resulting in changing jobs and employers more frequently than ever before (Craig, 2008).

#### **2.10.6 TALENT RETENTION SUCCESS MANTRAS**

Some of the retention success mantras as proposed by (Dixit, 2011) are summarized below:

- **Quality of Work Life (QWL)**- Providing quality of work life not only reduces attrition but also helps in reducing work absenteeism and improves talent job satisfaction. Not only does QWL contribute to a company's ability to recruit quality people, but also it enhances a company's competitiveness. Common beliefs support the contention that QWL will positively nurture a more flexible,

loyal, and motivated workforce, which are essential in determining the company's competitiveness.

- **Support-** Providing support to the talent acts as a mantra for retraining them. The management can support talent directly or indirectly. Directly, they can provide support in terms of personal crises, managing stress and personal development. Management can support talent, indirectly, in a number of ways as optimizing talent engagement, coaching and mentoring etc.
- **Open Communication:** A culture of open communication enforces loyalty among talent. Open communication tends to keep talent informed on key issues. Most importantly, they need to know that their opinions matter and that management is 100% interested in their input.
- **Talent Reward Program:** A positive recognition for work boosts the motivational levels of talent. Recognition can be made explicit by providing awards like best talent of the month or punctuality award. Project based recognition also has great significance. The award can be in terms of gifts or money.
- **Career Development Program:** Every individual is worried about his/her career, and is always keen to know his/her career path in the company. Organizations can offer various technical certification courses which will help talent in enhancing their knowledge.
- **Performance Based Bonus:** A provision of performance linked bonus can be made wherein talent is able to relate performance with the company profits and hence talent will work hard. This bonus should strictly be productivity based.
- **Recreation facilities:** Recreational facilities help in keeping talent away from stress factors. Various recreational programs should be arranged. They may

include taking talent on trips annually or bi-annually, celebrating anniversaries, sports activities etc.

## 2.10.7 THE NATURE OF RETENTION STRATEGIES

According to Kameswari,(n.d.), the following are key essentials for effective retention methods:

Clarity of role	Satisfied talent know clearly what is expected of them each day at work
Good Managers/ Supervisors	The quality of supervision that talent receives is critical to talent retention. People leave managers and supervisors more often than they leave companies or jobs.
Open and transparent culture	The ability for talent to speak his or her mind freely within an organization is another key factor in talent retention.
Talent management and skill utilization	Organizations must know their talent' strengths and use those strengths appropriately.
Learning and growth opportunities	The best talent- those talent an organization wants to retain- seek frequent opportunities to learn and grow in their careers, knowledge and skill. A career oriented, valued talent must experience growth opportunities within an organization.
Communication and contact	Management should schedule periodic meetings with talent to learn more about their individual talent, abilities and skills.
Talent appreciation	Critical to successful retention methods is that talent must feel appreciated, recognized and rewarded for their good performance.

**Table 2.1: Effective Retention Methods**

Current research has shown that the global talent pool is retreating and organizations are indecisive as to what talent management strategies they should be making (Bussin, 2007). With talent shortages able to render an organization susceptible to poor economic performance, organizations are required to implement talent management strategies to reduce turnover (Annelize Botha, 2011).

The impact of talent scarcity could make an organization incompetent of augmentation, and detract from effectiveness in achieving and maintaining an endearing edge, thus eventually jeopardizing its survival (Boshard & Louw, 2010; Charest, 2011; Prinsloo, 2008). The demise of an organization has a negative impact on the macroeconomic environment as it prohibits sustainable economic growth, which in turn counters a better life for all (Boshard, 2013).

Alexander Forbes Group employs about 3000 highly skilled talent at its head office in Sandton, South Africa. Talent retention is therefore critical for Alexander Forbes to remain competitive. Without talent management strategy it becomes self-defeating for the organization to invest significant resources in the recruitment process where there is high turnover rates. The retention of key talent is as essential as talent recruitment process. According to (Mobley, 1982; Arthur, 2001) as cited in (Rehman, 2012:85), suggest that talent retention can be improved by several factors such as better recruitment effort, selecting right man for the right job, continuous review of job specifications and job descriptions, compensation practices, leadership and supervision, career planning and development, working condition, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, employee participation, turnover policies and appreciations .

Tanvir, (2012:127) highlights some of the following reasons as contributing to talent turnover in the organizations: hiring practices, managerial style, lack of recognition, lack of competitive compensation system, toxic workplace environments, lack of interesting work, lack of job security, lack of promotion and inadequate training and development opportunities, amongst others. These are both intrinsic and extrinsic motivational factors which can assist managers to influence talent retention.

Literature review identifies several factors which are critical for talent retention, varying from purely financial inducements to so-called "new-age" benefits. These inducements can be grouped into five major categories of retention factors, namely; (1) financial rewards, (2) career development opportunities, (3) job content, (4) social atmosphere, and (5) work-life balance (Horwitz et. al, 2003). Literature review confirms the importance of human resource management in talent retention. Researchers have found that human resource management practices in compensation & rewards, job security, training & developments, supervisor support culture, work environment and organization justice can assist to decrease the levels of talent's absenteeism, improves talent retention and better quality work (Irshad,2011:85).

HRM practices such as thorough talent selection practices, worker support programs, recognized training and reward packages were found to improve retention. According to Wagar and Rondeau, (2006) research which focused on the relationship between HRM practices and employee retention in SME, the research also found that team work encourages relationship between colleague and group responsibility and this in turn decreases worker turnover rates. This research will focus on the five organizational factors impacting on talent retention; the factors to be examined and discussed are the following: Pay and compensation, Career development and training, Leadership practice, working environment and Organizational commitment.

Retaining key talent is important to the long term success of any organization. Talent management strategy is essential for an organization if it wants to remain productive over time and could be essential and important part of the hiring strategy by attracting the best candidates. In fact, some companies do not have to recruit because they receive so many qualified unsolicited interest from potential candidates due to their history of excellence in talent retention (Dixit, 2011:444). How do you get your talent to "fall in love" with your organization? This is a great question.

Some of the suggestions made by Dixit (2011) are summarized as follows; hire the right people in the first place, empower the talent by giving talent authority to get

things done, make talent realize that they are the most valuable asset of the organization, have faith in them, trust them and respect them. Provide talent with information and knowledge, keep providing them feedback on their performance and recognize and appreciate their achievements, keep their morale high. Create an environment where the talent wants to work and have fun, treat talent like you treat your most valuable clients, get talent to "fall in love" with your organization.

Retention is much more effective when organizations put the right talent into the right job, know their job, and know their talent and motivations. Leadership must be deeply invested in the retention of their talent. Although money is important it is not the only reason talent stays with an organization. Recognition, in various forms, is a powerful retention strategy. Organizations should constantly know the trends in benefit packages, and do their best to offer the benefits that talent needs.

### **2.10.8 FACTORS IMPACTING ON TALENT RETENTION**

In the effort to win the war for talent companies have intensified their focus on factors that are critical for the retention of talent. Research has found that a combination of essential and non essential factors in rewarding talent such as, performance based pay, talent stock ownership, meaningful and challenging work, good supervisors and career development opportunities is highly valued by talent (Birt,2004:27). Although stock based rewards are commonly used for goal alignment and motivational purposes, they are certainly used for other reasons, including attracting and retaining talent (Benjamin,2010).

According to Slavich (2011) talent leave their employment for various reasons. The reasons for leaving vary depending on the overall economy and the organization specific circumstances, but by in large the reason - people leave bosses before they leave companies, in-adequate pay or overall compensation packages, work life imbalance, the job is not what was expected, a feeling of been undervalued and a lack of career growth opportunities and development ( Slavich, 2011).

Thomas (2009) articulated some of the following reasons for talent considering alternative employment within the South African context; levels of organisational

bureaucracy that inhibit commercial frame of mind, a mature management structure dominated by an old boys' club mindset, in which new leaders are invited to join based on internal, exclusionary networking, a work culture in which women are not recognised and promoted in leadership roles, an organisational culture that accommodates mediocrity and non performers to prevail, stunting advancement in the organisation and restricted career opportunities due to affirmative action.

Thomas (2009) also advanced a strong argument on factors that are considered critical for talent retention such as: Career advancement according to merit and not race, being part of high performance work culture in which mediocrity and poor performers are not tolerated, personal growth associated with participating in leadership development programmes, including an international sabbatical at a centre of excellence. Talent should feel that they are part of a mentorship programme conducted by senior leaders who offer guidance on career progression. Talent should be exposed to all aspects of the business, valuing talent skills and ability. Organizational recognition of talent contribution and a strong and respected employer brand. However DeMacro (2007), suggests that in order to attract and retain talent organizations must pay specific attention to the following four strategies;

(i) Focus on collaborative relationships

This relates to the need for talent to build strong relationships between colleagues and customers. As such companies need to develop a new communication models that include strategies for team building.

(ii) Offer Variety

This relates to talent interest in equality, fairness, justice, flexibility and network corporate arrangement and not status. A flexible and dynamic work environment coupled with opportunities to learn new skills as critical.

(iii) Work in teams

Teaming and ability to bond with others is core for talent work ethics today. Companies should encourage team-building, training activities, and do

away with rigid bureaucracy. Companies need to focus on creating a truly team focused environment and recognize individual talent contribution in order to keep these much needed talent.

(iv) Build a strong corporate communication process

To keep talent companies must encourage debate and accommodate opposing opinions. Talent should be encouraged to speak up, discuss business challenges and express their view without fear of being undermined. As a result companies should put in place a process whereby ideas and opinions get acted upon. In this technological advanced age, companies must create a transparent work environment of instant feedback.

Studies indicate that talent retention is driven by several key factors, which ought to be managed congruently: organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems (Logan, 2000) In recent times an increase in mergers and acquisitions activities have left most talent feeling unhappy from their employment and terrified by concerns of overall job security. As a result, organizations are now making planned career changes to guarantee talent engagement that satisfy their need for security. On the other hand, organizations have a need to keep their talent from leaving or going to work for other organization. In fact, organizations offering talent development programs are finding success with retaining talent (Logan, 2000). This is argued to be true because of the huge cost associated with hiring and retraining new talent.

Ware, (2006:28) proposes the following methods of creating a retention strategy; organization should create a cross functional interim task group that will determine retention goals and assign ownership, identify high value talent and track their commitment and turnover. Use talent survey, exit interview data and focus groups to determine top leverage actions. Put programs to educate managers on their role regarding talent retention and create retention plans with accountability in order to optimize organizational systems to support retention goals. Organizations should conduct regular "Talent Health Check-ups" in order to identify the concerns of high value talent before they become problems that cannot be resolved. Ware,



(2006:25) argued that the most effective management behaviors for talent retention are the following; Providing recognition that is sincere, not forced or artificial, establishing an atmosphere of trust amongst direct reports, encouraging direct reports to support each other and work collaboratively. Management should be sensitive to direct reports needs to balance career and personal/family life, and involve other interviewers in the selection process. Management should act as good team role model and recognize direct reports when they make extraordinary efforts. When making hiring decisions management should focus on the candidate's personal fit to the organizations' culture, and should provide recognition to direct reports equally without favoritism, and use a structured approach when interviewing.

According to Nienaber( 2011), previous research has demonstrated that talent retention is a multi-faceted concept that is affected by various factors, including talent commitment, engagement, communication, leadership and interaction, and human resources practice. This indicates that retention is a complex subject that requires management careful consideration to ensure that talent remain in the employment of the organization and preserve their knowledge, skills and necessary experience for organizations sustainability. Literature review on the subject indicates that certain factors are important in talent retention and this research will focus on the five talents retention factors as shown inFigure 2.1below.

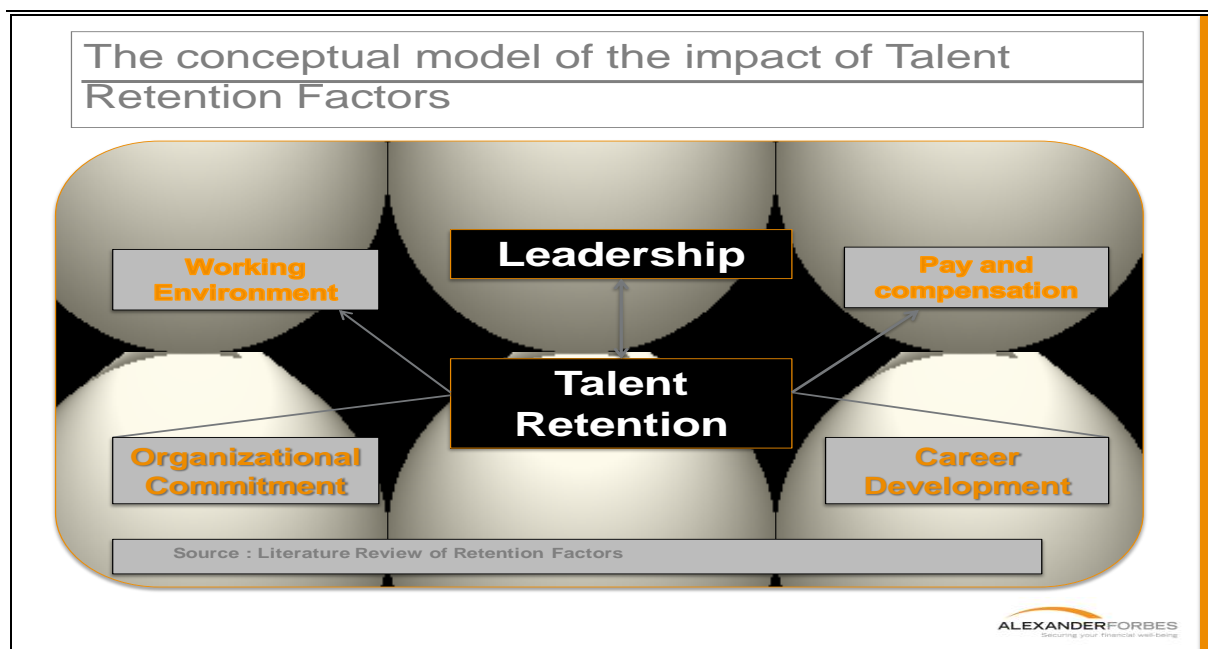


Figure 2.1: The conceptual model of talent retention factors

The talent retention factors which will be discussed more extensively in this research are the following; pay and compensation, career development and training, leadership or management, working environment and organizational commitment as indicated in the diagram above. The five retention factors will now be discussed more fully here below, commencing with the impact that pay and compensation has on talent retention.

## **2.11 THE IMPACT OF PAY AND COMPENSATION**

### **2.11.1 INTRODUCTION**

Research shows that most employers use different strategies for the retention of their key talent such as training, work environment, compensation, etc. Researchers in the past have investigated these factors independently in order to observe their impact on talent turnover, and to determine how talent can best be retained (Atif Anis et. al, 2011).

It is well known that the total compensation amount offered by other organizations in the same industry has an impact on turnover. Organizations that offer high compensation packages compared to others have seen an increase in the number of candidates applying for induction and have low turnover rate. According to Irshad (2011), high compensation package organizations also create a culture of excellence. The discussion that follows will investigate the impact of pay and compensation on talent turnover.

### **2.11.2 PAY AND COMPENSATION**

Compensation is at the centre of every employment relationship. Compensation and reward are critical features of Human Resources Management. The American Association defined compensation as “cash and non-cash remuneration provided by the employer for services rendered” (ACA), as cited in (Atif Anis et al., 2011: 2681). It can be argued that the compensation method that an organisation provides to its talent plays a crucial role in determining talent commitment levels and retention. According to Willis, (2000:6), compensation is one of the most

important considerations for talent attraction and retention in an organisation. In the survey conducted by (Kabir, 2011:115) to assess the various job characteristics and the way employees ranked them as motivators and satisfiers indicates that compensation was ranked the number one job satisfaction element; and that an increase in salary for performance was ranked the number one job motivating element. Compensation is therefore a valuable tool that organizations can use for talent retention and turnover.

Organizations today are confronting the challenge of creating an attractive compensation packages that are in line with their talent attraction, retention and development strategies. Although most organizations claim that their base pay increases on performance, this was not found to be accurate (Sinha, 2012:150). According to Feldman cited in (Sinha, 2012:150) argued that even though most organizations emphasizes team work, organizations reward individual achievement over team achievements. This is particularly difficult when talent is not seeing a substantial pay increases over time whereas management is richly rewarded.

### **2.11.3 BENEFITS OF PAY AND COMPENSATION**

As organizations are concerned about talent retention, compensation and benefits is argued to be one of the best initiatives which an organization can use to retain talent. Delaney and Huselid cited in (Atif Anis et.al, 2011:2681) argued that compensation system is founded on an excellent outcome resulting from talent performance. According to Atif Anis et. al,(2011) there is a positive relationship between training and compensation.

According to (Zobal, 1998; Moncarz et. al, 2009; Chiu et. al, 2002) as cited in (Atif Anis et.al, 2011:2681), compensation serves as talent motivator to remain committed to the organization, resulting in improvement of talent attraction and retention. Research shows that compensation is a valuable tool that organizations could use to manage talent retention and turnover. Compensation also serves to communicate how valuable talent is to the organization, when given to talent in return for services rendered. As a result, the important parts of compensation are based on salary, merit pays, discretionary rewards or bonuses, which serve to attract the best talent

(Chiu, 2002). According to (Deckop et al., 2006; Moncarz et al., 2009; Zsidisin et al., 2003) as cited in (Atif Anis et al, 2011:2681), compensation and reward system also increases employee performance.

Kabir, (2011:119) argued that money is a good motivator for talent, because all talent wants to work for money. As talent need money, a good salary and good compensations are key factors in satisfying the talent's needs. Organizations can therefore increase talent's salary and compensation to motivate their talent, a good pay check can be one of the key factors affecting job satisfaction, also in this way an organization can improve service quality and organizational performance. According to Fox,(2012), a highly competitive wage system promotes talent commitment and thus results in the attraction and retention of a superior workforce. This should not be seen as the only factor that organizations should adopt in order to retain their talent, other factors are also critical for talent retention. The strategy for attracting and retaining talent consists in crafting informed ompensation and benefits package, along with instituting talent employee appreciation and recognition program (Lee, 2000) as cited in (Fox, 2012).

An efficient wage structure influences talent to stay longer with the organization and has a positive retention aspect. In particular if talent is better rewarded within the organization, talent is likely to stay with the organization until talent self-interest is no longer fulfilled there. According to (Moncarz et al.,(2009); Shaw et al.,(1998)), cited in (Atif Anis et al, 2011:2681) talent will change employment with the organization if talent gets a better opportunity in the external environment. Research studies emphasized the link between rewards and employee retention (Watson Wyatt, 1999; Tower Perrin, 2003; Mercer, 2003) and give awareness into talent behavior and their perceptions about their work and rewards matters. Recent research studies on talent management supports the assumption that broad implementation of reward practices assist in talent retention and management.

Research studies over the years have shown how organizations that have deliberately addressed the issue of remuneration of top talent have realised significant return on investment and ultimately corporate prosperity (Murphy,

2004:13). Most organizations have adopted several ways of recognizing and rewarding talent, incorporating both short term and long term incentives. Giving talent recognition is argued to be the least expensive and most effective means of retention. If talent is given recognition, this boosts morale and encourages a positive behavior towards work. This will further encourage talent to willingly work more efficiently. The result is that talent would be more satisfied; and therefore stay longer in the employ of the organization (Anis et al, 2011:2681).

According to Brown and Shepherd (1997) and Chess (1994) as cited in (Tanvir Alam, 2012:127) supports the argument that motivation improves talents' job satisfaction. These researchers also contend that there are certain motivational factors that predict job satisfaction and hence low turnover, such as salary, wages and conditions of service; money; staff training; information availability and communication.

#### **2.11.4 DISADVANTAGES OF PAY AND COMPENSATION**

Compensation is one of the key instruments that organizations can use to attract and retain talent. It can be used to attract potential candidates, because candidates want to know about it, when applying for position (Chiu, 2002). Organizations with high-wage structures have improved recruitment and retention of talent as compared to others. Research shows that compensation can shape the culture of an organization. According to (Kuhun, 2009; Zobal, 1998) as cited in (Atif Anis et al, 2011:2681), the culture could be individualistic or collectivistic, depending on the organizational features and memberships. In other words, compensation and reward structure indicates an organization's gratefulness for talent efforts and this motivates talent to remain with the organization. However, it is argued that in order for compensation and reward structure to achieve this effect, Graham,(2002) emphasized the need for cash compensation increases to be in line with competitive market rates.

In the study set out to examine the differences leading to turnover intention between two groups, general and repatriated employees. Black et al, (1992), as cited in (Choi, 2013:102) revealed that of the expatriates considered, 77 percent were unhappy with their compensation structures, thus further strengthening the

perception of compensation as integral to expatriates' levels of job satisfaction. Most researchers argue that competitive compensation package indicates a strong organizational commitment and this also build strong talent commitment. However, compensation contributes towards overall talent retention, irrespective of talent skill and contribution to the organization. Compensation can be used as a tool to influence both desirable and undesirable turnovers.

According to Smith (2001) as cited in (Irshad, 2011:87,) argue that money brings talent in the organization but not necessarily to keep them. Although it can be argued that money satisfies talent, it is not enough to retain talent. Money as an independent factor is insufficient to retain talent, as most talent does not regard money as primary retention factor Brannick, (1999) as cited in (Irshad, 2011:88). According to (Rajan, 2012) compensation is seen as the starting point for any organization that wants to remain competitive. Most organizations single greatest threat is that of high salaries offered by other organizations. This requires organizations to always be vigilant on what wages the industry is offering and look internally to examine internal pay disparities in comparison, to see if they are competitive.

It can therefore be concluded that the disadvantage for compensation is that it can lead to higher organizational cost which does not correlate to talent contribution and organizational performance. Compensation has the ability to pressurize organizations to compete in wages offered to talent in order to attract the best talent in the market. This could lead to high cost of headcount which at times an organization cannot afford and this could also result in the organization's demise. Higher salaries and wages forces organizations which offer lower compensation to lose their talent to organizations that offers higher and competitive compensation packages. Higher compensation package is also not a guarantee that talent will stay with the organization, as other factors are of important consideration as well.

#### **2.11.5 VARIOUS TYPES OF COMPENSATION**

Compensation package is one of the most important motivational factor for talent retention in any organization; organizations are regularly providing various pay packages in order to retain their talent( Mohammad et.al .n.d). In most cases the pay package includes special pay premiums, stock options or bonuses, incentives,

profit sharing and so on (Mohammad et al, n.d.). Several studies had showed that compensation package is an important issue for motivating employees and had discussed the structure of pay package (e.g. Ashram, Joarder, Al-Masum, & Ibrahim, 2007; Parker & Wright, 2001) as cited in (Mohammad et al .n.d).

Compensation can be divided into two parts, namely financial and non-financial part. The financial and non-financial compensation is given to talent for achievement of required objectives against their work related performance. Whereas reward is normally extemporaneous and formal pay given to talent based on performance (Zobal, 1998). According to Agarwal, (1998) as cited in (Irshad, 2011: 88) defined "reward" as something offered by the organization in response to expected talent performance and contribution. The amount of pay, benefits, or equivalents that talent receives in return for services rendered to the organization. A reward can be intrinsic or extrinsic, it can be in the form of cash i.e. bonuses etc or reward can be in form of recognition, such as commendation certificate or worker of the month etc.

In business environment rewards are offered in several forms such as; recognition, cash bonuses, awards, free trips and free merchandise etc. However if a reward is offered by the organization in response to talent contribution to organizational performance, it can have an enduring impression on talent. It could also support the perception that talent is valuable to an organization (Silbert,2005) as cited by Irshad,2011:88).

Talent reward in the form of cash based remuneration, long term incentives (LTIs) such as share options and short-term incentives (STIs) bonuses are among the top three preferred choices of rewarding talent. According to Birt (2004:30) organisations should develop a comprehensive talent reward structure which is both flexible and adaptable to talent needs and expectations while still serving the needs of the organization. Such a reward structure could include both intrinsic and extrinsic variables as both are considered important by talent. No doubt the value of cash and non-cash compensation package provides a good framework for total remuneration structure for talent (Murphy 2004:16).

It is arguable that pay and fringe benefits enable talent to satisfy their physiological as well as esteem needs. As a result it is critical therefore that organizations review their incentive schemes regularly in order to make them more effective to meet changing talent needs and to retain their talent. Literature studies revealed that it is critical to separate normal and standard compensation i.e. salaries, wages and benefits etc, and what is normally discussed as compensation on performance related or performance pay.

Pfeffer, (1998) as cited in (Irshad, 2011:88) argued that many organizations have successfully implemented talent retention strategy without offering high compensation or pay based retention strategy. In such circumstances a wide array of factors were taken into account for successful retention of talent. Accordingly the existence of other retention factors cannot be underestimated or totally ignored. For example Ihsan and Naeem (2009), as cited in (Irshad, 2011:88), indicated that pharmaceutical sales force rated pay and fringe benefits as the most important retention factors, a view which is supported by other research findings.

#### **2.11.6 EFFECTIVENESS OF COMPENSATION ON TALENT RETENTION**

Literature review considers compensation as one of the most important factors for talent retention. Compensation plays an important role in attracting and retaining top talent especially those with unique skills, which are indispensable to the organization's outstanding performance. According to Lawler(1990) as cited (Irshad, 2011:87) argued that organizations could adopt a low wages strategy if the work to be done is simple and requires little or no training and adopt high wages strategy in high labor markets. As such it is evident that compensation can be used to support the organization's strategic objectives, such as rewarding innovation and risk taking.

Most organization's primary objective is to retain their valuable talent through performance related pay, this is considered an important talent retention factor, Harris and Brannick, (1999) as cited in (Irshad 2011:88). According to Parker and Wright, (2001) as cited in (Irshad, 2011:88), a fair wage is the foundation element of an implied and contractual bond between an employer and employee, this underlying supposition is based on the notion that monetary reward can influence



behavior. With organizations regularly offering high pay packages i.e. stock options, special pay, retention pay, gain share pay, performance base pay and bonus etc. in order to attract and retain their talent off the market.

According Williams and Dreher (1992), as cited in (Irshad, 2011:88), wages is the key factor that influence talent attraction and retention, and plays an important role in the recruitment process. Whereas pay is not sufficient to retain talent and that low pay package is likely to drive talent out of the organization (Highhouse, et al.(1999). It cannot be implied from research that high pay package would bring and keep talent in the organization. Ultimately, talent stays or leaves the organization due to several factors i.e. work environment, co-workers behavior and supervisor support etc, (Highhouse et al.,(1999).

An organization's human resource policies play an important role in talent management; in particular talent develops an understanding of the nature of the organization and have faith and belief based on the organizations' implemented HR policies. It is required that the policy should reflect the best practices, timely and appropriate to talent needs. Such polices should, clearly speak of salary/emoluments, leave, promotion, training, assessment, evaluation, recognition etc. The continued implementation of such a policy develops a sense of confidence and belief about the organization in the minds of talent. In the absence of such policies, talent is likely to feel a state of insecurity and to develop a complaining attitude. As is usually the case dissatisfied talent is likely to be trapped by the demands of the industry (Dixit, 2012).

According to Nienaber, (2011:7) research found that the next most prevalent factors impacting on the retention of Generation X employees were flexible working conditions, compensation and benefits. Nienaber (2011) also found that although Generation Xers were regarded as knowledge workers in terms of their academic qualifications, experience and tenures with their current organizations. Generation Xers showed that they were aware of and concerned about, their poor compensation. In fact they held the view that their compensation did not reflect their status as valuable assets to their organisations.

Compensation offers talent recognition, but there are other forms of non-monetary recognition that are also important to talent, such as recognition from bosses, team members, coworkers and customers that can enhance talent loyalty (Walker, 2001). Organizations that are committed to their talent invests in progressive human resource practices i.e. education, training & development and compensation package, (Arthur, (1994); Huselid, (1995)) as cited in (Irshad, 2011:88). These organizations also implement justified practices on rewards allocation and dispense their rewards more fairly and equitably. According to O'Herron and Simonsen,(1995), it is important for organizations to embrace the culture of employee development, which could include pay increases for lateral moves appropriate for their talent development.

Accordingly organizations should structure their salary and remuneration packages to ensure that they cater for talent various needs. An effective and competitive pay and compensation structure is one of the main considerations of talent in joining an organization, and contributes towards talent attraction and retention. Having considered the significance of pay and compensation in talent attraction and retention, the next discussion focuses on the the impact of career development and training on talent retention.

## **2.12 THE IMPACT OF CAREER DEVELOPMENT AND TRAINING**

### **2.12.1 INTRODUCTION**

Originally "career" meant a road, or a path to be travelled. Later it began to mean a course of achievement within a profession. During the twentieth century, career referred to a professional occupation yielding both money and a respected position in which one could advance. (From this perspective, some people had "careers" while others merely had "jobs.>"). However, career is today viewed more generally as, encompassing work, leisure and other life-span dimensions. This fusion of self-knowledge and labour market information provides the context for the discussion of the impact of career development and training on talent retention in recent times (virtualhabitats., n.d.).

### **2.12.2 CAREER DEVELOPMENT DEFINED**

The definitions of career development varies along a continuum from a more traditional vocational approach focusing on immediate educational and occupational/ employment choices towards a broader approach that includes the development of long-term career management skills that could be applied over a lifetime (Saskatchewan,n.d).

According to Saskatchewan,(n.d) the traditional definition of career development focused on the goal of preparing for the world of work. It is viewed broadly as the development of the whole person, but places importance on acquiring skills and experience for work in order to find one's vocation in life. The principal objective of this approach is directed at improving one's employability for obtaining meaningful work.

Career development is also defined as a lifelong process of becoming aware of, exploring and experiencing factors that influence various aspects of a person's life. These includes knowledge, skills and attitudes that evolve through this path of personal discovery to enable planning and decision making not only about work exploration and related employment and vocational choices but also about personal management and life/work skills (Saskatchewan,n.d). It can be argued that career development is part of lifelong learning, in response to career changes and emerging opportunities. It is the totality of a person's life devoted to work.

According to (Saskatchewan,n.d) reaching consensus on a common definition of career development will be a challenge that needs to be addressed in any proposed career development strategy. This definition will need to be flexible enough to gain the support of all stakeholders. According to (Nel et al , 2008:483) career development can be defined as a formal approach by the organization to ensure that talent with proper qualifications and experience are available when needed. This goal can be realized only when an organization is committed to and supportive of career development.

### **2.12.3 INVESTMENT IN TALENT CAREER DEVELOPMENT**

Organisations invest in talent and leadership development for various reasons, but mainly development practices are aimed at achieving several outcomes such as enhanced competitiveness, job performance, talent retention, the internalisation of organisational values and attitudes and the development of talent pools (Garavanb, 2013:2).

As organizations make efforts to attract and retain a handful of talent and attempt to sustain them in the organization. It is well established that high salary and designation is not enough to retain talent in the organization, other factors also play an important role in talent retention. An organizations' investment in talent career development and training is regarded as critical for retention. Studies indicate that retention is driven by several key factors, which had to be managed harmoniously: organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems, (Logan, 2000). This list of retention factors as espoused by literature review is not exhaustive of all possible variables related to talent retention and turnover.

Sinha,(2012) cited other researchers for emphasizing different factors impacting talent retention (Boomer, 2009), for career development, organizational commitment (Owens, 2006), communication (Gopinath and Becker, 2000) and superior-subordinate relationship (Zenger, Ulrich, Smallwood, 2000) are some of the factors known to prolong talent stay in the organization. Irshad's (2011) research confirmed that large organizations and high performance establishment which invested more physical resources on talent development and training were more likely to retain their talent. Similarly it can be argued that organizations that offer more benefits as compared to their counterparts in the industry and train their talent by adopting innovative job practices have a higher retention rate (Irshad, 2011:89).

Career advancement may have an impact on talent turnover decision in many respects, some considerations includes talent's current career level, recent promotion, and future prospects of advancement in an organization (Zhao, 2008). Organizations with effective career management strategy ensures that there are

well qualified and suitable talent at all levels in the organization, who can take additional responsibility as the organizations requires and that talent is motivated and satisfied with their careers and jobs (Jones & George, 2000). Opportunities for talents' promotion and training should be made available in an organization as this would contribute positively to talent career growth. According to Zhao, (2008) job status has an impact in reducing talent turnover; job status could be used as a form of career reward to incentivise talent retention.

#### **2.12.4 CAREER DEVELOPMENT METHODS**

Human resource management strategies including career development, performance management, succession planning, promotions, lateral moves and temporary assignments, are other ways that talent can hone their skills at the work place. Career development is found to be the responsibility of management to enable the organization to better use talent skills (Nienaber, 2011:4). According to (Garavan, Hogan and Cahir-O'Donnell, 2009) as cited in (Garavanb, 2013:2), talent development practices includes; coaching, multi-source feedback, stretch assignments, mentoring, international job assignments and formal development programmes. When these practises are implemented in a coordinated approach, leadership capability can be enhanced significantly. Swanepoel et al. (2007:413) suggests that although talent is for the most part responsible for career planning, management plays a critical role in supporting talent in managing their careers and in making practical career decisions. Here below are methods used by most organizations in support of talent career development:

##### **2.12.4.1 CAREER PLANNING WORKSHOPS**

Organizations use career planning workshops as part of their overall talent career development strategy. Career planning workshops provide talent with opportunities of self-knowledge (wherein talent can gain insight on their abilities, strengths and weaknesses) and get informed about job opportunities. During the course of career planning, talent develops an action plan to overcome their weaknesses by utilizing their strengths.

According to Otte and Hutcheson (1992), as cited in (Swanepoel et al., 2007:414) proposes that such career planning workshops should entail the following: An

Individual assessment (information about the individual); and an environmental assessment (information about work); a comparison of self-perception with those of others (reality testing); establishing a long and short-term career goals (goal setting); choosing among alternatives (decision making); and establish and implement action plans (action planning).

#### **2.12.4.2 CAREER DISCUSSION**

According to Otte and Hutcheson (1992:46) as cited in (Swanepoel et al., 2007:414) described a career discussion as a planned discussion between a manager and talent in trying to identify developmental opportunities within the organization in respect of the talent current job, examining career challenges and performance related matters taking into account organizational goals.

The discussion also clarifies future career opportunities that can become available for that talent within the organization. One of the most important human resources management tasks is that of conducting career discussions. In doing so managers show their support to talent career planning and manager should act as an adviser and facilitator of the career development process.

#### **2.12.4.3 CAREER CENTERS**

A career centre is a repository of the career related materials that can assist talent in career planning. Information available at these centers does not only inform talent about career opportunities within the organization, but also avail him/her of self knowledge.

#### **2.12.4.4 CAREER PLANNING WORKBOOKS**

Career planning workbooks, as facilities such as career centers are not always available to all talent. A well designed career workbook can fill the need. An individual could work alone through a series of assessment exercises and thereby obtain valuable self-knowledge. In this way a career planning workbooks can achieve some of the objectives of a workshop.

#### **2.12.4.5 MENTORING**

According to Meyer and Fourie (2004:2) mentoring is a dynamic and reciprocal relationship in a work environment whereby a more advanced and experienced person (mentors) helps a less experienced person who has development potential (mentee – who is not his direct subordinate) to develop full capacity and capability.

The nature and process of mentoring entails the transferring and exchanging of information between a mentor and a mentee as they develop a long-term relationship over an extended period of time. Meyer and Fourie (2004:3) further explained that, mentoring is not about being sponsored for a promotion, but rather as one of many tools that assist in the career development of talent.

#### **2.12.5 CAREER DEVELOPMENT STAGES**

According to The National Career Development Guidelines, (“NCDG”) (2004) career development is a lifelong process of learning about ourselves in relation to the world of work. These Guidelines reflect professional consensus in three main areas: (1) Student and adult competencies and indicators for individual growth and self-knowledge, educational and occupational exploration, and career planning. (2) Organizational capabilities to support competency-based career development programs: and (3) Personnel with the knowledge and skills necessary to deliver these programs effectively.

The Guidelines are divided into four sets of competencies and indicators: elementary school, junior high/middle school, high school, and adult (Anon., n.d.). Each of these development levels is divided into the domains of self-knowledge, educational and occupational exploration, and career planning. According to (Saskatchewan, n.d.) more supports and resources are required to prepare individuals for learning and work and for making the multiple transitions they will experience in life.

### **2.12.6 THE BENEFITS OF CAREER DEVELOPMENT**

Skills and talent development has been proven to be the most critical talent retention factors in an international study conducted by (Hay,2002) as cited in (Roodt,2005:50). According to Roodt, (2005) study revealed that skills and talent development were considered important factors that management should take into account. As both these factors have an impact on talent well-being in the workplace. Intimately related to skills and talent development is the opportunity for talent to learn new skills.

According to Sinha, (2012), the reason for career planning as an integral part of talent development program is to help talent to feel that their organization is investing in them and also to assist them to manage their lives and to deal with the fact that there is no clear promotion path. As organizations can no longer give talent job security, organizations can play an important role by ensuring that their talent maintain the skills necessary to remain viable in the job market (Moses, 1999) as cited in (Sinha, 2012) . Job flexibility incorporating career and life choices is important incentive for talent Eyster, et al. (2008) as cited in (Sinha, 2012:149).

Research indicates a growing trend of organizations that provides their talent with greater job flexibility including flexible career options such as training, mentoring, workstation accommodations, job mobility, and reduced work hours and life options (i.e. counseling services, health and wellness programs, (Eyster, et al., 2008). According to O'Herron and Simonsen, (1995) as cited in (Sinha, 2012:149) the challenge that most organizations confronts is the risk that they could lose their highly trained and experienced talent to other organizations, and thereby lose the benefit of their investment. Talent can also leave the organization to pursue outside opportunities.

Talent development seeks to ensure that the organisation has a well-developed human resource capability to meet future organisational requirements (Cappelli, 2008). Tansley et al. (2006) as cited (Garavanb, 2013:2) found that talent development is a critical aspect of talent management and retention. According to (Dries, Vantilborgh and Pepermans (2012) as cited in (Garavanb, 2013:2) talent



development is a major challenge for organizations but it is critical in order to enforce positive employee behaviours. Management development practices enables management to be more effective managers through acquiring new management skills and competences.

Talent view development practices to be of benefit to their future employability, career and promotion prospects on one hand while organisations view investment in talent development practices as an investment that will result in talent positive behaviour, (Jackson, Schuler and Rivero, 1989; Bartlett, 2001) cited in (Garavanb, 2013:2). In circumstances where talent perception is that organisational investments in talent and leadership development practices are motivated by the organization's desire to attract and retain high quality talent, these investments are more likely to influence behaviour (Garavanb, 2013:4).

#### **2.12.7 DISADVANTAGES OF CAREER DEVELOPMENT**

Nienaber, (2011:9) argued that career-related issues, such as work content, skills utilisation and career advancement, are some of the key factors that affect talent retention. Nienaber, (2011) research established that work content, skills utilisation and career development affect talent tenure within the organization. This research also found that most talent were generally not satisfied with their jobs, in particular talent were unhappy about how their organizations were utilizing their skills and experience or addressing their career development and flexibility needs. This could despite investment in talent development have a bearing on talent turnover.

Most talent development programs are focused on developing talent holding important key positions within the organization (Boudreau and Ramstad 2005) as sited in(Garavanb, 2013:2). With the exclusion of other employees whose skills could also be developed to improve organizational efficiencies. Talent development requires a multifaceted approach, as most organisations use a single development practice significantly than a collection of practices and hence they fail to gain the benefits of such an investment (Amagoh 2009) as cited in(Garavanb, 2013:2).

### **2.12.8 THE MEANING OF TRAINING**

In this information age characterized by, rapid technological development, training becomes a prerequisite for organizations to remain competitive in the global market (Anis et al, 2011:2680). Training is defined “as the planned intervention that is designed to enhance the determinants of individual job performance” (Chiaburu and Tekleab, 2005:29; Sahinidis, 2008) as cited in (Anis et al., 2011). According to (Schone, 2000; Deckop et al., 2006) cited in (Anis et al., 2011:2680) training increases an individual capabilities and enhances talent's skills, which will in turn create a positive impact on the growth of the organization and the country. The business dictionary defined “training” as an organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill.

### **2.12.9 TYPES OF TRAINING**

There are two main categories of training, general and specific. According to Atif Anis, (2011:2681) general training leads to the internship offer to talent, while specific training is set aside to augment productivity at the level of work station. Research indicates that training methods that engages talent with career challenges, advancement opportunities, work incentives, competitive wages, benefits, and supportive work environments are effective retention strategies for talent of any age (Eisen, 2005).

A logical conclusion therefore is that access to continuous training programs enhances growth, prosperity, and retention for both talent and organizations alike. Research by Berryman & Vaughan (1989) and McIntosh (2001) as cited in (Sinha, 2012:149) indicated a strong relationship between enhanced training foundations such as competencies, efficiencies, and intelligence and advanced development of best practices, cross training, mentoring, and technology changes with higher levels of consistency, competency, productivity, adaptability, independence, and loyalty in talent of any age (Sinha, 2012).

### **2.12.10 ADVANTAGES OF TRAINING METHODS**

Organizations make investment in talent training and career development because they expect return on their investment in the form of improved output and performance. According to Clark (2001), as cited in (Irshad,2011:89), organizations are intensifying their investment in career development, through proficiency analysis, input on talent interests, need development and multisource appraisal of capabilities and formulating agreed action plans. Organizations and individuals make investment on human capital in the form of training because it enhances talent skills, (Wetland, 2003) as cited in (Irshad, 2011:89). According to Noe,(1999:212-218) talent has the perception that they should acquire new skills and knowledge on the job, which they can share with colleagues.

Research studies found that organizations repeatedly delay talent training programs to enable them to determine whether talent personal values matches with that of the organization culture or otherwise (Lauri, Benson & Cheney, 1996) as cited in (Irshad,2011:89). Gomez et al (1995) argued that training provides talent with specialized methods and skills and also assist in correcting deficiencies in talent work related performance. Development provides the skills and abilities to talent which the organization will require in the future. The development of talent skills consists amongst others of improving interpersonal communication, technological knowledge, problem solving and basic literacy etc. According to (Garg & Rastogi, 2006) as cited in (Irshad, 2011:89) explained that in today's competitive business environment organizational feedback to and from talent is critical, as the more knowledgeable talent is the better the performance in meeting the global challenges of the market.

Research shows that training is a sign that an organization is committed to its talent. Training reflects that the organization strategy is based on value adding rather than cost lowering and is likely to increase productivity if it focuses on empowering talent with skills required by the organization. Leading organizations recognize that a comprehensive array of training, skill and career development is necessary for talent attraction and retention (Irshad, 2011:90). Literature review confirms that talent turnover ratio is inversely related to training, the higher the turnover rate the lower

the training volume. This statement is founded on the view that the longer the talent stays with the organization the higher the amount of training is acquired. According to Frazis et al. (1998) as cited in (Irshad, 2011:90), talent working in organizations with lower rate of turnover usually spent 59 percent of their time on formal training, as compared to organizations which only spent 18 percent of their time in training and has a higher turnover rate.

Organizations that have superior productivity are likely to increase their talent wages beyond expectation, thus helping in talent retention (Wetland, 2003). In summary training helps to lower turnover rate and is considered an important factor in talent retention. Training is a critical talent retention factor and the availability for talent having access to training and development programs is important in enabling organizational growth, (Boomer, 2009) as cited in (Sinha, 2012:149). Research supports the view that the organizational benefits of talent training far outweigh the cost associated with savings on training programs (Prenda, 2001). According to Eisen (2005) as cited in (Irshad, 2011:149), where training programs are available to all talent at the workplace, the organization had a 70 per cent increase in talent retention rates.

Today's talent knows that constant learning and picking up skills that will make them more employable in the open market is critical for a successful career. As a result access to ongoing training and development is regarded as important to talent, and a strong incentive to stay with an organization. This is a fundamental paradox of talent retention. It can be argued that by preparing talent to leave, an organization can actually be encouraging them to stay (Patil, n.d.). According to Delaney and Huselid (1996) cited in (Anis et al., 2011) (Atif Anis, 2011) compensation system should be based on superiority in talent outcome and performance. In this case, talent performance can be enhanced by means of specific training for an individual task.

#### **2.12.11 DISADVANTAGES OF TRAINING**

It is academically abundantly proven that both the hiring and training practices are expensive and that talent increase in value as they become ever more experienced (Anis et al., 2011) (Atif Anis, 2011). There is a cumulative necessity to train work force

having expertise to produce quality products and services on technical lines and satisfy demand of the international market (Muhammad Hassan, 2011:9).

#### **2.12.12 EFFECTIVENESS OF TRAINING AND DEVELOPMENT**

Previous researches indicate that most organizations use various techniques for the retention of talent such as training, work environment, compensation, etc (Anis et al., 2011). It is already well proven by most researchers that there is a supposed link between training and performance. In the contemporary age there is ample evidence that talent's training does not only enhance organizational efficiencies and performance, but also enhances visible positive changes (Waterman et al. (1994) as cited in (Anis et al., 2011:2681).

According to the research by (Anis et al., 2011) which investigated how talent can be best retained after training, focusing on what will happen if talent is not properly compensated after training. The question whether talent would be satisfied to remain with the organization or would leave the employ of the organization because after training talent skills and capabilities has improved and talent has more opportunities of switching was considered. The researchers established that to effectively retain talent in the long term, after training and development has been completed talent compensation must also be increased to reflect newly acquired skills and capabilities. If talent's compensation is not increased after training and development is completed talent is likely to leave the organization for opportunities outside the organization.

According to this study, training and development is directly linked to retention. Where training is provided to talent, it should have a positive impact on talent compensation packages. In the end, talent would be more satisfied with his current employment and this will result in retaining talent much longer. Accordingly the longer the retention of talent within the organization more the organization has a competitive advantage, as talent will strengthen the performance of the organization, and improve the organizations' productivity. Long retention period of talent also benefits the organization in that it reduces costs and wastage of time required for hiring and training of new talent (Anis et al, 2011: 2684). The findings of

(Anis et al, 2011: 2684) study shows that without an increase in talent compensation after training and development, to retain talent for a longer period is futile because of talent increase abilities and perfection in the field makes talent more attractive to other organizations.

### **2.12.13 STRATEGIC IMPORTANCE OF CAREER DEVELOPMENT**

There are special grounds for challenging and competitive career needs to be developed to plan for talent retention. Despite of all this plans, some talent would still prefer to leave the organization and it is therefore critical that an organization should have an appropriate succession plan as an alternative. In today's business world characterized by knowledge economy not only high salaries and titles are regarded as significant for talent retention within the organization. Other factors of critical importance in talent retention includes; career development, leave policy, leadership style, work environment, remuneration & rewards, organization Justice, and performance appraisal (Irshad, 2011:85).

Wiener, (1982) as cited in (Aydogdu & Asikgil, 2011) argued that a normative commitment is likely to develop as a result of talent socialization practices that accentuate the appropriateness of enduring loyalty to one's employer or through the receipt of benefits (e.g. tuition payments and skill training) that creates within talent a sense of obligation to reciprocate (Scholl, 1981) as cited in (Aydogdu & Asikgil, 2011:45). According to Lawrence (2005) listed down the following ten representatives for job satisfaction: type of work, job security, company, advancement, coworkers, pay, supervision, hours, benefits & working conditions.

Leadership is an important factor for talent retention, because leadership or management have the ability to influence the retention. If management is not supportive of their talent, this discourages their talent and talent is likely to leave the organization. Research has shown that where management does not accommodate talent career development and flexibility needs specifically, talent felt that management has let them down (Nienaber, 2011:10).

It is quite evident from the above discussion that career development and training is critical to talent job satisfaction and performance. Skilled talent contributes to client satisfaction and overall organizational performance. Organizations should therefore make a significant investment in talent career development and training in order to retain their talent, especially in the in the current knowledge economy driven by constant innovation and creativity in order to remain viable. The next discussion focuses on the impact of leadership/ management on talent retention.

## **2.13 THE IMPACT OF LEADERSHIP**

### **2.13.1 INTRODUCTION**

According to (Latchem & Hanna, 2001:60) cited by (Cleveland-Innes, 2012), stated that: ["Tomorrow's leaders need to be capable of handling dynamic agendas of possibilities and see the future as discoverable rather than predictable"].

In this section the words leadership/ management are used interchangeably and the words leader/ manager are used one denoting the other. Within the context of the current globalization and competitive changing economic environment, the organizations leadership role is more critical than ever before as leadership plays an important role in organizational performance. Leadership is a mechanism — whereby somebody who can “reach inside each talent and release his or her unique skills and abilities and convert them into performance” (Buckingham and Coffman, 1999) as cited in (Kreisman, 2002).

### **2.13.2 LEADERSHIP DEFINED**

Although there are several definitions of leadership, for the purposes of this discussion, Secretan's (2004) cited by (Cleveland-Innes, 2012) defined leadership in the context of how leadership should impact on other people, and identifies the need to inspire, not simply motivate:

[Thus, the principle purpose of the leader is to act as the main source of inspiration, personal development, support, and guidance for the principal

customers of the leader – those who are followers. Otherwise, the role of the leader becomes superfluous since most followers know more about their work, goals, technologies, desired outcomes, and professional expertise than anyone who may be leading them.]

According to Cleveland-Innes, (2012), "true" leadership is best defined by reference to the outcomes achieved rather than inputs applied. Bryman(1992) defined leadership as the behavior of an individual that results in non-coercive influence when that person is directing and coordinating the activities of a group towards the accomplishment of a shared goal. Leadership is therefore centered on the four tasks that needs to be accomplished in any organization; providing direction, alignment assurance, building commitment and confronting challenges (Stopper, 2002). Leadership is therefore based on the ability of a leader to get one or more people to function effectively as a team, being motivated to perform activities in order to achieve set business objectives (Oosthuizen, 2010:97).

### **2.13.3 TYPES OF LEADERSHIP**

There are three main types of leadership styles as identified by the behavioral theories set out by (Oosthuizen, 2010:103).

#### **2.13.3.1 AUTOCRATIC LEADERSHIP**

Autocratic leadership is for example when the leader makes a decision, tells the subordinate what to do and closely supervises the employee's performance and actions. This leadership style is restrictive and limits employees to give inputs or participate in the work environment.

#### **2.13.3.2 DEMOCRATIC LEADERSHIP**

Democratic leadership is for example when the leader allows and promotes subordinate participation in decision making, does not supervise the subordinate but works alongside the employee. This leadership style therefore allows for employee participation in the work environment.



### **2.13.3.3 LIASSEZ-FAIRE LEADERSHIP**

Laissez-faire leadership is when the leader does not interfere with the employee at all and leaves the subordinate to perform and act independently without any supervision or structured support. This leadership style can be best described as impoverished due to the fact that little to none leadership exists.

Researchers have identified two further leadership styles which focused on broad dimensions indicating leadership orientation and style (Oosthuizen, 2010:105). The first focused on the people (human or employees) factors and the second focus on the task (job or work related) factors. These leadership styles are the following:

### **2.13.3.4 INITIATING STRUCTURE LEADERSHIP STYLE**

Initiating–structure leadership style focuses on the task, job or activity that must be completed. There is a great emphasis on planning, organizing and controlling of these activities and tasks.

### **2.13.3.5 CONSIDERATE LEADERSHIP STYLE**

Considerate leadership style focuses on the people, workers or employees involved rather than the specifics relating to the task or job. It is of great importance to the leader- manager that the wellbeing, levels of motivation, status and other people related factors are acknowledged and addressed in this continuous leadership approach.

## **2.13.4 ATTRIBUTES OF EFFECTIVE LEADERSHIP**

Leadership is a process of communication and motivation to influence talent to act and work towards achieving organizational objectives (Oosthuizen, 2010:97). Leaders create cultures, systems and structures that encourage knowledge sharing and cultivation within an organization. Early research studies focused on identifying traits for an effective leader. The trait models were premised on the assumption that all effective leaders share similar personal, social and physical characteristics (Oosthuizen, 2010:101). Some of the main leadership traits identified were the following:

- Personal characteristics: self confidence (humble), emotionally stable, sociable, adaptable, aggressive and dominant.
- Social characteristics: socially prominent, educated at the “right” schools.

- Physical characteristics: young to middle aged, tall, slender energetic with a striking appearance.

The trait leadership theory focused on establishing a list of identifiable personal characteristics that can be used to define an effective leader as opposed to leadership behavioural theories, which focused on establishing what behaviour is associated with effective leaders. According to Rowland and Scott,(1968) and Bass, (1960) study investigated the combination of a number of psychological attributes hypothesized to be related to effective leadership among first-line supervisors in a formal organization. Bass helped to clarify the meaning of effective leadership by drawing a distinction between attempted, successful, and effective leadership in the following manner:

“If A's goal is to change B, A can be observed attempting to change B; this is attempted leadership. B may actually change his behaviour as a consequence of A's efforts; this is successful leadership. B's change may result in B's satisfaction, reward, or goal attainment; this is effective leadership. . . .”

According to Rowland and Scott,(1968:365) effective leader in an organization archives organizational goals through the changed behaviour of work group members, and in the process of goal achievement directly or indirectly provides these members with satisfactions. According to this interpretation, the criterion measures of effective leadership were identified as work group performance and work group satisfactions. Among the attributes of effective leadership suggested by Bass (as well as others) and selected for investigation were: (a) the leader's consideration of work group members, (b) influence of the leader with superiors, (c) social sensitivity of the leader, (d) the leader's intelligence, and (e) certain personality characteristics (manifest needs) of the leader.

Effective leaders build commitment, this requires leaders to communicate with talent ; assess talent capacity to occupy various initiatives; provide an honest feedback; develop talent strengths; identify weaknesses; make decisions; and most of all, value each talent's special contribution and capabilities (Buckingham and

Coffman, 1999) cited in (Kreisman, 2002). To be effective, leaders must project their ideas onto images that excite people and only then develop choices that give those images substance (Cleveland-Innes, 2012:315).

Organizations realize that commitment is a personal choice, this is the most difficult part of commitment that has overwhelming implications any organization could conduct, commitment requires managers to be flexible in making exceptions, it requires consistency in decision making even though there may be short term costs attached; it further requires leaders to make informed choices about what talent is prepared to do. Effective leader realize that commitment requires patience and concerted effort of the whole organization (Kreisman, 2002). Modern trends of, globalization, increase demand for talent, and technological advancement make it even more important for organizations to acquire and retain their talent (Holtom,et al.,2008:232). Research studies indicate that as much as 30–40% of market value of any organization is attributed to intangible factors (e.g. strategy implementation, leadership credibility, management experience, talent attraction and retention, and compensation strategy) as argued by (Beatty, Huselid & Schneier,2003) cited in (Holtom, et al., 2008:232).

According to (Silbert, 2005) management leadership style is exposed by formal and informal recognition. Research reveals that talent responds to respect, support and encouragement, in their personal and professional environment. During performance appraisals, leaders should discuss talent performance or progress outside the formal evaluation process time in order to ensure an accurate performance appraisal review. The discussion should also cover talent right position and possible promotion levels (Irshad, 2011:92).

### **2.13.5      ADVANTAGES OF LEADERSHIP**

According to Nienaber, (2011:4), leadership is one of the factors that play a critical role in meeting the needs of talent, and when talent needs are met this improves their retention. Leadership has power within the organization and can for example use reward power to retain talent. A leader has the power to give rewards to talent who has performed acceptably or withhold rewards from talent who has not performed acceptably. Leadership power allows the leader to influence others with

something that is of value to them. For example a leader can use this power to give or deny talent promotion, better working conditions and environment, bonuses, salary increases, large operating budget, better job, increase expense account, formal recognition of achievements and status (Oosthuizen, 2010). Therefore leadership can be seen as one of the key factors for retaining talent.

Leadership has a conclusive influence on talent commitment and engagement, and impacts on talent's decision to stay or leave the organization. In order for the relationship between manager and talent to be emotionally rewarding, it has to be based on the needs of both parties; has to develop and grow; and must allow talent to feel effective in completing his or her duties (Buckingham and Coffman, 1999) cited in (Kreisman, 2002). For example, in the research by (Sikorska-Simmons, 2005) at nursing homes, it was found that staff members who occupy senior positions, which provide them with more opportunities for involvement in decision making, reported a higher job satisfaction and greater commitment (Sikorska-Simmons, 2005). This is a typical example of a leader that demonstrate a democratic leadership style in that the leader allows and promotes subordinate participation in decision making. A democratic leadership style would therefore allow talent participation in decision making in the work environment and this could improve retention and commitment (Oosthuizen, 2010).

Where the relationship between talent and managers at the work is strong, talent is less likely to seek alternative employment elsewhere but is more likely stay in the organization and vice versa. To strengthen talent manager relationship, the manager should adopt a considerate leadership style. A considerate leadership style enables a manager to focus on talent related issues rather than the specifics relating to the task or job. It is important that the wellbeing, levels of motivation, status and other talent related factors are acknowledged and addressed continuously (Oosthuizen, 2010). According to (Irshad, 2011:92) talent leaves their leaders and not their jobs, so the leader's support is also essential in this regard. Talent that is valued by their organizations, feel esteemed and will take an active role pursuing the organizational goals. Such talent becomes more productive, shows

increased job involvement, and has less absenteeism and lower turnover intention rates.

Talent development programs can only exist in an organization only where there is a culture to supporting them. In order for this programs to be effective , they require support from leadership. Leadership in an organization must serve as role models to talent (Zenger, Ulrich, Smallwood, 2000) as cited in (Sinha, 2012:149). Leaders must be role models to their talent; a leader must exercise referent power, which is power that a leader has on followers based on the positive association or identification with the leader. If talent has a deep relationship with or admiration for or loyalty towards the leader, talent will tend to do favours for that leader (Oosthuizen, 2010). A leader's power with reference will get his followers to act or behave in a certain manner based on the fact that they want to associate themselves with the leader or support what the leader stands for.

According to Silbert (2005); well skilled talent can easily find good jobs, positions and work anywhere, however the effective way to retain talent is to provide a friendly working environment and promote talent support. Freyermuth (2007), as cited in (Irshad,2011:92.) recommend that organizations must groom their leaders to support their talent in order to build the work environment that is conducive for talent to want to stay. Leaders should provide talent with opportunities to test their abilities and performance level that can enhance talent's capabilities and the need to stay in the organization.

#### **2.13.6 LEADERSHIP POWER**

Leaders have power that they can exercise in the organization. Power is the ability to influence the behavior of other people either positively or negatively. Leaders must exercise their power to promote the achievement of organizational goals and objectives. Leaders should guard against the abuse of power within the organization. Power can be described as the ability to marshal (talent), informational (data and communication) or material resources to get something

done (achieve an objective), (Oosthuizen, 2010:97). According to (Oosthuizen, 2010) the most popular forms of leadership power include:

**Legitimate power:** can be described as power based on the formal position of the leader in the organization. This power is associated with authority (the right to make decisions, issue orders and use resources) of a manager in the organization.

**Reward power:** reward power is the power leaders have to give rewards to employees who have performed acceptably or withhold rewards from employees who have not performed acceptably. This power allows the user to influence others with something that is of value to them. Leaders can use this power to give or deny an employee promotion, better working conditions and environment, bonuses, salary increases, large operating budget, better job, increase expense account, formal recognition of achievements and status.

**Coercive power:** is the ability of a leader to get at least compliance from the employee by means of punishment or creating fear. In today's environment leaders can use this power to discipline, punish or withhold rewards by means of psychological interpersonal interaction. Leader in the work place can apply coercive power to maintain current levels of talent performance based on fear of potential punishment that exists amongst talent. It is of great importance that managers do not abuse their coercive power.

**Expert power:** expert power is the power to influence others, based on a person's knowledge, experience and competence, as valued by others. This can be very detrimental in circumstances where leaders do not share information and expertise and provide experience to talent and use such expertise and information privy to them to disadvantage employees.

**Referent power:** referent power is the power a leader has over his follower based on positive association or identification with the leader. If an individual has a deep relationship with or admiration for or loyalty towards someone, he will tend to do favours for that person. A leader's power with reference will get his followers to act or behave in a certain manner based on the fact that they want to associate

themselves with the leader or support what the leader stands for. This is important to talent to have leaders who can lead by example.

**Information power:** Information power is the power that an individual has over controlling information. Managers have information that is not regularly available to subordinates, such as information about who is going to be influenced by retrenchment activities, misconduct and disciplinary actions or promotion and performance appraisal.

**Connection power:** connection power is the power an individual has based on his relationship with influential people. Networking is the process through which leaders acquire connection power. This is the leader's power to source support from contacts that can influence other people or situations to a leader's advantage.

According to (Kreisman, 2002), the role of the manager is decisive in influencing talent's decision to stay or leave an organization. Talent will leave the organization if they don't like their manager despite been well paid, received recognition and have a chance to learn and grow. A leader's personality type has an influence on how the leader tries to balance the internal and external factors in decision-making. The effectiveness of a leader can be influenced by personality type, this also depends on the nature of the organisation. However strategic leaders must show an ability to tolerate multiple focal points in overseeing multifaceted choices (Sieff, 2009:1).

### **2.13.7 EVALUATING EFFECTIVENESS OF LEADERSHIP**

There are two broad categories of effective leadership skills, according to (Patterson, Grenny, McMillan & Switzler, 1996) cited by (Sieff, 2009:1). Firstly, those skills concerning activities within the organisation, which includes managing and motivating talent, organising talent into effective structures, communicating direction, and developing or recruiting the skills required for organisational effectiveness. Secondly those skills required to observe, comprehend and act in response to various external factors that have an effect on the organisation. These factors includes amongst others advancements in technology, government,

environment, society and the economy, global trends, shocks and uncertainties, as well as competitor responses to the external environment (Sieff, 2009:1).

Strategic leadership extends beyond the personality of the leader and extends the leader's ability to focus on optimising the balance between internal and external factors, leadership fit with organisational culture and leadership capacity for a multiple focus, (Sieff, 2009:1). According to Gill (2006) cited by (Sieff, 2009:1) the four leadership model dimensions which are: intellectual or cognitive, emotional, spiritual, and behavioural. Gill (2006:91-92) suggests that these dimensions lie behind an integrative, holistic model of effective leadership that entails the following defining functions:

- **Vision and mission.** Effective leaders define and communicate a meaningful and attractive vision of the future and a mission or purpose through which the organization will pursue it.
- **Shared values.** Effective leaders identify, display, and reinforce values that support the vision and mission and that followers share.
- **Strategy.** Effective leaders develop, get commitment to, and ensure the implementation of rational strategies that enable people to pursue the vision and mission and that reflect the values they share.
- **Empowerment.** Effective leaders empower people to be *able to do* what needs to be done.
- **Influence, motivation, and inspiration.** Effective leaders influence, motivate, and inspire people to want to do what needs to be done. Leadership plays a critical role in talent management. Good management means the organizational ability to attract, develop and retain the right talent to ensure performance. As a result retention is not an isolated issue but an integral part of the overall organizational human resource management strategy (Nienaber, 2011:10). Leaders must display the qualities of self-awareness and self-management which are important for attributes for leadership success. Equally, a leader must gain insights by learning how his or her strengths and weaknesses are perceived by others in the workplace (Sieff, 2009:1). According to the research conducted by Mastery Works Inc, (Farren, 2008) the top three factors affecting an employee's decision to leave an organization was



whether the manager developed a trusting relationship with the employee. Some of the phrases employees used to describe great managers are tabled below:

**Description of great managers by employees**

<ul style="list-style-type: none"> <li>• Respectful</li> <li>• Supportive</li> <li>• Challenging</li> <li>• Developed unique talent</li> <li>• Family conscious</li> <li>• Trustworthy</li> <li>• Integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Provided career opportunities</li> <li>• Cared</li> <li>• Helped me learn from mistakes</li> <li>• Supported risk taking</li> <li>• Went to bat for me</li> <li>• Talked about long term goals</li> </ul>
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**Table 2.2: Description of great managers by employees.**

**Source: Farren (2008:2)**

According to Farren (2008) the survey found:

" .... that managers who respected and valued employees' competency, paid attention to their aspirations, assured challenging work, valued the quality of work life and provided chances for learning had loyal and engaged employees. In these days of corporate scandals, having a manager with integrity and respect has become more important than ever. The majority of survey respondents indicated they wanted to stay in their organizations. They would rather not have to start all over again in another organization and rebuild their reputation, network, comfort level and confidence. However, if the desired conditions aren't available within their current organization, they'll move on — whether they want to or not. Ease of movement, of course, is likeliest for the most valuable and highly marketable employees. These are the first to leave and hardest to replace. And, managers are frequently the cause of dissatisfaction, disengagement and resignations."

**2.13.8 ROLE OF LEADERSHIP IN TALENT RETENTION**

The role of the organisation leader requires the ability to focus on multiple aspects of the organisation internal and external environment. According to (Sieff & Carstens,

2006) an effective leader address stakeholder needs, is an agent of change, instills followership amongst staff, and set the course for the organisation. To achieve these potential, the leader must understand the trends, shocks and uncertainties in the external environment that may impact the organisation, and encourage internal human and organisational dynamics that maximises organisation potential (Sieff, 2009:1).

It is argued that managers and supervisors take the role of talent development when an organization gets into the business. These business leaders must become coaches and support talent in career development and support their development efforts. Moses (2000), as cited by (Sinha, 2012:149), argued that coaching talent is valuable in assisting them to meet their goals, but that it is critical for leaders to show that they care, as this could make a big difference in talent motivation and ultimately retention.

According to Irshad, (2011:92) leadership style is considered as a touching issue in talent retention, and the nature of the relationship between manager and talent playing a critical role in talent turnover intention. Leaders are regarded as the human face of any organization. Eisenberger and associates (1990), as cited in (Irshad, 2011:92) suggested that talent view regarding the organization is influenced by their relationship with their managers. If the manager is supportive, and has an open communication, good relationship with talent, talent is likely to be more engaged with the organization and this will result in a lower talent turnover intention (Greenhaus, 1994) as cited in (Irshad, 2011:92). Leaders act as the glue between talent expectations and organizational stated goals.

From the above discussion it is quite clear that leadership in an organization is critical towards the creation of a culture where talent can be nurtured and grow. Talent will stay in organizations where they feel that management cares, their contribution is valued and they are treated with respect. It is a critical factor that leader's must lead by example and show greater appreciation of their talent by been supportive to talent personal and professional growth. In such environment talent is likely to be retained longer and talent loyalty once developed could be a greater

consideration on whether talent stays or leaves an organization. Having considered the significance of leadership in talent retention, the next discussion focuses on the impact that a working environment has on talent decision whether to stay or to leave an organization.

## **2.14 THE IMPACT OF WORKING ENVIRONMENT**

### **2.14.1 INTRODUCTION**

Working environment is critical for talent maximum performance and a poor working environment could adversely affect the organization's talent retention and ultimately organizational performance. A numbers of studies have attempted to explain the work environment with different aspects such as job satisfaction, employee retention, employee turnover, organizational commitment and job involvement. Work environment is considered one of the most important factors that contributes towards talent retention (Zeytinoglu & Denton, 2005). According to Hytter (2008) work environment is generally discussed as an industrial perspective, focusing on aspects such as noise, toxic substances exposure and heavy lifts etc.

The interesting part of work environment is; the work environment characteristic in services sector is different from production sector, because the services sector directly deals with consumers / clients (Normann, 1986). The interactions depends on the kind of job and nature of the business, it may be more or less. The interaction between talent and client / consumer move from physical to psychological dimension. Psychological work environment consist of work load, decision, support, stressors, latitude and decision etc. It is much important to know and recognize the emerging needs of talent and provide good work environment as talent requires in order to keep talent committed to the organization.

### **2.14.2 THE ROLE OF WORKING ENVIRONMENT**

A poor working environment may impact talent performance adversely and this could influence talent decision to leave and join another organization which offers better working conditions. According to (Pillay, 2009), public sector nurses rated job

security, workplace organization and the working environment as the most important factors, impacting on employee retention, whereas the private sector nurses rated workplace organization, employment security and professional practice as being the most important factors.

One of the critical challenges for most organizations is having managers that understand their responsibility to create and sustain an environment that bolsters retention (Kameswari, n.d.).

### **2.14.3 ADVANTAGES OF WORKING ENVIRONMENT**

According to Ramlall,(2003), people strive to work and to stay in those corporation that provide good and positive work environment, where employee feel that they are valued and making difference. Employees of organizations that provide a positive work environment work together to push the organization forward. Research conducted by ASID find that physical and work environment play pivotal role in employee's decision whether to leave the job or to stay. Working environment is considered a major factor in talent retention.

### **2.14.4 DISADVANTAGES OF WORKING ENVIRONMENT**

Light has been identified as a critical factor of job performance, sometimes noise disturb the working environment and create a hitch in office which is harmful to employees psychological and physical welfare, encouragement and at times productivity. The most plentiful audio grievances are, short of speech isolation, such as eavesdrop people discussion and receiving the same feeling as well. It is beneficial for office environment as well as for health to reduce apprehension and stress.

### **2.14.5 EVALUATING EFFECTIVE WORKING ENVIRONMENT**

In a study conducted by the Middle East Manpower, investigating the work force engagement and retention trends in management, the study revealed the need for adopting an effective employee retention programs in order to achieve competitiveness and profitability in the local market. Manpower's findings highlighted factors other than pay increase, improved employment opportunities

(79.4%), career advancement (80.8%) and superior working environment (45.9%). Eighty five percent of the respondents cited these reasons for leaving their current jobs. The research shows that amongst others, better working conditions, continuous career growth and work life balance contributes effectively towards organisations talent retention (Luby, 2009).

A poor working environment is likely to cause discomfort to talent who may end up being attracted to organizations offering better working conditions. According to Pillay (2009), public sector nurses regarded factors such as employment security, workplace organization and the working environment as one of the most important factors impacting on retention. It should therefore be taken into account that working conditions in the organization has an impact on talent decision to stay or leave.

A good working environment could be a motivating factor to talent to stay in an organization. The South African labour laws also seek to regulate basic conditions of employment by regulating what organizations should provide to employees including certain employment benefits such as: leave; working hours; remuneration; termination of employment; and etc. According to Dewhurst, (2009); as cited in (Nienaber, 2011:4) argued that leadership plays a significant role in talent engagement and furthermore acts as a foundation to customer service and retention. Research evidence indicates that, job satisfaction is a foundation to talent engagement. Management can contribute towards talent job satisfaction by providing a good working environment which contributes towards talent retention.

The commitment type talent experience in an organization depends largely on the organization's culture, management leadership styles as discussed above, preferred personalities and hiring criteria. The "side bet" theory resulted in the development of the propensity to leave and stay approach. The argument is that talent is inclined to stay with the organization (calculative commitment) in order not to lose the non transferable advantages acquired. This logically leads to my next discussion on the impact of organizational commitment in talent retention. Kameswari,(n.d.), strongly suggests that talent retention requires that an organization should be sensitive to

talent needs and demonstrate various talent management strategies. Most talent are looking for a good working environment, opportunity to learn, career growth, and decent salary.

Talent's working environment can influence whether talent is able to perform optimally or become a hindrance. Management should ensure that the organization's working environment is conducive for talent optimal performance. A conducive working environment has a bearing on talent decision whether to stay or to leave the employ of an organization. Management should work towards building a committed talent workforce in order to improve organizational performance and competitiveness. The next discussion discusses the impact that organizational commitment has on talent retention.

## **2.15 THE IMPACT OF ORGANIZATIONAL COMMITMENT**

### **2.15.1 INTRODUCTION**

The interest in the concept of commitment in the field of organizational behavior relates to its assumed connection with performance and turnover behavior. For the past few years organizational commitment has emerged as the most researched aspect relating to talent attachment or loyalty to an organization (Somer, 1995). There are various definitions of commitment expressed by researchers. This difference indicates that there is no consensus amongst researchers regarding an all encompassing definition of commitment. In general commitment is considered as a multidimensional construct that is interpreted in many ways as will be evident from the discussion below.

### **2.15.2 THE MEANING OF ORGANIZATIONAL COMMITMENT**

There is no single definition of organizational commitment in the literature. According to (Bateman, 1984:95) organizational commitment is multidimensional, and involves talent's loyalty to the organization and their willingness to achieve organizational goals, while maintaining its values and nurturing its membership. Porter et al, (1974:604) identified the key attributes of commitment as 'accepting and realizing

the objectives of the organization and the willingness to work with commitment to the organizational membership'. Commitment is also recognized as a constructive outcome of organizational goals and character (Sheldon, 1971). According to (Buchanan, 1974) commitment is a tie between talent (individual) and the organization. Bateman (1984:95) submit that organizational commitment is associated with: (a) attitudinal performance and talent' behavior, (b) job satisfaction (c) talent's job and role of accountability and (d) talent's age, job tenure etc.

In essence the definition of commitment depends on the notion that committed talent desire to remain employed in their current organization (Meyer and Allen, 1997). However researchers differ on the basis of the extent of the attachment of committed talent. With Meyer and Allen (1991:70) suggesting that "commitment develops as a result of experiences of satisfying talent needs, motivational and are compatible with their values". This researchers also argue that where organizations manages the experience and expectations of their talent they could be better able to foster the desired "commitment profile.

According to Porter et al,(1974:604), commitment is a "strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership". Because of the importance of the role of values in the definition of commitment, it is therefore logical that talent whose personal values matched the values of the organization would be more committed to the organization than those whose personal values differed from the organization. Prince, (2003:261) defined commitment as the degree of identification and involvement that talent have with the organization's mission, values and goals. Whereas Porter et al. (1974) defined organizational commitment as:

- (1) The belief in and acceptance of organizational goals and objectives.
- (2) The willingness to work hard on behalf of the organization.
- (3) A definite intention to remain in the organization.

According to Meyer,(1997), the definition of commitment depends on the concept that loyal talent have a desire to remain in employment with their organization. Mowday et al. (1979) define organizational commitment as the relative strength of an individual's identification with and involvement in a particular organization that is characterized by three critical factors: (1) a strong belief in and acceptance of the organization's goals and values, (2) a willingness to exert considerable effort on behalf of the organization and (3) a strong desire to maintain membership in the organization. This most widely used organizational commitment questionnaire measures three dimensions: moral commitment, calculative commitment and alienative commitment.

### **2.15.3 TYPES OF COMMITMENT**

Research on organizational commitment suggests that there are four types of commitment: commitment to the organization, to top management, to immediate supervisors, and to work groups. The elements of commitment in this research include identification and reciprocity with the organization, as well as the intention to remain with the organization (Black and Stephens, 1989).

The reciprocity component depends on the desire to reciprocate which is universal contingent upon receipt of benefits. The psychological contract focuses on talent and employer exchange relationships. In exchange relationships individual talent may reciprocate on employer treatment by enhancing their attitudes, engaging in organizations' supportive conduct or both (Roehling, 1996). It is argued that reciprocity is a mechanism that underlies talent commitment to the organization in reciprocation of perceived organizational support.

According to Meyer and Allen (1991), talent with strong affective commitment remain with the organization because they want to, than those with strong continuance commitment to the organization because they need to, and those who has strong normative commitment because they feel they ought to do so (Roberts et al 1999: 3). Meyer and Allan (1991) define each of the three forms of commitment definitions as follows:



1. Affective commitment refers to talent emotional attachment to the organization. As talent amass positive work experiences, affective commitment rises accordingly. Some researchers suggest that for talent to experience a positive work experience and increase commitment significantly, talent must believe that such experiences are a result of effective management policies.
2. Continuance commitment is based on the costs that talent associates with leaving the organization. A high level of continuance commitment may well keep talent tied to an organization, but it is unlikely to produce high level performance. According to Meyer and Allan, talents who show a high degree of continuance commitment are more likely to earn poor marks from Management on performance and potential.
3. Normative commitment is talent's feelings of obligation to remain with the organization. A feeling of obligation to remain with the organization develops from familial and societal norms before an individual ever enters an organization. Development of normative commitment also might result from organizational socialization, especially in organizations that value loyalty and that systematically and consistently communicates that value to talents.

Research indicates that there are certain behaviors that are indicative of talent commitment to an organization, such as willingness to remain employed with the organization (Solomon 1992; Meyer and Allan 1991), productivity exceeding normal expectations (Mowday, Porters and Steers 1982); altruistic behavior (Laabs 1996) and reciprocity, that is the talent's commitment to the organization must be matched by the organization's commitment to its talent. A morally committed talent has accepted both the organizational goals and values and can therefore personally identify with them. Among the types of commitments discussed, affective commitment is considered the most desirable and beneficial (Meyer and Allan, 1997).

According to Meyer and Allan (1997) the antecedents to affective commitment are categorized as personal characteristics, work experience and organizational characteristics. Personal traits relates to age, gender, education, marital status, job level and tenure. Whereas job characteristics focuses on skill variety, task autonomy, job challenge and job scope. Research has over the years shown that organizational characteristics are strongest predictors of affective commitment (Meyer and Allan, 1997).

#### **2.15.4 ADVANTAGES OF ORGANIZATIONAL COMMITMENT**

According to Meyer & Allen, (1997), if organizations manage the expectations of their talents, they would be better at fostering their desired commitment; and similarly, if talent believed that the organization is not committed to them, they could react by feeling less commitment to the organization, and this can influence their intention to stay or leave (Meyer & Allen, 1997).

It can be argued that by enhancing jobs, increasing rewards, and empowering talent organizations can increase talent organizational commitment (Ongori, 2007). This study proposes that low job satisfaction leads employees to have low commitment to, which leads to high turnover. Research evidence indicates that talent commitment to an organization have an impact on the organizations' performance in many respects. According to Koene et al, (1997) research studies show that there is a positive relationship between talent commitment and strong organizational culture.

According to Eisenberger et al, (1986) perceived organizational support describes the extent to which talent believe that the organization values their contribution and cares about their well-being. This is a useful framework in which to view commitment behavior as components of a fair exchange between the organization and its talents. This approach suggests that talents and their organizations are involved in an exchange relationship (Pinder, 1984). Therefore in order to make talent loyal, the organization must be able to satisfy talent needs (McClean and Andrew 2000).

The development of organizational commitment is related to the notion of psychological contract. This term is used to describe talent's belief regarding the terms and conditions of a reciprocal exchange agreement between talent and the employer (Robinson and Rousseau 1994). The psychological contract recognizes that people seek to balance their contribution (what they put into the organization) and their inducements (what they get from the organization in return). Accordingly within the confines of the psychological contract, talent would consent to do more things for the organization because they think they should". However on the other hand it is argued that the concept of commitment also incorporates talent's perception of the degree to which the organization is committed to them (Eisenberger et al, 1986).

Organizations can therefore show their commitment to their talent in many ways. An organization may solicit from its workforce physical and emotional well being, devote itself to building a high level of job satisfaction, talent development, provide a fair and ample compensation and share profits ( Eisenberger et al.1990; Mowday et al.1984). Calculatively committed talent exchanges their organizational contributions depending on the inducements provided by the organization. An alienatively committed talent perceives a lack of control over internal organizational environment and an absence of alternatives for organizational commitment.

According to Meyer and Allan (1997) a positive relationship exists between affective commitment and talent retention. Both affective commitment and continuance (calculative) commitment is expected to increase the likelihood of talent to remain with an organization for a longer time (Meyer, et al, 1991). Although talent reasons for remaining with an organization varies between affective and continuance commitment, talent with high levels of affective commitment remain because "they want to", whereas those with strong continuance remains because "they have to".

In summary, talent commitment to an organization is regarded as critical success factor in today's business environment (Somers 1995). The focus of most organizations on talent is demonstrated through monetary rewards and non-financial benefits they receive and the service that is devoted to them. If talent

believes that the organization is less committed to them they are likely to respond by feeling less committed to the organization. The result of the lack of talent commitment to the organization will be reflected in their intention to stay or leave, and talent turnover (Meyer and Allen 1997).

#### **2.15.5 DISADVANTAGES OF ORGANIZATIONAL COMMITMENT**

Research indicates that talent with lower levels of commitment to their organization demonstrated higher absenteeism and turnover (Somer, 1995). Other researchers suggest that the propensity to commit accounts for the diversity in these interactions, and that sustained commitment as the most important factor, lies within the individual pre existing values, but that this has limited success in determining group of values ( Finegan, 2000).

According to Meyer, Allen and Smith (1983) there is a negative relationship between normative commitment and intention to turnover, affective and normative commitment negatively relates to turnover intention. Other researchers have found a weak direct relationship between organizational commitment and talent turnover intentions. Their studies turn to support that organizational commitment mediates and moderates turnover intention.

#### **2.15.6 STRATEGIES FOR TALENT ORGANIZATIONAL COMMITMENT**

The popular method of examining commitment concept is through talent's attitude and feelings towards employing organization. According to Legge (1995:182) argued that virtually all the research conducted on organizational commitment used the attitudinal conceptualization approach than any other approach. This conceptualization turn to suggest that committed talent have a strong belief in and acceptance of the organization's goals and values, and shows talent willingness to exert considerable effort on behalf of the organization. Such talent has a strong desire to maintain organizational membership (Cook and Wall, 1980).

Research indicates that talent's job performance is positively related to talent's level of commitment to the organization. In circumstances where talent is fully committed

to the organization, this results in the decrease in talent turnover and a high level of productivity (Cook and Wall, 1980). Accordingly it is in the best interest of employers to develop strategies to better foster talent loyalty. Organizations should be flexible, supportive and understanding of their talent needs in order to build loyalty. Talent commitment can be fostered by the relationship between talent and the employer, which relationship enables the attainment of the organizations financial goals as well as meeting talent needs (Allen, 1996).

## **2.16 ALEXANDER FORBES SECTOR**

Alexander Forbes is currently a leading provider of risk, insurance, health, retirement and multi-manager investment solutions internationally (Alexander Forbes (2014)). Alexander Forbes's primary operations are based in South Africa and the United Kingdom. Alexander Forbes has significant network of subsidiaries and partners in Europe and Africa which ensures that the company can provide outstanding levels of service to its global clients.

According to Alexander Forbes (2014), the Financial Services business comprised of both the institutional and retail cluster. The Institutional cluster, is the largest provider of retirement fund administration, actuarial and consulting services in South Africa and the Retail cluster provides comprehensive financial and wealth advice and solutions to individuals. Whereas the Health cluster, provides medical scheme and health-related consulting and actuarial services to corporate and individual clients and medical scheme trustees. The Insurance services, includes motor and home insurance.

Guardrisk business division on the other hand provides Short-term and life cell captive insurance administration and facility management services. Investment Solutions division provides a multi-manager investment manager solutions, it selects appropriate asset managers and portfolios, monitors and reports on manager performance, develops risk-profiled investments. The UK Insurance, Lane Clark & Peacock provides actuarial and consulting services focusing on pensions and other employee benefits, investment consulting, insurance consulting and other areas of corporate financial modeling and consulting services (Alexander Forbes, 2014).

People are the cornerstone in ensuring Alexander Forbes success in a fiercely competitive financial services sector. Alexander Forbes place significant emphasis on seeking and retaining high calibre professionals with sound business values. To this end, Alexander Forbes has for the past two years renewed its focus on bolstering the management team and much emphasis is paid to key technical areas so as to maintain its competitive edge and attain its ambitious goals. Alexander Forbes has over the past few years experienced an increase in talent turnover across its main business divisions and has employed various human resources management strategies in trying to retain its talent pool including an investment in management training and development.

Alexander Forbes's vision is:

- To provide impactful service that enriches people's lives.
- The organization's aspiration is to be a truly African, globally distinctive organization that creates wealth, protect client's assets from risks and in so doing impacts positively and sustainably on their lives.

Alexander Forbes Higher Purpose is to SERVE, by enhancing client's quality of life, and providing peace of mind now and for the future. The organization is committed:

1. Create wealth to those who entrust it with their money.
2. Enhance client's financial security now and in the future.
3. Protect life and hard earned assets from unplanned risks.

Alexander Forbes requires the commitment and intellectual capital of its talent in order to execute on its SERVE higher purpose. Alexander Forbes talents are responsible for providing quality and professional service across diverse business products in order to ensure customer satisfaction. Without this level of talents who are highly skilled and capabilities, Alexander Forbes will not be able to have a competitive advantage against its rivals in this very highly competitive financial services industry where talent has the knowledge power of financial products, services and ease of mobility.

From the above discussion it is clear that Alexander Forbes could only achieve a competitive advantage against its rivals by ensuring that it keeps its talent committed and engaged, that it offers talent competitive and attractive

remuneration, invests resources towards talent career development and training, and that management should show that they care about talent personal and professional growth. From the above discussion, Alexander Forbes should also offer talent a conducive working environment that enables talent to function optimally and efficiently, in order to enhance its financial performance. Accordingly all talent retention factors discussed above are important in talent attraction and retention. Alexander Forbes should therefore ensure that its Human Resources policies are tailor made to meet talent needs and expectations over time, in order to improve retention and decrease talent turnover rates.

## **2.17 CONCLUSION**

In this chapter the researcher outlined the theoretical background to major factors which impacts talent retention. Various points of views were espoused by other researches and academics on the broader impact of talent turnover, the cost of turnover and how organizations can improve talent retention by understanding talent retention factors. The researcher discussed extensively various factors impacting talent retention with specific focus on the five retention factors, namely, pay and compensation, career development and training, working environment, leadership and talent organizational commitment. In the next chapter, the researcher describes the techniques used in conducting the present study; the research approach, strategy, sampling method, target population, and the primary data collection method, reliability and validity. Ethical issues will also be discussed in the following chapter.

## **CHAPTER 3**

### **3. RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

As indicated in the previous chapter, various factors influencing talent retention has been discussed. This chapter begins with a discussion of the research methodology used in order to attain the objective of the study. The objective of this study is to investigate the impact that the five talent retention factors namely; pay and compensation, career development and training, leadership practice, working environment and organizational commitment, as identified from literature review has on talent retention. The contribution of these factors towards turnover and retention of talent currently employed by Alexander Forbes Group was assessed, with the possibility of assisting Alexander Forbes Group in developing an effective talent retention strategy.

#### **3.2 RESEARCH APPROACH**

There are two main research methods that the researcher can use, namely qualitative and quantitative method or a combination of both. For the purposes of this research, a qualitative research method was used. Data was collected through a structured questionnaire which was distributed to the targeted employees of Alexander Forbes Group at head office in Sandton. The survey was conducted mainly for the purposes of assessing the impact that the five talent retention factors would have on talent intention to stay or leave the employ of Alexander Forbes group. The five talent retention factors under consideration were the following; Pay and compensation, Career development, Leadership practice, Working environment and Organizational commitment.

This research also assessed the influence that the above five factors had on talent turnover and retention within Alexander Forbes Group. The research findings would assist Alexander Forbes Group in developing effective talent retention strategies that can be utilized to curb talent turnover. The research questionnaire was administered amongst selected 300 talented employees who were selected by virtue of their



ability to execute the organization's strategy within the three Alexander Forbes' business divisions namely; Alexander Forbes Financial Services, Guardrisk and Investment Solutions business, all these divisions are jointly referred to as Alexander Forbes Group.

Prior to the distribution of the questionnaire, a pilot study of the questionnaire was conducted to test for accuracy relating to time allocation, clarity of the questions and the respondent's responses.

### **3.3 RESEARCH PARADIGM PERSPECTIVE**

The formulation of the research questions lead to the selection of an appropriate qualitative research method for this study. The theoretical perspective most often associated with qualitative researchers is phenomenology. Following the phenomenological approach, researchers seek to understand meaning in events and in human interactions. According to Easter-Smith et al.,(1991:27) the basis for the phenomenological hypothesis as a world that is generally constructed and biased, a world in which the observer is part of what is being observed and where science is driven by human interest.

According to Bryman, (2004:453), a paradigm is a set of beliefs that prescribes how research in a specific discipline should be implemented and how the results should be interpreted. A paradigm is essentially a set of beliefs that encompasses the theories of a group of researchers, with these ideas underpinning their research methods and interpretation (Tashakkori and Teddlie, 2010). Within the context of social and behavioural sciences, paradigms largely follow two main approaches. Tashakkori and Teddlie,(2010) does not apply the terms 'scientific' and 'naturalistic' to the concept of a paradigm, but uses the terms 'positivist' and 'constructivist'.

The basic objective of this research was exploratory; it aimed to answer fundamental questions that human resource managers are confronted with relating to talent retention and factors impacting on talent retention in order to reduce turnover rates. The theoretical basis of this research incorporates various factors impacting talent retention, theories and concepts as discussed in Chapter two but

limited to the five retention factors as has not been previously applied within Alexander Forbes Group, hence this research is exploratory.

From the phenomenological hypothesis the researcher was reminded to focus on meanings, attempt to understand what is happening within the totality of each situation, and to develop ideas through induction from data. The preferred research methodological hypothesis from the phenomenological assumption was mixed methods and small samples investigated in depth are suggested (Easterby-Smith et al 1991:27, Hussey & Hussey 1997).

Pragmatists associate the paradigm to the nature of the research questions developed (Creswell, 2003). As it was not possible to conduct research in a single-dimensional approach, a 'what works' tactic allowed the researcher to focus on questions that cannot be handled via a purely quantitative or purely qualitative approach. Darlington and Scott (2002) add to this argument, asserting that many decisions that are made while designing a research study are not based on decisions that are philosophical in nature, but on practical concerns related to the type of methodology that is best suited to the study. Essentially, therefore, the pragmatic paradigm rejects a strict choice between post positivism and constructivism (Creswell, 2003).

Tashakkori and Teddlie, (1998) and Creswell (2003) view the pragmatic paradigm as a philosophy that supports an intuitive approach to research and scientific study. Adopting this approach allows scientists to make informed decisions about which methods to apply, based on their individual value systems (Creswell, 2003). As such, it may be claimed that the pragmatic paradigm is suitable for social and management research as well as for scientific research, as it offers a harmonious combination of quantitative and qualitative approaches suitable for 'practitioner-based' research.

This research was guided by the philosophy of pragmatism. Pragmatic research reflects the researcher's innate disposition toward systematic enquiry. It also allows a flexible approach to the investigation, accommodating an outcome-and

adaptive-oriented enquiry method (Johnson & Onwuegbuzie, 2004) and allowing for the use of mixed methods (Creswell, 2003). In addition, it allows for both qualitative and quantitative data and analysis to be used, and both inductive and deductive forms of enquiry.

### **3.4 RESEARCH DESIGN TYPE**

In terms of typology of research design types this research is classified as empirical and primary data was gathered using a questionnaire. According to Cooper and Schinder, (2008) the objective of an exploratory research is to expand hypothesis more evidently and to operationalize definitions. The research method for collecting the data in the survey was by means of responses gathered from the structured questionnaire. The completed questionnaires provided useful information that was used to understand the impact of the five talent turnover and retention factors at Alexander Forbes Group. This important perspective presented by qualitative researchers provided the foundation for the researchers' own research methodology.

The researcher adopted a two phase qualitative method for this study conducted in order to design the research questionnaire for the pilot study and the second phase used for the main study.

### **3.5 DATA COLLECTION INSTRUMENTS, SOURCES, AND PROCEDURES**

Following this line of thinking, a qualitative study of the five factors impacting on talent intention to stay or to leave the employ of Alexander Forbes was proposed. To this end a research questionnaire was prepared based on literature review on the selected retention factors and formed the primary research approach. The questionnaire was distributed to the selected respondents within the various divisions of Alexander Forbes Group. The research questionnaire distributed is as set out in **Annexure A**. The researcher after distributing the questionnaire to the respondents clarified any question from the participants regarding the purpose of the research. The researcher also indicated that the participants' responses to the questionnaire was confidential and would be used for statistical purposes only. The researcher gave the participants two weeks to respond to the questionnaire and to return the completed questionnaire to the researcher in an enclosed envelope, which

accompanied the questionnaire. The participants responded to the questionnaire on a wide variety of issues relating to the five talent retention factors, in particular how each of the factors would influence their intention to stay or leave the employ of Alexander Forbes Group.

### **3.5.1 REASON FOR CHOOSING THE METHODOLOGY**

This research employed a quantitative method to describe the environment of the study and qualitative tools to probe further into the research questions. If the researcher has chosen the observation approach, more time and financial resources would have been required to conduct the research. A survey was more appropriate for this kind of research and questionnaires were mainly utilized to get the required data. Surveys are useful when responses are required to the same questions from a number of people. Surveys can take two forms: structured face to face and telephone surveys, which the researcher administers; or alternatively using self administered questionnaires which respondents complete themselves (O'reilly-De Brun, 2001). The exploratory nature of this research, with the objective of determining the perceptions, actions, behaviour and attitudes of people, justifies the focus on the qualitative tools to probe and bring out deeply embedded perceptions of employees for analysis (Miles & Huberman, 1994).

Given the researcher's position within Alexander Forbes Group, bias was reduced during the administration of the questionnaires, as the researcher was not present when the respondents were allowed to complete the questionnaire, and the respondents were given adequate time to complete the questionnaire at their own convenience within the stipulated time. After the questionnaires were completed the respondents were requested to forward their completed questionnaire to the researcher or contact the researcher to collect. The completed questionnaire were all handed to the University of Johannesburg Statkon for data capturing and statistical analysis

### **3.5.2 POPULATION**

The survey was not done on a large scale considering the sample size. The population for this research consisted of a total sample of 300 talented employees in full time employment within Alexander Forbes Group at Head office in Sandton. These talented employees were selected by virtue of their differentiated potential, skill and ability to execute against the organization's growth strategy, in line with the definition of talent as espoused by (Cheese et al., 2007). Talent within Alexander Forbes Group included employees that are able to drive the business forward, top achievers and management who inspire others to superior performance, (Hansen, 2007).

### **3.5.3 SAMPLING**

As this is an exploratory study, a judgement sample was used. This form of sampling is commonly used in exploratory research (Cooper & Schindler, 1988), where the researcher chooses participants to conform to some pre established criterion, in this case the researcher has chosen the full time workers at Alexander Forbes that falls within the definition of talent.

A total population sample of 300 respondents were selected to allow the statistical requirements of the factor analysis and cluster analysis to be met. The sample size was sufficiently large enough to meet the statistical test requirements for the Alexander Forbes Group statistical testing. A total of 300 questionnaires were distributed across the Alexander Forbes group, 200 questionnaires were distributed within Alexander Forbes Financial Services division, 50 questionnaires within Guardrisk Business division and the remaining 50 questionnaires within Investment Solutions Business division. This distribution was guided by the size and number of employees within each of the three business divisions comprising the Alexander Forbes Group.

### **3.5.4 DATA COLLECTION AND ANALYSIS**

#### **3.5.4.1 Primary Data Collection Methods**

The researcher collected the primary data through questionnaires. According to Zikmund (2003), questionnaires are a simple yet effective research tool. They are cost-effective and reduce distortions in data resulting from any 'interviewer bias' introduced during the interview process. Since the research aimed to discover deeply held personal attitudes and beliefs, some of which may be sensitive in nature, the anonymous nature of the questionnaire allowed respondents to express their inner beliefs, attitudes, and perceptions freely.

#### **3.5.4.2 Mode of Questionnaire Development**

The questionnaire was developed guided by literature review, and open-ended questions, as well as closed questions were included in the questionnaire to determine the context of the research by asking general questions like age, gender, and occupation. A likert scale questions were employed with likert scale required the respondents to indicate by means of a cross the 'intensity' of their attitude towards each aspect of their job. The likert scale had a range of options from 'Strongly Agree' to 'Strongly Disagree'. This give the respondents the ability to make fine distinctions between attitudes (Dundas, 2004). The questionnaire was structured so that general information was sought first before moving to questions that probed deeper aspects of factors impacting on talent retention.

#### **3.5.4.3 Structure of the Questionnaire**

The questionnaire was divided into two sections. Section "A" which required the respondents to provide their demographic information and section "B", which required respondent,s specific responses to the various staements relating to the five factors impacting talent retention. A detailed explanation, and a copy of the questionnaire, is made available in Annexure A.

#### **3.5.4.3.1 Section (A) Demographic Information**

This part sought respondent's demographic details: gender, ethnic group, age, marital status, qualifications, years of employment, job level, income level, the division employed by, motivation for joining the organization, working hours and generation group.

#### **3.5.4.3.2 Section (B) Factors impacting talent retention**

This section encompasses five factors impacting talent retention. The five factors impacting talent retention are; pay and compensation, career development and training, leadership, working environment and organizational commitment. These have been identified as some of the key factors likely to have the greatest impact on talent's intention to stay or to leave the employ of the organization, (Guest, 2001).

Connections between categories of themes were used to further understand and assess the relation of the impact of the talent retention factors with talent intention to stay or leave. The findings enabled the researcher to propose a practical aspects in developing an effective talent retention strategy based on the effective implementation of the five factors under review.

#### **3.5.5 LIMITATIONS**

The sample size was limited to 300 full time talented employees in fulltime employment within Alexander Forbes group in Sandton and this excluded employees within Alexander Forbes Group who did not fall within the definition of talent. The sample size was further limited geographically as it included talent employees within Alexander Forbes Group employed by the Group in other regions and offices within South Africa and outside South Africa. The limitation of this research included the lack of general application of the research findings to the broader financial services industry.

The research findings expressed the views of only 300 participants currently employed on full time basis within Alexander Forbes Group head office in Sandton, as at 30<sup>th</sup> March 2014. As at March 2014 there were more than 3000 employees at Alexander Forbes Sandton head office whose views were not canvassed in this

research because of its limited scope. As purposive sampling is a non-probability method of sampling, it is impossible to evaluate the extent to which such samples are representative of the relevant population (Welman & Kruger, 2001). The problem with generalizing from the sample to the whole population of talent limits the research design (Cresswell, 1994) and this is acknowledged in this research.

As the questionnaire was only focusing on only five factors impacting talent retention, out of more than fifteen other factors, the questionnaire might not be wide enough to cover all questions and aspects impacting talent retention. The five factors were chosen from the Alexander Forbes human resources strategies for talent retention. The factors relevant to talent retention are prone to participant bias.

### **3.5.6 ETHICS AND CONFIDENTIALITY**

The researcher provided a letter to all participants explaining the objective of the study to overcome their reservations about providing sensitive and confidential information. Participants were assured of the privacy of their information, and that their identities would not be revealed. It was explained to the participants that their contribution was voluntary and that they have full authority to refuse or to withdraw if they changed their minds about participating. To further assure confidentiality unmarked self-sealing envelopes were provided for the return of completed questionnaires.

An assurance was given to participants that there would be no misrepresentation of their responses to the questionnaire, information from participants, and that privacy, confidentiality, and anonymity would be respected. The participants responses to the questionnaire reflected an accurate reflection of participants views, without fabrication, fraudulent materials or omissions. The participants were requested to enclose their completed questionnaire in a sealed envelope at the end of the survey.



### **3.6 CONCLUSION**

In this chapter the research methodologies were discussed and a discussion on the research method employed in the current study comprised of a qualitative approach. The research method was discussed and the data collection instrument used. The issues relating to the limitation and ethics were considered. The participants were selected from a population of 300 talented employees across the three divisions of Alexander Forbes Group currently in full time employment at head office in Sandton. The following chapter will present the results of the research survey.

## **CHAPTER 4**

### **4. DATA ANALYSIS AND RESEARCH RESULTS**

#### **4.1 INTRODUCTION**

Chapter three presented the research methodology. This chapter presents the results of the research methodology used in this research which examines factors impacting on talent retention within Alexander Forbes Group. This chapter will also present the results collected through the research questionnaire as well as statistical analysis of the data. The overall results will be presented in a tabular and graphical form in the same chronological order as the questions in the survey questionnaire. After the results of each factor are presented the results of the qualitative data gathered will be analyzed and discussed. A summary of the descriptive statistics and correlations between the factors and retention variables will be presented. In addition, this chapter investigates the results of the study's findings and confirms them with reference to previous scientific research in the literature, to clarify the significance of the findings.

#### **4.2 DATA ANALYSIS**

According (Norusis,2005) data analysis is an all encompassing activity which includes the filtering through the study process, data collection, data characteristics and satisfying data quality standards. Data received from the questionnaire was captured and processed in an excel spreadsheet. Data was presented in tabular form showing responses to each question. The frequency of the respondents responses and percentage of their level of agreement or disagreement with the statements in the questionnaire per question were calculated. The statistical data analysis was performed by means of a statistical package, SPSS (Statistical Package for Social Science) performed by STATKON (a statistical consultancy at the University of Johannesburg). The analyzed data was presented in a series of tables indicating the level of agreement or value added by these data to the critical findings.

#### 4.2.1 VALIDITY AND RELIABILITY

The validity of qualitative research is often referred to as research trustworthiness or credibility. Common methods of assessing validity include consistency checks. Validity of research relates to the accuracy of the research conducted to which some alternative measurement form could arrive at the same or similar outcome as the method adopted in this research. According to Leedy and Ormrod(2005:28), validity is defined as a measurement instrument the extent to which the instrument measures what it is supposed to measure.

The reliability of research relates to the accuracy with which the research method measures the data, which means that the same outcome should be attained on re-measurement assuming the circumstances remains the same. According to Collis and Hussey, (2003:186) reliability is concerned with the findings of the research. The findings are said to be reliable if the researcher or anyone else repeated the research and obtained the same results.

According to Gill and Johnson (2002:229), there are three types of validity:

- i) **Internal validity** is the extent to which the conclusions regarding cause and effect are warranted.
- ii) **Population validity** is the extent to which conclusions might be generalized to other people.
- iii) **Ecological validity** is the extent to which conclusions might be generalized to social contexts other than those in which data have been collected.

The findings are said to be reliable to the extent that if the researcher or anyone else repeated the research would come to the same result or conclusion.

#### 4.2.2 ASSUMPTIONS

The following assumptions are made for the purposes of this study:

It is assumed that the information provided by the respondents to the survey is correct and valid at the time it was provided.

1. That all respondents were employed by Alexander Forbes group in Sandton at the time.
2. The organization has the desire to retain its key talent through the use of talent retention factors.

### 4.3 STATISTICAL ANALYSIS

This section analysis the results of the survey as indicated by the respondents in the questionnaire. This part presents the analysis of the demographic data collected through section A of the research questionnaire. The content of this section is reported directly from the respondent's answers. For analysis purposes selected statements from total number of the factor survey statements were found to be reliable. At the end of each retention factor a summary of the survey results will be presented, to share some insight on the discussion.

#### 4.3.1 PROFILE OF THE RESPONDENTS

From the 300 questionnaires distributed, 199 employees responded to the survey, representing 70% response rate. The balance of 101 questionnaires remains outstanding, representing 30% of all respondents in the population. These are represented in Table 4.1 below.

##### Total population response rate

	Questionnaire	Percentage
Received	199	70%
Outstanding	101	30%
<b>TOTAL</b>	300	100%

**Table 4.1: Total population response rate**

The survey was divided into two sections; section A and B. Section A required the respondent's demographic information and Section B required respondent's responses to various statements in respect of the five factors impacting on talent retention. All respondents to the survey were in full time employment at Alexander Forbes Group Head office in Sandton at the time of the survey. Section A of the survey required various data relating to the respondents' characteristics such as; gender, ethnic group, age, marital status, level of education, number of years

employed, job level, monthly income, and division currently employed by within Alexander Forbes group.

### 4.3.2 GENDER AND ETHNIC GROUP DISTRIBUTION

Of the respondents, 66 % were female and 34 % were male. The majority 40% categorized themselves as black, 34% white, 13% coloured and Indian respectively. The pie chart on figure 4.1 and 4.2 below, shows the gender and ethnic group percentage distribution of respondents. Figure 4.1 Percentage of gender distribution of respondents.

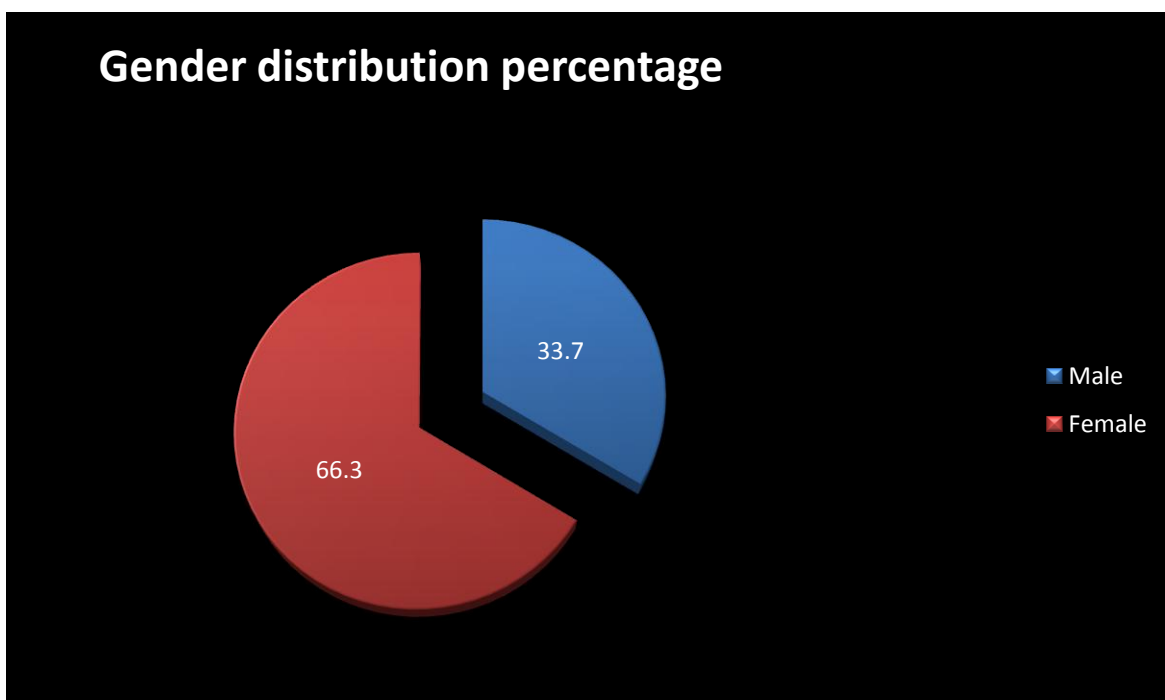
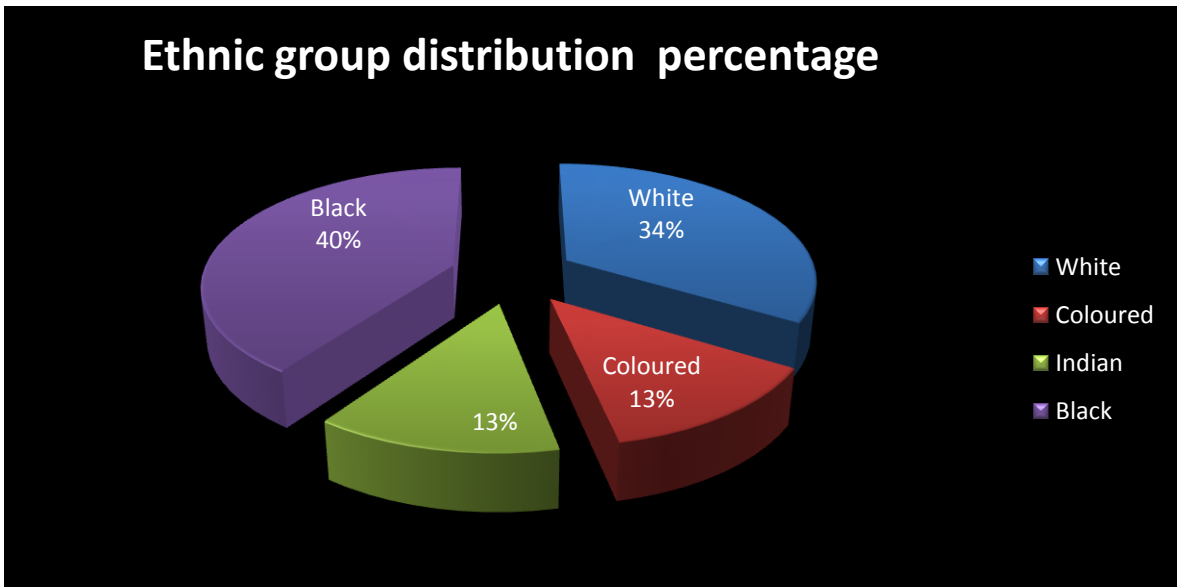


Figure 4.1: Percentage of gender distribution of respondents



**Figure 4.2: Percentage of ethnic group distribution of respondents**

### 4.3.3 AGE GROUP

Of the respondents, 37.7% were between the ages 31-40, 32.7% between the ages of 21-30, 22.1% between the ages of 41-50, 5.5% between the ages of 51-60, and only 2% were above the age of 61 years. Table 4.2 below indicates respondent's age group distribution percentage.

**Respondent's age group distribution percentage**

Age group	Frequency	Percent
Valid		
21-30	65	32.7
31-40	75	37.7
41-50	44	22.1
51-60	11	5.5
61+	4	2.0
Total	199	100.0

**Table 4.2: Respondent's age group distribution percentage**

### 4.3.4 MARITAL STATUS

The response rate by marital status is divided into five categories, namely; single, married, divorced/ separated, widow/ widower and cohabiting. From responses received 45% represented respondents who were both single and married

respectively, 7% were divorced or separated, 2% were cohabiting and 1% classified themselves as widow or widower. Figure 4.3 below, indicates respondent's marital status distribution percentage.

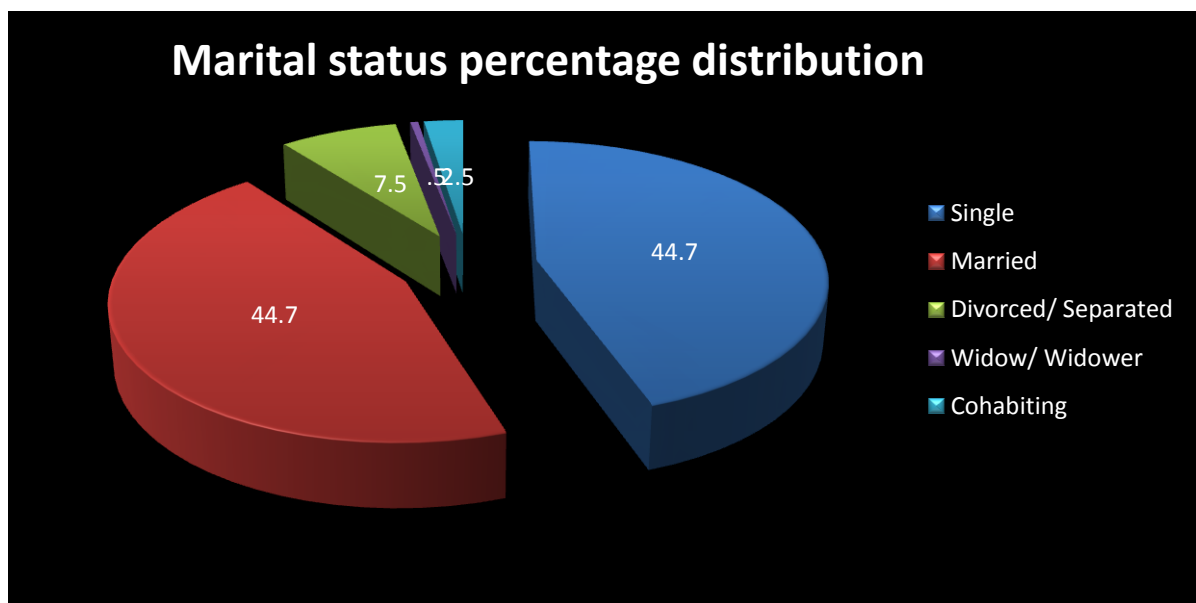


Figure 4.3: Respondent's marital status distribution percentage.

#### 4.3.5 HIGHEST LEVEL OF EDUCATION

The response rate in this category of highest level of education is divided into six categories, namely: Grade 12(Matric) or lower, National diploma, Bachelor's degree, Honours degree, Masters and Doctorate. The majority of respondents, 32% had Grade 12(matric) or lower, 26% had National diploma, 20% had Bachelor's degree, 18% had Honors degree, 3% had Masters and only 1% had Doctorate. Figure 4.4 below, indicates respondent's highest level of education distribution percentage.

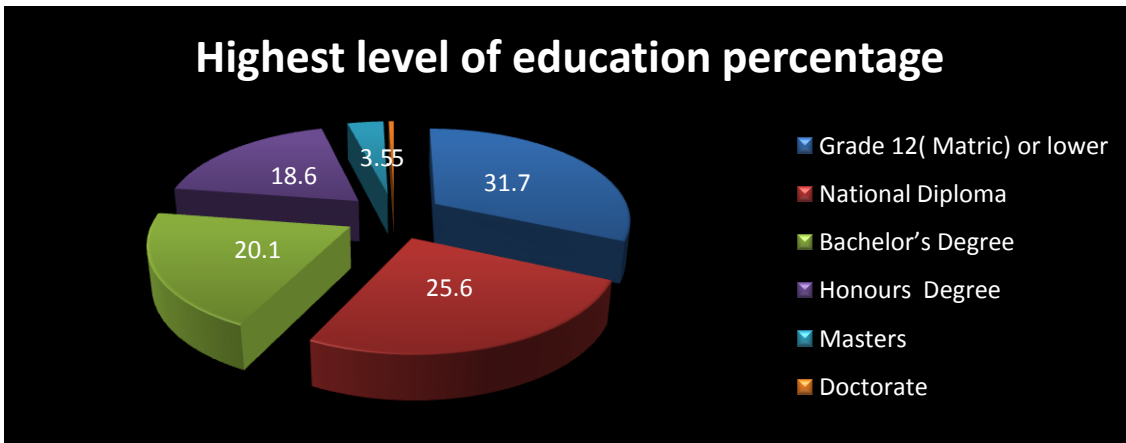


Figure 4.4: Respondent's highest level of education distribution percentage.

#### 4.3.6 NUMBER OF YEARS EMPLOYED

In this category, it was interesting to notice that a significant number of respondents 18% were in the category of those employed by the organization between 1-3 years and between 3-6 years respectively, comprising a total of 36% percent of respondents in this section, 17% were employed for less than 1 year, and a similar number of respondents, 17 % were employed between 9-15 years, 14% between 6-9 years, 12% between 15-20 years and 4% were employed by the organization for more than 20 years. Figure 4.5, indicates respondent's years of employment distribution percentage.

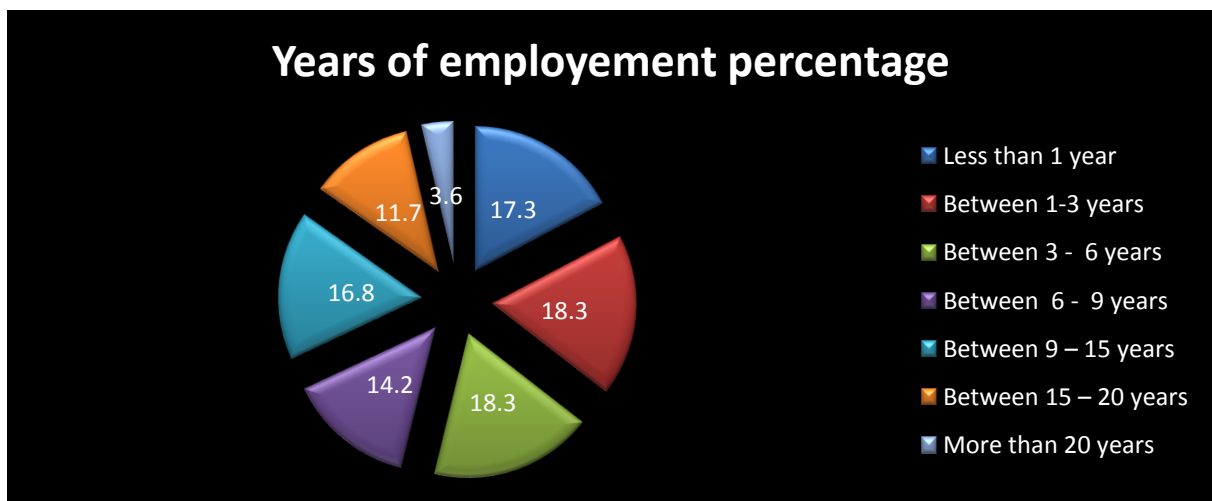


Figure 4.5: Respondent's years of employment distribution percentage.



### 4.3.7 CURRENT JOB LEVEL

Of the respondents 36.5% classified themselves as other. Other in this category catered for respondents whose job level title was not provided for in this section and were considered as talent for purposes of this research. A total of 26.6% of respondents were junior management, 21.9% middle management, 12.5% senior management and 2.6% executive management. Figure 4.6, indicates respondent's current job level distribution percentage.

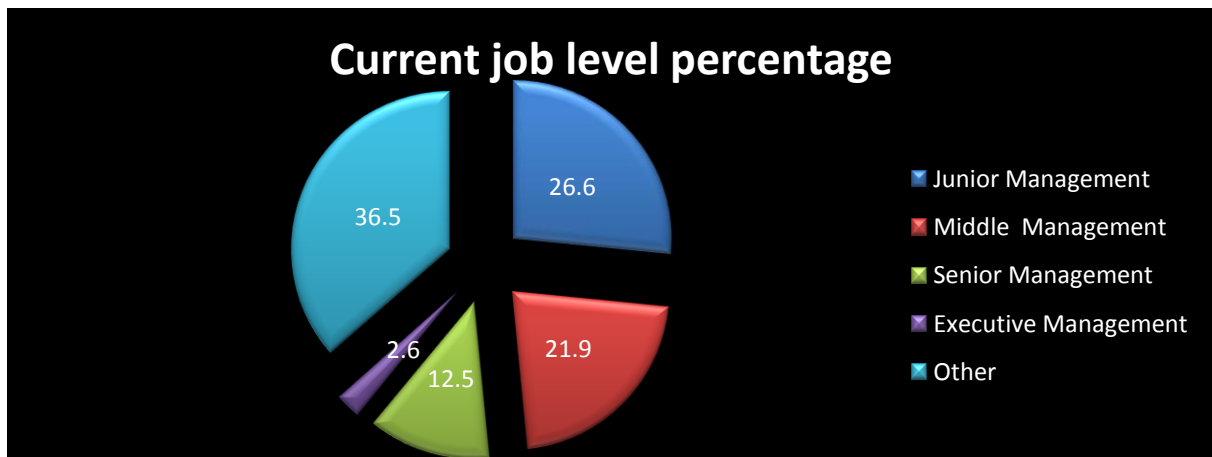


Figure 4.6: respondent's current job level distribution percentage.

### 4.3.8 MONTHLY INCOME RANGE

The monthly income range section was divided into six categories, namely, those earning between 5 000-10 000, 10 001-20 000, 20 001-30 000, 30 001-40 000, 40 001-50 000, and those earning above 50 000 per month. Of respondents the majority 34% were earning a monthly income between 10 001-20 000, 21% between 5 000- 10 000, 18% between 20 001- 30 000, 15 % between 30 001- 40 000, 6% between 40 001- 50 000 and 5% were earning more than 50 000 per month. Figure 4.7, indicates respondent's monthly income range distribution percentage.

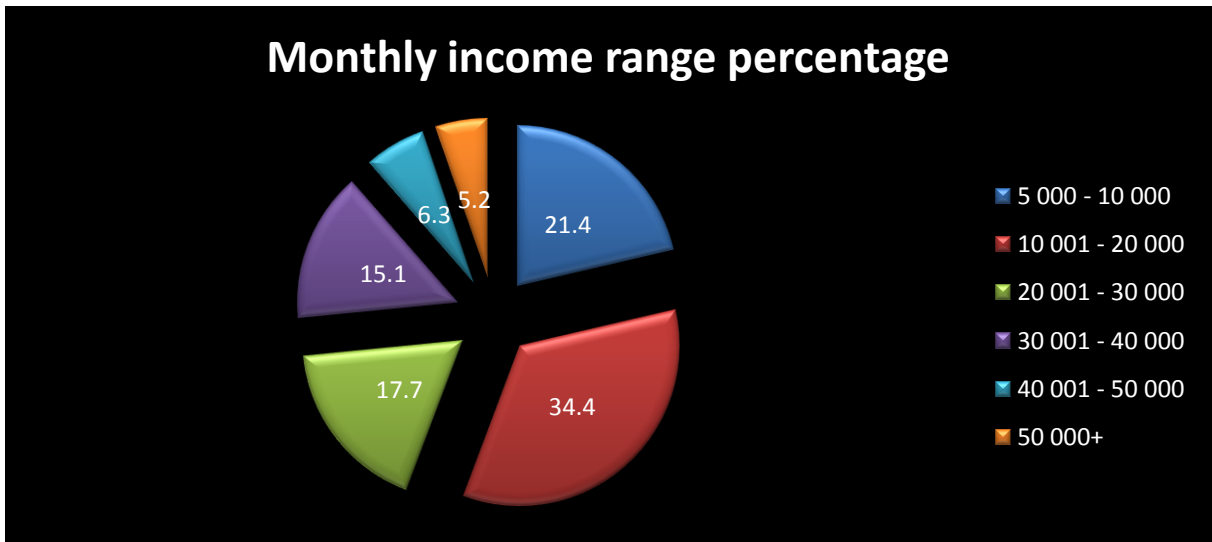


Figure 4.7: Respondent's monthly income range distribution percentage.

#### 4.3.9 DIVISION EMPLOYED

This section refers to the Alexander Forbes Group division which respondents are currently employed. Of the respondents a majority of 51% were employed by Financial Services, 32% by Group, 9% by investment Solutions, 6% by Guardrisk and 2% were employed by Afrinet. Figure 4.8, indicates respondent's Alexander Forbes division currently employed distribution percentage.

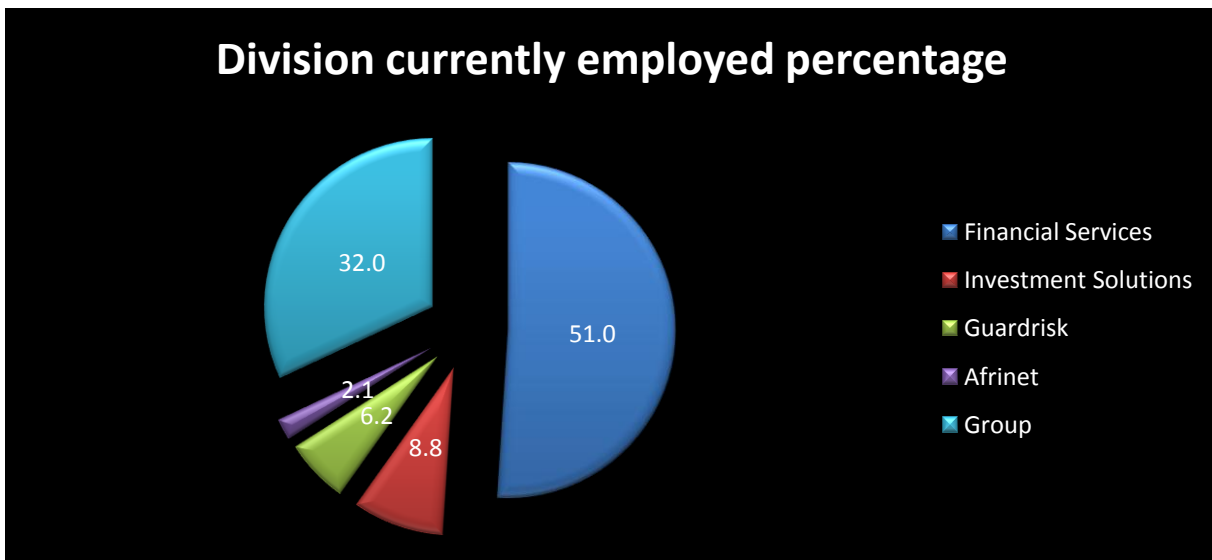


Figure 4.8: Respondent's division employed distribution percentage.

### 4.3.10 MOTIVATION FOR ACCEPTING A POSITION

Of special interest was to find out from respondents what motivated them to accept a position at Alexander Forbes group. Of the respondents 40.2% cited career development as their motivation, 28.9% cited excellent opportunity, 11.3% pay and compensation, 10.3% working environment, 8.2% other and 1% line manager. Figure 4.9, indicates respondent's motivation for accepting a position distribution percentage.

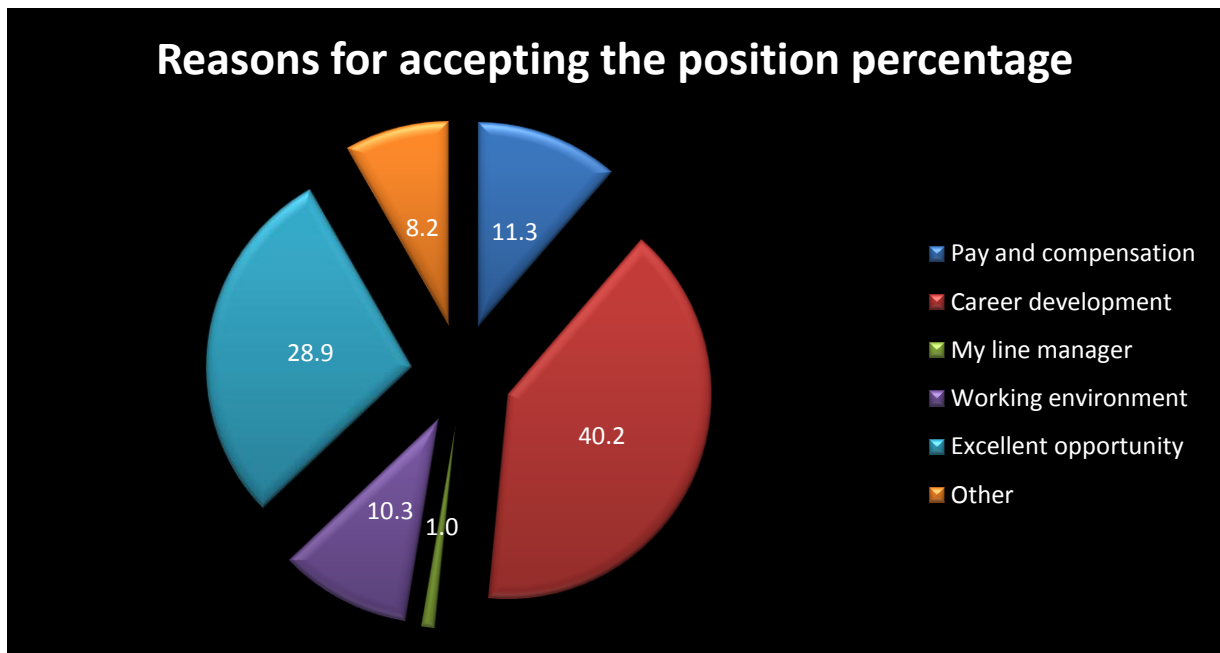


Figure 4.9: Respondent's motivation for accepting a position distribution percentage

### 4.3.11 WORKING HOURS SCHEDULE

Of those responding to the survey, the overwhelming majority 65% work flexible hours, and the remainder 35% work fixed hours. Figure 4.10, indicates respondent's working hours distribution percentage.

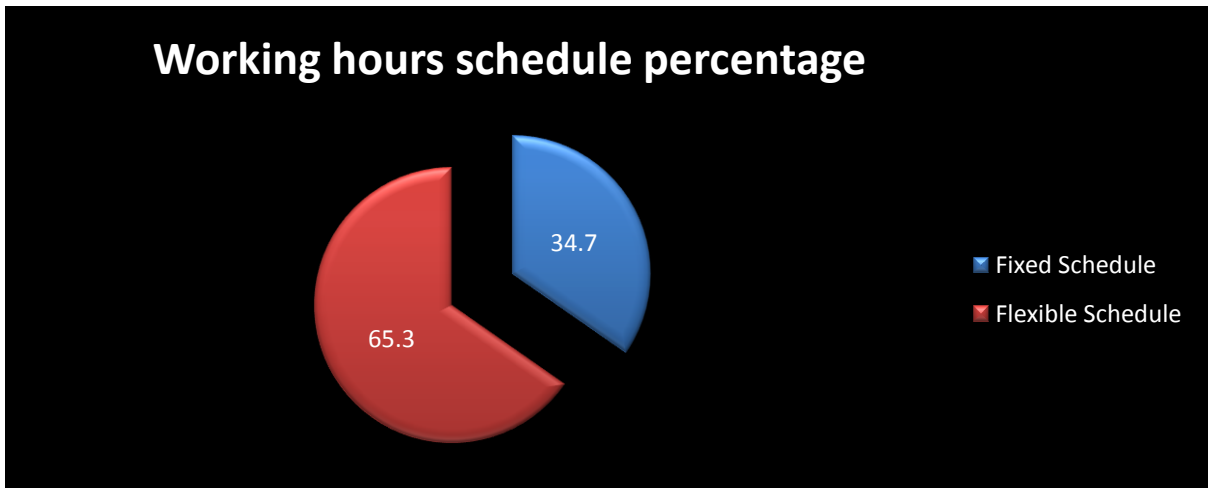


Figure 4.10: Respondent's working hours distribution percentage.

#### 4.3.12 GENERATION DISTRIBUTION

This section was divided into three generational categories, namely; baby boomers, generation X and Generation Y. The majority of respondents 45% categorized themselves as generation X, 44% baby boomers and 11% Generation Y. Figure 4.11, indicates respondent's Generation distribution percentage.

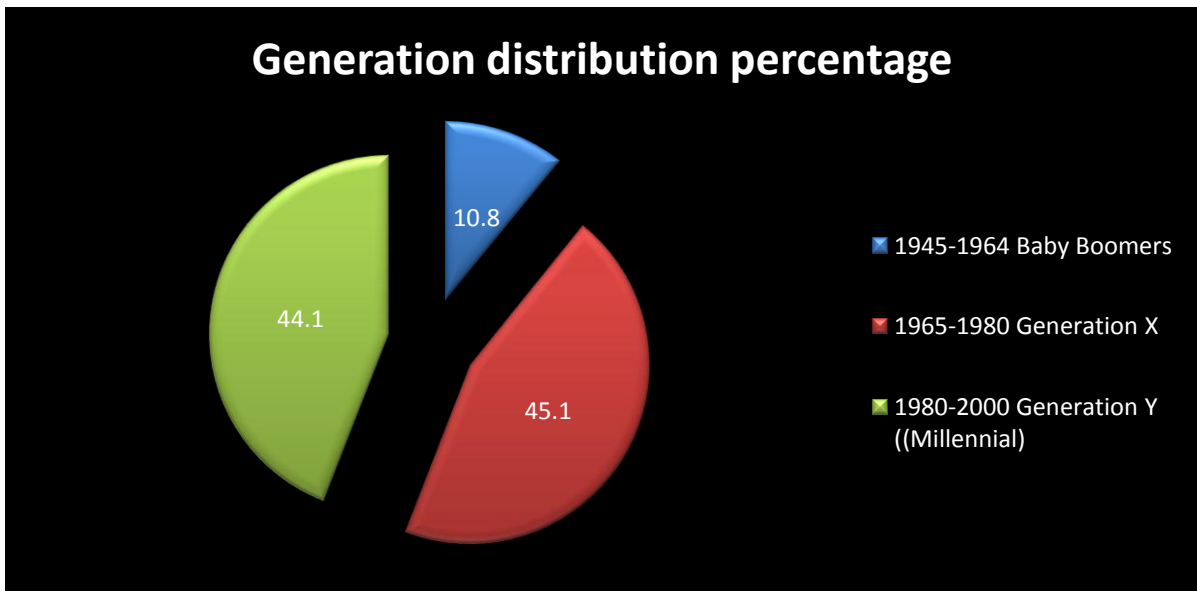


Figure 4.11: Respondent's Generation distribution percentage.

## **4.4 SECTION B: FINDINGS & ANALYSIS OF THE FACTORS**

### **4.4.1 INTRODUCTION**

Section B, of the research questionnaire presents open ended statements on the five factors impacting on talent retention based on the information emanating from Chapter 3, literature review namely; compensation package, career development and training, leadership/management, working environment and organizational commitment. The respondents were required to mark the appropriate box indicating their level of agreement (Don't know, Strongly Disagree, Disagree, Agree or Strongly Agree) with the statement presented in each of the retention factors. The statistics will be displayed in a proportionate manner showing the results for "Disagree" (on the left) and "Agree" (on the right).

All statements were posed in a positive form to discourage leading statements. The results of the respondent's responses are presented in tabular and graphical form in the same frequency of responses in the survey questionnaire followed by analysis of the results. Where the p-value is more than 0.05 then the hypothesis is rejected, and where the p-value is less or equal to 0.05 the hypothesis is accepted. At the end of each section the results are discussed, for this part all questionnaire responses are found to be valid and reliable. This chapter will conclude by providing a summary of the survey category result which will serve to share some light on the discussion.

### **4.4.2 COMPENSATION PACKAGE**

#### **4.4.2.1 INTRODUCTION**

Pay and compensation is one of the most critical factors that contribute towards talent retention. In this section 16 statements were presented on the various aspects relating to compensation package based on literature review, statements 1-15 of the survey required the respondents to indicate their level of agreement, and statement 16 required the respondents to rate the compensation structure at AF on a scale of; very poor, poor, fair and excellent. For analysis purposes respondents averaged responses to statement 1,3,5,11,12 and 13 of the survey were regarded as decisive in this section to determine the impact of compensation package on

retention. For purposes of this discussion, the percentage relating to the respondents who indicated either that they agree and disagree with the statements made in the survey questionnaire are discussed. However the section relating to the number of participants who indicated that they “don't know”, has been eliminated as it does not give an indication that the researcher found to be useful for the purposes of this research. The researcher also did not discuss the percentage of those participants who indicated that they “strongly agree” or “strongly disagree” with the statements made in the survey questionnaire for the same reason.

<b>Compensation Package</b>								
Q No			Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
1	AF offers high compensation packages compared to its competitors.	Count	53	33	63	44	5	198
		Row N %	26.8%	16.7%	31.8%	22.2%	2.5%	100.0%
3	AF offers competitive compensation packages in the industry in which it operates	Count	41	35	51	65	5	197
		Row N %	20.8%	17.8%	25.9%	33.0%	2.5%	100.0%
5	AF compensation package contributes towards my job satisfaction	Count	10	24	61	75	25	195
		Row N %	5.1%	12.3%	31.3%	38.5%	12.8%	100.0%
11	I am given positive recognition when I produce high quality work	Count	5	18	46	97	29	195
		Row N %	2.6%	9.2%	23.6%	49.7%	14.9%	100.0%
12	AF pay is competitive compared to other organizations	Count	53	31	61	46	6	197
		Row N %	26.9%	15.7%	31.0%	23.4%	3.0%	100.0%
15	AF offers great benefit package compared to other organizations	Count	58	24	47	54	14	197
		Row N %	29.4%	12.2%	23.9%	27.4%	7.1%	100.0%

**Table 4.3: Compensation package**

With reference to table 4.3 above, the total number of respondents in this section an overwhelming majority 49.7% agree that they are given positive recognition when they produce high quality work, against 23.6% who disagreed; 38.5% of the respondents agree that AF compensation package contributes towards their job satisfaction against 31.3% who disagreed. Of the respondents 33% agreed that AF offers AF competitive compensation packages in the industry in which it operates compared to 25.9 % who disagreed. On the statement whether AF offers great benefit package compared to other organizations, 27.4% of respondents agreed and 23.9% disagreed. A significant number of respondents, 31.8% disagreed with the statement that AF offers high compensation packages compared to its competitors,

and only 22.2% of respondents agreed with the statement. As a general statement an average of 32.4% of respondents agreed with the statements made in this section and 27.9% disagreed. **Annexure B** indicates the respondent's responses on compensation package.

#### 4.4.2.2 THE IMPACT OF COMPENSATION PACKAGE ON RETENTION

The statements identified above were tested against the respondents four main statements in part 6 of the questionnaire to determine the respondent current situation and the results are set out in table 4.4 below.

##### The impact of compensation package on retention

Q No	Compensation package		Planning to stay for the long term	Planning to stay for the short term	Thinking about changing jobs	Actively applying for jobs	Total
1	AF offers high compensation packages compared to its competitors.	Disagree N %	37.2%	24.5%	24.5%	13.8%	100.0%
		Agree N %	59.2%	22.4%	12.2%	6.1%	100.0%
3	AF offers competitive compensation packages in the industry in which it operates	Disagree N %	30.6%	22.4%	29.4%	17.6%	100.0%
		Agree N %	69.6%	21.7%	7.2%	1.4%	100.0%
5	AF compensation package contributes towards my job satisfaction	Disagree N %	36.6%	15.9%	32.9%	14.6%	100.0%
		Agree N %	61.6%	29.3%	6.1%	3.0%	100.0%
11	I am given positive recognition when I produce high quality work	Disagree N %	38.7%	11.3%	33.9%	16.1%	100.0%
		Agree N %	56.5%	28.2%	10.5%	4.8%	100.0%
12	AF pay is competitive compared to other organizations	Disagree N %	31.1%	20.0%	32.2%	16.7%	100.0%
		Agree N %	69.2%	23.1%	5.8%	1.9%	100.0%
15	AF offers great benefit package compared to other organizations	Disagree N %	34.3%	14.3%	32.9%	18.6%	100.0%
		Agree N %	65.7%	23.9%	7.5%	3.0%	100.0%

**Table 4.4: The impact of compensation package on retention**

#### **4.4.2.3 DATA ANALYSIS**

The following discussion relates to table 4.4 above, of the respondents, 59.2 % who agreed that AF offers high compensation package, were planning to stay in their current position for the long term and 22% were planning to stay in their current position for the short term. Of those who disagreed, 37.2% were planning to stay in their current position for the long term and 24.5% were planning to stay in their current position for the short term.

Of the respondents who agree with the statement that AF offers competitive compensation packages in the industry in which it operates, 69.6% were planning to stay in their current position for the long term, and 21% were planning to stay in their current position for the short term and 7.2 % were thinking about changing jobs and only 1% were actively looking for other jobs. Of the respondents who disagreed, 30.6% and 22.4% were planning to stay in their current position for the long term and short term respectively, 29.4% were thinking about changing jobs and 17.6% were actively applying for other jobs

Of the respondents, 61.6% who agree with the statement that AF compensation package contributes towards their job satisfaction were planning to stay in their current position for the long term and 29% were planning to stay in their current position for a short term. Of the respondents who disagreed that AF compensation package contributes towards their job satisfaction, 36% were willing to stay in their current position for the long term and 15.9% were planning to stay in their current position for a short term, 32.9% of those who disagreed were thinking about changing their job and 14.6% were actively applying for other jobs.

The majority of respondents, 69.2% agree that AF pay is competitive compared to other organizations and were planning to stay in their current positions for the long term, and 23% of those who agree were planning to stay in their current positions for the short term. However of those who disagree that AF pay is competitive compared to other organizations 31.1% and 20% were planning to stay in their current positions for the long term and short term respectively. For those respondents who disagree 32.2% were thinking about changing jobs and 16.7% were actively applying for other jobs.



Of the respondents 65.7% agreed that AF offers great benefits packages compared to other organizations and are planning to stay in their current positions for the long term, 23% of this respondents were planning to stay in their current position for the short term. However those respondents who disagree that AF offers great benefit package compared to other organizations, 34.3% and 14.3% were planning to stay in their current positions for a short term and long term respectively Of those respondents who disagreed 32.9% were thinking about changing jobs and actively applying for jobs and 18.6% were actively applying for jobs.

#### **4.4.2.4 INTERPRETATION OF THE RESULTS**

The results indicate that there is a close relationship between high compensation package and talent intention to stay in their current position for a long and short term. The results also indicate that although some respondents disagreed that AF offers high compensation packages compared to its competitors, it is interesting to see that over 50% of the respondents were planning to stay in their current position for the long or short term. This indicates that there could be other reasons and factors influencing respondent's willingness to stay in their current positions for a long to short term within the organization.

The reasons for talent willingness to stay in their current positions although they disagree that AF offers high compensation packages compared to its competitors vary and may include lack of employment opportunities in the current job market or that these respondents are no longer employable. Only 24.5% of respondents who disagreed with the statement that AF offers high compensation packages were thinking about changing their job and 23% were actively looking for a job. The other reason for this respondent's willingness to stay in their current position could be that there are other factors that they regard as more important than a high compensation package offer, such as career development and training.

It is clear from table 4.4 above that Alexander Forbes as an organization is seen to be offering competitive compensation packages in the industry in which it operates and as a result this research indicates that it is very likely to retain over 90% of its talent in their current positions for the long to short term. In the circumstances where talent is of the perception that Alexander Forbes does not offer competitive

compensation packages in the industry in which it operates, Alexander Forbes has about 50% chance to retain its talent for a short to medium term, and about 30% of its talent will be thinking about changing their job and only 17% will be actively applying for jobs. It is important to note that 30% of respondents who are currently thinking about changing their job will have a negative impact on the organization's performance and service delivery as those talents are not fully engaged.

It is critical that the organization develops strategies to ensure that talent is fully engaged and that it offers competitive remuneration in the industry in which it operates. Where compensation packages offered are competitive in the industry, the organization must ensure that there is an objective compensation packages benchmarks and communication of such information to its talent. This will serve the purpose of ensuring that talent is fully aware of the compensation packages in the industry and will be best informed when thinking about leaving the employ of the organization on other grounds than that the compensation package is not competitive in the industry. Although talent can still leave the employ of the organization for other reasons, such as better opportunity, career development, leadership and better working conditions. The chances are that where an organization offers competitive remuneration it is likely to retain the majority of its talent for the long or short term.

Table 4.4 results also indicates that although compensation package contributes towards job satisfaction of the majority of respondents, there are other factors as well that contributes towards job satisfaction. Respondents who agree that remuneration contributes towards their job satisfaction have a higher possibility of staying for a longer to a short term at their current position than those who disagree. For as long as the respondents remain satisfied with their compensation package they are likely to stay longer with the organization. It is quite evident that compensation package does contribute towards job satisfaction and talent retention. However in respect of talent that do not regard compensation package as contributing towards their job satisfaction, they are likely to be thinking about changing jobs. Those respondents who disagree attribute their stay within the organization as not related to their compensation package but other factors.

The results further indicate that where talent is given positive recognition when they produce high quality work the organization is likely to retain them for much longer in their current position than talent who is not given positive recognition. The giving of positive recognition is the responsibility of the line manager. It is clear that talent who are not given positive recognition are likely to leave the organization. For talent who are not given positive recognition about 33% were thinking about changing jobs. It is therefore advisable for management to positively recognize their talent when they produce high quality job as this could appeal to talent self worth and esteem, build confidence and motivate them to stay longer in the organization

In the circumstances where an organization is seen to be offering a competitive pay compared to other organizations this is likely to result in retention of its talent for much longer period than an organization whose pay is seen as not competitive compared to another organizations. In circumstances where pay is seen as not competitive compared to other organizations talent is likely to leave the organization to join other organizations whose pay is seen to be competitive. It is therefore significant that an organization is seen to be offering competitive pay in order to retain its talent in the long term.

This result indicates that where an organization provides talent with great benefit package compared to other organizations, it is more likely to retain its talent in their current positions in the short to long term, as talent is more willing to stay in an organization that offers them more benefits compared to other organizations. However where the organization does not offer great benefits compared to other organizations, talent is likely to leave and join organizations that offers better or greater benefits.

#### **4.4.2.5 LITERATURE ON PAY AND COMPENSATION**

The importance of pay and compensation in talent retention has been well researched and supported by many researchers, the following extracts from literature review supports the finding and discussion above.

According to literature review organizations that offer high compensation packages compared to others have seen an increase in the number of candidates applying for induction and have low turnover rate. According to Irshad (2011) as cited in

Ntshangase(2013) confirm that high compensation package organizations also create a culture of excellence.

On the other hand, Pfeffer, (1998) argued that many organizations have successfully implemented talent retention strategy without offering high compensation or pay based retention strategy. In such circumstances a wide array of factors were taken into account for successful retention of talent. Higher salaries and wages forces organizations which offer lower compensation to lose their talent to organizations that offers higher and competitive compensation. Competitive salary will help the organization to attract and retain the best talent (Matkeri, 2011:102). Literature review support the view that competitive remuneration can be given as a form of incentivizing their talent, as part of talent retention strategy.

Talents that are not satisfied with their compensation are likely to seek job satisfaction at the other organizations. Turnover drivers such as diminished job satisfaction, a stressful work environment and better career advancement opportunities are amongst many such factors (Davies, 2001). A positive recognition for work boosts the motivational levels of talent. Recognition can be made explicit by providing awards like best talent of the month or punctuality award. Project based recognition also has great significance. The award can be in terms of gifts or money.

Therefore the results indicate that the majority of respondents agree that AF offers high compensation packages compared to its competitors, compensation packages that is competitive in the industry in which it operates. There is an overwhelming agreement by the respondents that AF compensation package contributes towards talent job satisfaction, and that talent is given positive recognition when they produce high quality work, that AF pay is competitive compared to other organizations. The majority of respondents agree that AF offers great benefit compensation package compared to other organizations. This level of agreement results in the respondents planning to stay in their current positions for the long to short term. This indicates that compensation package is successfully been used by AF as a talent retention strategy.

From the respondents survey it is clear that compensation package as a talent retention factor is having a positive effect in talent intention to stay within the employ of Alexander Forbes Group. Over 70% of respondents indicated that they were planning to stay in their current position for both the long and short term respectively. In order to implement compensation package as an effective talent retention strategy, Alexander Forbes should take into account the concerns of some of its talent. AF Compensation package should be competitive in the industry in which it operates.

Compensation package can therefore successfully be used to incentivize high performing talent, an organization must ensure that its compensation package structure meet the needs of its talent to ensure long term retention. Compensation package therefore has a positive impact on talent retention at Alexander Forbes.

#### **4.4.2.6 AF COMPENSATION RATING**

Alexander Forbes should ensure that its human resources management strategy includes career development. In a service organization the development of talent skills is critical in order to provide quality service to clients and hence most respondents has rated career development as the number one and the most important factor that motivated them to join the organization.

Table 4.5, below represents the respondents rating of AF compensation structure. The majority of respondents 44.6% rated the compensation structure at AF as fair, this was followed by a 25.9% who rated the compensation structure as poor, 16.6% as good, 8.8% as very good and only 4% rated the compensation structure as excellent.

How do you rate of the compensation structure at AF?			
Valid		Frequency	Percent
	Very Poor	17	8.8
	Poor	50	25.9
	Fair	86	44.6
	Good	32	16.6
	Excellent	8	4.1
	Total	193	100.0

**Table 4.5: AF compensation rating percentage**

### 4.4.3 CAREER DEVELOPMENT AND TRAINING

#### 4.4.3.1 INTRODUCTION

In this section 21 statements were presented instead of 22 as indicated in the questionnaire. There was a typo error in numbers. The respondents were required to indicate their level of agreement with various statements relating to career development and training. For analytical purposes the following statements numbers namely: 1, 6, 8, 11, 14, 16 and 20 were regarded as critical to determine respondent's perceptions as they have a bearing on retention as determined by literature review.

For the purposes of this discussion, the percentage relating to the respondents who indicated either that they agree and disagree with the statements made in the survey questionnaire are discussed. However the section relating to the number of participants who indicated that they "don't know", has been eliminated as it does not give an indication that the researcher found to be useful for the purposes of this research. The researcher also did not discuss the percentage of those participants who indicated that they "strongly agree" or "strongly disagree" with the statements made in the survey questionnaire for the same reason. Table 4.6, below represents the respondent's responses on statements relating to career development and training.

**Table 4.6: Career Development and Training**

Q No			Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
1	AF offers employees career development opportunities	Count	13	10	23	114	37	197
		Row N %	6.6%	5.1%	11.7%	57.9%	18.8%	100.0%
6	AF human resources management strategy includes employees career development	Count	37	12	39	90	16	194
		Row N %	19.1%	6.2%	20.1%	46.4%	8.2%	100.0%
8	AF human resources management strategy includes employees succession planning	Count	40	15	45	83	12	195
		Row N %	20.5%	7.7%	23.1%	42.6%	6.2%	100.0%
11	AF management has career discussion with employees in trying to identify development opportunities within the organization	Count	23	32	55	70	16	196
		Row N %	11.7%	16.3%	28.1%	35.7%	8.2%	100.0%
14	AF human resources management strategies includes employees mentorship programme	Count	48	31	44	60	12	195
		Row N %	24.6%	15.9%	22.6%	30.8%	6.2%	100.0%
16	AF offers employees access to continuous training programmes	Count	19	18	26	108	24	195
		Row N %	9.7%	9.2%	13.3%	55.4%	12.3%	100.0%
20	AF offers appropriate technical training programs	Count	40	18	33	92	14	197
		Row N %	20.3%	9.1%	16.8%	46.7%	7.1%	100.0%

With specific reference to table 4.6 above, it is interesting to see from the results of the survey that majority of the respondents substantially agreed with all the statements. Of the respondents 55% agreed with the statement that AF offers employees access to continuous training programmes and 13% disagreed, 46% of respondents agree that AF offers appropriate technical training programs as opposed to 16% who disagreed,

Of the respondents majority 57.9% agreed that AF offers employees career development opportunities as against 11% who disagreed, 46% of respondents agree that AF human resources management strategy includes employees career development against 20% who disagree; 42% of respondents agree that AF human resources management strategy includes employees succession planning against 23% who disagree; 35% of respondents agree that AF management has career discussion with employees in trying to identify development opportunities within the organization whereas 28% disagree.

In relation to the statement that AF human resources management strategies includes employees mentorship programme, 30% of respondents agreed and 22% disagreed.

#### 4.4.3.2 THE IMPACT OF CAREER DEVELOPMENT AND TRAINING ON RETENTION

The table 4.7 below indicates the respondent's level of agreement and disagreement with various career development statements and their relative impact on retention.

Q No	Career Development and Training		Planning to stay for the long term	Planning to stay for the short term	Thinking about changing jobs	Actively applying for jobs	Total
1	AF offers employees career development opportunities	Disagree	24.2%	24.2%	33.3%	18.2%	100.0%
		Agree	56.8%	21.6%	14.9%	6.8%	100.0%

6	AF human resources management strategy	Disagree	32.0%	18.0%	30.0%	20.0%	100.0%
	includes employees career development	Agree	54.3%	25.7%	16.2%	3.8%	100.0%
8	AF human resources management strategy	Disagree	35.6%	18.6%	32.2%	13.6%	100.0%
	includes employees succession planning	Agree	57.4%	23.4%	12.8%	6.4%	100.0%
11	AF management has career discussion with employees in trying to identify development opportunities within the organization	Disagree	34.9%	18.6%	29.1%	17.4%	100.0%
		Agree	62.7%	24.1%	12.0%	1.2%	100.0%
14	AF human resources management strategies	Disagree	33.8%	21.6%	31.1%	13.5%	100.0%
	includes employees mentorship programme	Agree	27.3%	13.6%	34.1%	25.0%	100.0%
16	AF offers employees access to continuous training programmes	Disagree	27.3%	13.6%	34.1%	25.0%	100.0%
		Agree	58.5%	23.8%	13.8%	3.8%	100.0%
20	AF offers appropriate technical training programs	Disagree	30.0%	20.0%	32.0%	18.0%	100.0%
		Agree	59.0%	23.8%	13.3%	3.8%	100.0%
	SUB TOTAL AVERAGES						

**Table 4.7: Impact of career development and training on retention**

#### **4.4.3.3 DATA ANALYSIS**

With reference to table 4.7 above, 56.8% of the respondents agree with the statement that AF offers employees career development opportunities, and these respondents are planning to stay in their current position for the long term; 21% of the respondents who agree are planning to stay in their current position for the short term. Interestingly 24.2% of the respondents who disagree with the statement were planning to stay in their current position for the long and short term respectively. Of the respondents who disagree 33.3% were thinking about changing jobs and 18.2 % were actively applying for jobs.



Of the respondents 54.3% agree that AF human resources management strategy includes employee career management and were planning to stay in their current position for the long term, whilst 25.5% who agree were planning to stay in their current position for the short term. Those who disagree 30% were thinking about changing jobs and 20% actively applying for jobs.

The majority of respondents, 57.4% agrees that AF human resources management strategy includes employee's succession planning, and were planning to stay in their current position for the long term, and 23.4% who agree were planning to stay in their current position for the short term. However 35.6% and 18.6% of the respondents who disagree were planning to stay in their current position for the long and short term respectively.

Of the respondents over 80% agree that AF management has career discussion with employees in trying to identify development opportunities within the organization and were planning to stay in their current position for the long and short term. Over 54% of the respondents disagree that AF human resources management strategies includes employees mentorship programme, but were planning to stay in their current position for the long or short term, with just over 60% of those who agree that AF human resources management strategies includes employees mentorship programme thinking about changing jobs or actively applying for jobs.

Of the respondents over 80% agree that AF offers employees access to continuous training programme and technical training and were planning to stay in their current position for the long and short term.

#### **4.4.3.4 INTERPRETATION OF THE RESULTS**

With reference to table 4.7 above it is clear that the majority of respondents 78.4% agree that AF offers employees career development opportunities, and are planning to stay in their current position for the short and long term respectively. However those who disagree 33.3% were thinking about changing jobs and only 18.2% were actively applying for jobs.. It is therefore important that an organization has a career development programs for its employees so that it can enable those employees who wish to develop their careers to do so with full support of the organization. With reference to tabe 4.2 above, one is able to see that the majority

of employees employed by AF are between the ages of 31-40, and this are the people who considers career development critical in order to stay longer in an organization. This is supported by the fact that when respondents were requested to indicate what motivated them to join the organization, 40.2% indicated career development as the reason, see figure 4.9 above.

Of the respondents who were planning to stay in their current positions for both the long term and short term, over 70% agreed that AF human resources management strategy includes employees succession planning, that management has career discussion with employees in trying to identify development opportunities within the organization, that employees have access to continuous training programme and finally that AF offers technical training programs. Of the respondents 23.7% agreed that human resources management strategies includes employees' mentorship program.

#### **4.4.3.5 LITERATURE ON CAREER DEVELOPMENT AND TRAINING**

There is ample evidence to support talent need for career development, see table 4.9 above. Talent is worried about their career, and wants to know their career path in the company. Organizations can offer various technical certification courses which will help talent in enhancing their knowledge.

Talent view development practices to be of benefit to their future employability, career and promotion prospects on one hand while organisations view investment in talent development practices will result in talent positive behaviour, (Jackson, Schuler and Rivero, 1989; Bartlett, 2001) cited in (Garavanb, 2013:2). In circumstances where talent perception is that organisational investments in talent and leadership development practices are motivated by the organizations desire to attract and retain high quality talent, these investments are more likely to influence behaviour (Garavanb, 2013:4) and long term retention of talent.

In conclusion it is submitted that the majority of respondents agree that AF provides career development to its talent. This confirmation by the respondents is likely to be an important factor that contributes significantly towards talent retention in the short to long term. The results of the survey findings also confirms that the majority of the

respondents agree that AF offers employees career development opportunities, which is also part of its human resources management strategy, that AF human resources management strategy includes employee's succession planning, which includes management career discussion with employees in trying to identify development opportunities within the organization. The majority of respondents further agree that AF human resources management strategies includes employees mentorship programme, and that AF offers employees access to continuous training and technical training programmes. This majority of positive responses by the respondents resulted in the respondents planning to stay in their current positions for a short to long term. Accordingly this indicates that AF is successfully utilizing career development and training strategy to retain its talents.

#### **4.4.4 LEADERSHIP / MANAGEMENT**

##### **4.4.4.1 INTRODUCTION**

In this section 25 statements were presented, and respondents were required to indicate their level of agreement with various statements relating to leadership / management. For analytical purposes the following statements numbers namely: 1, 2,3,5,7,9,13 and 17 were regarded as critical to determine respondents perceptions as they have a bearing on retention as indicated in the chapter 2, literature review.

For the purposes of this discussion, the percentage relating to the respondents who indicated either that they agree and disagree with the statements made in the survey questionnaire are discussed. However the section relating to the number of participants who indicated that they "don't know", has been eliminated as it does not give an indication that the researcher found to be useful for the purposes of this research. The researcher also did not discuss the percentage of those participants who indicated that they "strongly agree" or "strongly disagree" with the statements made in the survey questionnaire for the same reason. Table 4.8 below represents the respondent's responses on statements relating to their leader or line manager.

Q No			Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
1	My line manager inspires me to perform	Count	3	13	29	105	45	195
		Row N %	1.5%	6.7%	14.9%	53.8%	23.1%	100.0%
2	My line manager supports my personal development	Count	4	13	33	102	43	195
		Row N %	2.1%	6.7%	16.9%	52.3%	22.1%	100.0%
3	My line manager provides direction	Count	8	12	37	94	44	195
		Row N %	4.1%	6.2%	19.0%	48.2%	22.6%	100.0%
5	My line manager creates a culture of knowledge sharing in the work place.	Count	3	11	31	103	46	194
		Row N %	1.5%	5.7%	16.0%	53.1%	23.7%	100.0%
7	My line manager is considerate to my personal needs	Count	10	16	21	100	46	193
		Row N %	5.2%	8.3%	10.9%	51.8%	23.8%	100.0%
9	My line manager values my special contribution to the organization	Count	17	10	21	102	44	194
		Row N %	8.8%	5.2%	10.8%	52.6%	22.7%	100.0%
13	My line manager shows respects when dealing with me	Count	3	13	19	103	58	196
		Row N %	1.5%	6.6%	9.7%	52.6%	29.6%	100.0%
17	My line manager is my role model	Count	19	34	45	61	33	192
		Row N %	9.9%	17.7%	23.4%	31.8%	17.2%	100.0%

**Table 4.8: Leadership/management**

From table 4.8 above, it is quite evident that over 50% of the respondents agree with all the statements, 53.8% agree that their line manger inspires them, 52.3% agree that their line manager supports their personal development, 53.1% agree that their line manger creates a culture of knowledge sharing in the work place, 51.8% agree that their line manager is considerate to their personal needs; 52.6% agree that their line manager values their special contribution to the organization and shows respects when dealing with them respectively. However 48.2% agreed that their line manager provides direction, 31.8% agree that their line manager is their role model. On average less than 20% of the respondents disagreed with the statements relating to their line manager. This result indicates that the role played by the respondent's line managers is in the majority of cases a positive one. From the survey it is clear that respondents see management as supportive and playing a positive role towards their retention. It is interesting to see that although management is seen in a positive

light, most respondents do not see management as their role model. This has a very significant impact in that management could be seen as exercising positional power than referent power.

#### 4.4.4.2 LEADERSHIP/ MANAGEMENT IMPACT ON RETENTION

The table 4.9 below indicates the respondent's level of agreement and disagreement with various career development statements and their relative impact on retention.

Q No			Planning to stay for the long term	Planning to stay for the short term	Thinking about changing jobs	Actively applying for jobs	Total
1	My line manager inspires me to perform	Disagree	31.0%	11.9%	33.3%	23.8%	100.0%
		Agree	55.8%	25.2%	14.3%	4.8%	100.0%
2	My line manager supports my personal development	Disagree	24.4%	13.3%	37.8%	24.4%	100.0%
		Agree	58.5%	26.1%	11.3%	4.2%	100.0%
3	My line manager provides direction	Disagree	28.6%	16.3%	36.7%	18.4%	100.0%
		Agree	59.3%	24.4%	11.9%	4.4%	100.0%
5	My line manager creates a culture of knowledge sharing in the work place.	Disagree	24.4%	14.6%	41.5%	19.5%	100.0%
		Agree	57.8%	24.5%	11.6%	6.1%	100.0%
7	My line manager is considerate to my personal needs	Disagree	27.0%	18.9%	35.1%	18.9%	100.0%
		Agree	55.6%	24.3%	13.9%	6.3%	100.0%
9	My line manager values my special contribution to the organization	Disagree	22.6%	12.9%	35.5%	29.0%	100.0%
		Agree	57.3%	26.6%	11.2%	4.9%	100.0%
13	My line manager shows respects when dealing with me	Disagree	29.0%	16.1%	35.5%	19.4%	100.0%
		Agree	53.8%	24.1%	15.2%	7.0%	100.0%
17	My line manager is my role model	Disagree	31.6%	22.8%	29.1%	16.5%	100.0%
		Agree	65.2%	20.7%	10.9%	3.3%	100.0%
	SUB TOTAL AVERAGES						

**Table 4.9: Impact of leadership/ management on retention**

#### **4.4.4.3 DATA ANALYSIS**

With reference to table 4.9 above, the majority of respondents 55.8% agreed that their line manager inspires them to perform and they were planning to stay in their current position for the long term, and 25.2% who agrees that their line manager inspires them, were planning to stay in their current position for the short term. However 33% of those who disagreed were thinking about changing jobs and 23.8% were actively applying for other jobs.

Of the respondents 58.5% agreed with the statement that their line manager supports their personal development and were planning to stay in their current position for the long terms and 26.1% were planning to stay in their current position for the short term. However of those respondents who disagreed with the statement that their line manager supports their personal development, 37.8% and 24.4% were thinking about changing jobs and actively applying for other jobs respectively. Of the respondents who agree with the statement that their line manager provides direction, 59.3% and 24.4% were planning to stay in their current position for the long and short term respectively. However those who disagree 36.7% and 18.4% were thinking about changing jobs and actively applying for other jobs respectively.

Over 70 % of respondents were planning to stay in their current position for the long and short term and agreed that their line manager provides direction, creates a culture of knowledge sharing, is considerate to their personal needs, recognizes their special contribution to the organization, and shows respect when dealing with them.

#### **4.4.4.4 INTERPRETATION OF THE RESULTS**

The role of line managers in the workplace is critical towards workers performance and retention. In the above situation it is clear that AF line managers inspires talent performance, supports talent personal development and gives direction. That the line managers as seen to be promoting a culture of knowledge sharing, they are considerate to talent personal needs, values the contribution made by their talent to the organization, and shows respect when dealing with talent. However most talent do not see their line managers as role models. This requires management to become

role models to ensure influence over their talent not by force but through referent power.

#### **4.4.4.5 LITERATURE ON LEADERSHIP**

According to literature review, leadership is a process of communication and motivation to influence talent to act and work towards achieving organizational objectives (Oosthuizen, 2010:97). Leaders create cultures, systems and structures that encourage knowledge sharing and cultivation within an organization. According to Nienaber, (2011:4), leadership is one of the factors that play a critical role in meeting the needs of talent, and when talent needs are met this improves their retention.

It is argued that managers and supervisors take the role of talent development when an organization gets into the business. These business leaders must become coaches and support talent in career development and support their development efforts. Moses (2000), as cited by (Sinha, 2012:149), argued that coaching talent is valuable in assisting them to meet their goals, but that it is critical for leaders to show that they care, as this could make a big difference in talent motivation and ultimately retention.

According to Cleveland-Innes, (2012), "true" leadership is best defined by reference to the outcomes achieved rather than inputs applied. Bryman(1992) defined leadership as the behavior of an individual that results in non-coercive influence when that person is directing and coordinating the activities of a group toward the accomplishment of a shared goal. Leadership is therefore centered on the four tasks that need to be accomplished in any organization; providing direction, alignment assurance, building commitment and confronting challenges (Stopper, 2002). Leadership is therefore based on the ability of a leader to get one or more people to function effectively as a team, being motivated to perform activities in order to achieve a set business objectives (Oosthuizen, 2010:97).

According to research talent leaves their leaders and not their jobs, so the leader's support is also essential in this regard (Irshad, 2011:92). Talent that is valued by their organization, they feel esteemed and will take an active role pursuing the

organizational goals. Such talent becomes more productive, shows increased job involvement, and has less absenteeism and lower turnover intention rates.

Therefore from the above discussion it is quite clear that leadership in an organization is critical towards the creation of a culture where talent can be nurtured and grow. Talent will stay in organizations where they feel that management cares, their contribution is valued and they are treated with respect.

The majority of respondents agree that their line manager inspires them to perform, supports their personal development, provides direction, creates a culture of knowledge sharing and is considerate to their personal needs. The respondents also agree in their majority that their line manager values their special contribution, and shows respect when dealing with them. It is not surprising that in such circumstances talent plans to stay longer at their current positions, which results in long term talent retention by the organization. Of special note is the fact that most respondents disagree that their line manager is their role model.

From the above discussion, it can be concluded that AF is successfully implementing leadership and management as an effective factor for talent retention through their greater appreciation of their talent, been supportive to talent personal and professional growth. In such an environment talent is likely to be retained longer and talent loyalty once developed could be a greater consideration on whether talent stays or leaves an organization. On this factor the majority of respondents were planning to stay in their current position for the long term, which indicates successful talent retention by AF.

#### **4.4.5 WORKING ENVIRONMENT**

##### **4.4.5.1 INTRODUCTION**

In this section 20 statements were presented and respondents were required to indicate their level of agreement with various statements relating to their working environment. For analytical purposes the following statements numbers namely: 1, 3, 5, 6, and 9 were regarded as critical to determine respondent's perceptions as they have a bearing on retention as determined by literature review.



For the purposes of this discussion, the percentage relating to the respondents who indicated either that they agree and disagree with the statements made in the survey questionnaire are discussed. However the section relating to the number of participants who indicated that they “don't know”, has been eliminated as it does not give an indication that the researcher found to be useful for the purposes of this research. The researcher also did not discuss the percentage of those participants who indicated that they “strongly agree” or “strongly disagree” with the statements made in the survey questionnaire for the same reason.

Q No			Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
1	My working environment maximizes my performance	Count	4	14	41	112	22	193
		Row N %	2.1%	7.3%	21.2%	58.0%	11.4%	100.0%
3	My working environment make me feel that I am valued	Count	6	13	43	109	23	194
		Row N %	3.1%	6.7%	22.2%	56.2%	11.9%	100.0%
5	My line manager promotes a positive working environment	Count	10	12	28	111	30	191
		Row N %	5.2%	6.3%	14.7%	58.1%	15.7%	100.0%
6	My line manager creates a positive work environment	Count	6	15	38	105	28	192
		Row N %	3.1%	7.8%	19.8%	54.7%	14.6%	100.0%
9	My colleagues creates a negative work environment	Count	7	59	96	25	7	194
		Row N %	3.6%	30.4%	49.5%	12.9%	3.6%	100.0%

**Table 4.10: Working environment**

From the table 4.10 above, it is quite evident that over 50 % of the respondents agree with all the statements, 58% agree that their working environment maximizes their performance, 56.2% agree that their working environment make them feel that they are valued, 58.1% agree that their line manger promotes a positive working environment, 54.7% agree that the line manager creates a positive work environment and an overwhelming majority of 67.5% agree that their relationship with colleagues creates a positive work environment. However less than 22% of the respondent disagreed with all the statements, which is an insignificant number by

comparison. We now investigate the relative impact of working environment on talent retention.

#### 4.4.5.2 IMPACT OF WORKING ENVIRONMENT ON RETENTION

The impact of working environment on retention is depicted on Table 4.11, below.

Q No	Working environment		Planning to stay for the long term	Planning to stay for the short term	Thinking about changing jobs	Actively applying for jobs	Total
	My working environment maximizes my performance	Disagree	30.9%	16.4%	32.7%	20.0%	100.0%
		Agree	58.0%	26.0%	11.5%	4.6%	100.0%
	My working environment make me feel that I am valued	Disagree	25.5%	21.8%	32.7%	20.0%	100.0%
		Agree	59.7%	24.8%	10.9%	4.7%	100.0%
	My line manager promotes a positive working environment	Disagree	25.6%	20.5%	38.5%	15.4%	100.0%
		Agree	55.8%	22.5%	13.8%	8.0%	100.0%
	My line manager creates a positive work environment	Disagree	32.7%	17.3%	32.7%	17.3%	100.0%
		Agree	56.9%	24.6%	12.3%	6.2%	100.0%
	My relationship with colleagues creates a positive work environment	Disagree	21.1%	42.1%	26.3%	10.5%	100.0%
		Agree	52.1%	21.0%	18.0%	9.0%	100.0%
	SUB TOTAL AVERAGES						

**Table 4.11: Impact of working environment on retention**

#### 4.4.5.3 DATA ANALYSIS

With reference to table 4.11 above, of the respondents who agreed with the statement that their working environment maximizes their performance, 58% were planning to stay in their current position for the long term and 26% were planning to stay in their current position for the short term. However of the respondents who disagree, 32.7% were thinking about changing jobs and 20% were actively applying for other jobs. About 59.7% of the respondents agree that their working environment make them feel that they are valued, and were planning to stay in their current

position for the long term, and 24.8% who agree were planning to stay in their current position for the short term, with 32.7% who disagree were thinking about changing jobs and 20% actively applying for other jobs.

Of the respondents who agree with the statement that their line manager promotes a positive working environment, 55.8% and 22.5% were planning to stay in their current positions for the long and short term respectively, whereas those who disagreed 38.5% were thinking about changing jobs and 15.4% were actively applying for other jobs. Over 70% of respondents agree that their line manager creates a positive work environment and were planning to stay in their current positions for the long and short term.

However those who disagree that their line manager creates a positive work environment 32.7% were planning to stay in their current position for the long term and 17.3% were planning to stay in their current position for the short term. With 52.1% and 21,0% of the respondents who agree that their relationship with colleagues creates a positive work environment, were both planning to stay in their current positions for the long and short term respectively, and those who disagree 42.1% were planning to stay in their current position for the short term, 26.3% were thinking about changing jobs and 10.5% were actively applying for jobs.

#### **4.4.5.4 INTERPRETATION**

Working environment is important in order for talent to perform well. In the majority of responses, working environment contributed positively to maximizing talent performance, and made them feel valued. It is also interesting to observe that line managers are seen to be creating and promoting a positive working environment. With over 50% of respondents agreeing that their relationship with their colleagues creates a positive work environment. All this bolsters well for talent retention within the organization in the long term.

#### **4.4.5.5 LITERATURE ON WORKING ENVIRONMENT**

Talent's working environment can influence whether talent is able to perform optimally or become a hindrance. Management should ensure that the

organization's working environment is conducive for talent optimal performance. A positive and conducive working environment has a bearing on talent decision whether to stay or to leave the employ of an organization. Management should work towards providing a positive work environment in order to build commitment from their talent and improve organizational performance and competitiveness.

Research shows that amongst others better working conditions, continuous career growth and work life balance helps organisations to retain their talent pool (Luby, (2009).) A poor working environment is likely to cause discomfort to talent who may end up being attracted to organizations offering a better working conditions.

Therefore from the above discussion it is evident that the majority of respondents agree that their working environment maximizes their performance, make them feel valued and that their line mangers promotes a positive work environment.

Alexander Forbes working environment contributes positively towards talent performance and ultimately the retention of its talent. Management is seen to be promoting and creating a positive work environment and the relationship with colleagues is also seen as contributing to a positive work environment which results in majority of talent planning to stay in their current position for a long term. Accordingly AF has successfully created a positive work environment that promotes talent retention as the majority of the respondents were planning to stay in their current positions for the long term.

#### **4.4.6 ORGANIZATIONAL COMMITMENT**

##### **4.4.6.1 INTRODUCTION**

In this section 19 statements were presented, and respondents were required to indicate their level of agreement with various statements relating to organizational commitment. For analytical purposes the following statements numbers namely: 1, 2, 3, 5, 8, 9, and 10 were regarded as critical to determine respondents perceptions as they have a bearing on retention as indicated in the chapter 2, literature review.

For the purposes of this discussion, the percentage relating to the repondents who indicated either that they agree and disagree with the statements made in the

survey questionnaire are discussed. However the section relating to the number of participants who indicated that they “don't know”, has been eliminated as it does not give an indication that the researcher found to be useful for the purposes of this research. The researcher also did not discuss the percentage of those participants who indicated that they “strongly agree” or “strongly disagree” with the statements made in the survey questionnaire for the same reason.

Q No			Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
1	I am committed in achieving organizational goals	Count	0	2	2	128	62	194
		Row N %	0.0%	1.0%	1.0%	66.0%	32.0%	100.0%
2	I am willing to work hard on behalf of the Organization	Count	0	1	3	115	75	194
		Row N %	0.0%	.5%	1.5%	59.3%	38.7%	100.0%
3	I have an intention to remain in the organization	Count	17	10	25	87	55	194
		Row N %	8.8%	5.2%	12.9%	44.8%	28.4%	100.0%
5	I fully accept the organization values	Count	2	2	12	119	59	194
		Row N %	1.0%	1.0%	6.2%	61.3%	30.4%	100.0%
8	I want to remain employed by the organization	Count	10	7	18	103	55	193
		Row N %	5.2%	3.6%	9.3%	53.4%	28.5%	100.0%
9	I feel the need to remain employed by the organization	Count	14	9	39	89	43	194
		Row N %	7.2%	4.6%	20.1%	45.9%	22.2%	100.0%
10	I feel I ought to remain employed by the organization	Count	18	14	51	68	38	189
		Row N %	9.5%	7.4%	27.0%	36.0%	20.1%	100.0%

**Table 4.12: Organizational commitment**

With reference to table 4.12 above, of the respondents 66% agree that they are committed to achieving organizational goals and only 1% disagreed, 59% agree that they are willing to work hard on behalf of the organization, and only 1.5% disagreed, 44.8% agree that they have intention to remain in the organization whereas only 12.9% disagreed, 61.3% agree that they fully accept the organization values and 6.2% disagrees, 53.4% agree that they want to remain employed by the organization and 9.3% disagree, 45.9% agree that they feel the need to remain employed by the organization and only 20.1% disagrees, 36% feel they ought to remain employed by the organization and 20% disagrees.

#### **4.4.6.2 THE IMPACT OF ORGANIZATIONAL COMMITMENT ON RETENTION**

The table 4.13 below, indicates the respondent's level of agreement and disagreement with various organizational commitment statements and their relative impact on retention.

**The Impact of organizational commitment on retention**

Q No	Organizational commitment		Planning to stay for the long term	Planning to stay for the short term	Thinking about changing jobs	Actively applying for jobs	Total
1	I am committed in achieving organizational goals	Disagree	0.0%	25.0%	0.0%	75.0%	100.0%
		Agree	51.9%	22.8%	18.0%	7.4%	100.0%
2	I am willing to work hard on behalf of the Organization	Disagree	25.0%	25.0%	0.0%	50.0%	100.0%
		Agree	51.1%	22.9%	18.1%	8.0%	100.0%
3	I have an intention to remain in the organization	Disagree	2.9%	14.3%	45.7%	37.1%	100.0%
		Agree	66.2%	23.9%	7.7%	2.1%	100.0%
5	I fully accept the organization values	Disagree	14.3%	7.1%	42.9%	35.7%	100.0%
		Agree	53.4%	24.4%	15.9%	6.3%	100.0%
8	I want to remain employed by the organization	Disagree	4.0%	12.0%	44.0%	40.0%	100.0%
		Agree	60.1%	24.7%	11.4%	3.8%	100.0%
9	I feel the need to remain employed by the organization	Disagree	23.4%	19.1%	34.0%	23.4%	100.0%
		Agree	60.6%	25.0%	9.8%	4.5%	100.0%

**The Impact of organizational commitment on retention continues**

10	I feel I ought to remain employed by the organization	Disagree	29.2%	21.5%	29.2%	20.0%	100.0%
		Agree	62.3%	25.5%	9.4%	2.8%	100.0%
	SUB TOTAL AVERAGES						

**Table 4.13: Impact of organizational commitment on retention**

#### **4.4.6.3 DATA ANALYSIS**

With reference to table 4.13 above, of the respondents who agreed with the statement that they are committed in achieving organizational goals, 51.9% were planning to stay in their current position for the long term and 22.8% were planning to stay in their current position for the short term. However of the respondents who disagree, 0% were planning to stay in their current positions for the long term, 75% were actively applying for other jobs.

Of the respondents who agree that they are willing to work hard on behalf of the organization, 51.1% and 22.9% we planning to stay in their current position for the long and short term respectively. However of those who disagree 25% were planning to stay in their current positions for the long and short term respectively, with 50% actively applying for other jobs.

About 59.7% of the respondents agree that their working environment make them feel that they are valued, and were planning to stay in their current position for the long term, and 24.8% who agrees were planning to stay in their current position for the short term, with 32.7% who disagreed thinking about changing jobs and 20% actively applying for other jobs. An overwhelming majority of respondents, 66.2% agree that they have an intention to remain in the organization and are planning to stay in their current position for the long term, 23.9% of those who agree were planning to stay in their current position for the short term. However 45% and 37% of those who disagree were thinking about changing jobs and actively applying for jobs respectively.

Of the respondents who agree with the statement that they fully accept the organization values, 53.4% were planning to stay in their current position for the long term, and 24.4% were planning to stay in their current position for the short term, 42.9% of those who disagree were thinking about changing jobs and 35% were actively applying for other jobs.

The majority of the respondents over 80% agree that they want to remain employed by the organization; they feel the need to remain employed by the organization and feel that they ought to remain employed by the organization. However for those who disagree with the statement that they want to remain employed by the

organization 40% were thinking about changing jobs, and 40% actively applying for jobs. Just over 40% of respondents who disagree that they feel the need to remain employed by the organization or to remain employed by the organization were thinking about changing jobs or currently applying for jobs.

#### **4.4.6.4 INTERPRETATION**

The results indicate a fair balance of those who are currently committed to the organization and those who are not. About 60% of the respondents were planning to stay in their current position for the long and short term respectively and the other 40% were either thinking about changing jobs or actively applying for other jobs. The organization should therefore develop strategies to ensure that that the 40% respondents who are either thinking about changing jobs or currently applying for jobs are fully engaged and committed to the organization. Lack of commitment can adversely impact the quality of service delivery and organizational performance.

#### **4.4.6.5 LITERATURE ON ORGANIZATIONAL COMMITMENT**

In essence the definition of commitment depends on the notion that committed talent desire to remain employed in their current organization (Meyer and Allen, 1997). However researchers differ on the basis of the extent of attachment of committed talent. With Meyer and Allen (1991:70) suggesting that "commitment develops as a result of experiences of satisfying talent needs, motivational and are compatible with their values". These researchers also argue that where organizations manages meet the expectations of their talent they could better foster the desired "commitment" profile. According to Meyer and Allen (1991), talent with strong affective commitment remain with the organization because they want to, than those with strong continuance commitment to the organization because they need to, and those who has strong normative commitment because they feel they ought to do so (Roberts et al. 1999:3).



According to Meyer & Allen, (1997), if organizations manage the expectations of their talents, they would be better at fostering their desired commitment; and similarly, if talent believed that the organization is not committed to them, they could react by feeling less commitment to the organization, and their intention to stay or leave (Meyer & Allen, 1997).

Therefore from the above discussion it is clear that the majority of the respondents agree that they are committed to achieving organizational goals, willing to work hard on behalf of the organization, have the intention to remain in the organization and are planning to stay in their current position for the long term. The respondents also agree in their majority that they have intention to remain in the organization, fully accept the organization values, and want to remain employed by the organization, they feel the need and ought to remain employed by the organization. This indicates a high commitment level by the respondents to the organization as a result organizational commitment at AF seems to be high hence the majority of the respondents were planning to remain in their current position for the long term.

**4.4.7 TALENT RETENTION RATE**

It is evident from the research survey on the five factors impacting on talent retention namely, compensation package, career development and training, Leadership/ management, working environment and organizational commitment, that the majority of respondents agreed with the statements made. This indicates that the majority of respondents where either planning to remain at their current position for the long or short term. To verify this position, respondents were required to describe their current job situation and the table4.14 below reflects the respondents' current job situation.

	Frequency	Valid Percent
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Valid	I am planning to stay in my current position for the long term	98	50.5
	I am planning to stay in my current position for the short term	44	22.7
	I am thinking about changing jobs	35	18.0
	I am actively applying for other jobs	17	8.8
	Total	194	100.0

**Table 4.14: Respondent's current job situation**

With reference to table 4.14 of the respondents 50.5% were planning to stay in their current position for the long term, 22.7% were planning to stay in their current position for the short term. However 18% of the respondents were thinking about changing their job and 8.8% were actively applying for other jobs.

In conclusion this chapter presented the outcome of the research survey, discussed and analyzed the results based on literature review. The next chapter presents a summary of research findings, and recommendations for further research.

## **CHAPTER 5**

### **5. CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

This chapter presents the empirical results as integrated with the literature review. The main purpose of this chapter is to synthesize the qualitative and imperial results from chapter 4, to provide an answer to the primary research question, namely to examine the impact that the five talent retention factors namely; (1) Pay and compensation, (2) Career development, (3) Leadership / Management practice, (4) Working environment and (5) Organizational commitment would have on talent retention at Alexander Forbes Group. This chapter discusses the overall findings of the study, including the implications for the target groups and directions for further research. It offers recommendations arising from the findings, reports on the limitations of the study, indicates areas for future research and offers the final conclusion.

#### **5.2 MOTIVATION FOR THE STUDY**

The motivation for this study was premised on the following rationale:

- Global war for talent and talent scarcity.
- High turnover rate amongst talent in most organizations.
- The impact of high compensation in determining talent commitment levels and retention.
- Lack of talent loyalty and high talent mobility.
- Identification of factors impacting on talent retention.
- Assessment of five talent retention factors and their impact on talent retention at Alexander Forbes.
- Providing recommendations on effective use of the 5 talent retention factors.

## **5.3 THE STUDY OBJECTIVE**

### **5.3.1 THE PRIMARY OBJECTIVE**

The primary objective of this study was to investigate general factors impacting on talent retention, and more specifically focusing on the five factors that impact on talent retention as espoused by the literature review namely: (1) Pay and compensation, (2) Career development, (3) Leadership / Management practice, (4) Working environment and (5) Organizational commitment.

### **5.3.2 SECONDARY OBJECTIVE**

The secondary objective of this study was assessing the impact that the five factors; (1) Pay and compensation, (2) Career development, (3) Leadership / Management practice, (4) Working environment and (5) Organizational commitment would have on Alexander Forbes Group talent's decision whether to stay or to leave the organization. Finally to propose to Alexander Forbes Group human resources management strategies that could bolster the organizations talent attraction and retention strategy and ultimately improve its performance in a sustainable way. The results from this study will assist Alexander Forbes in the development of an effective talent retention and human resources management strategy.

## **5.4 FINDINGS AND RECOMMENDATIONS**

Talent retention is critical because there are prohibitive costs associated with replacement. In particular the direct costs of talent replacement relates to the costs of the recruitment of new talent, such as the costs of recruitment agencies, interviewing and assessing prospective candidates and finding replacements whilst the recruitment process is underway. With the demand for top talent surging, most organizations are confronted by an ever increasing challenge to attract, and retain the best talent in order to gain a competitive advantage. However attracting and retaining top talent is not an easy task, but it is the task which successful companies have to pursue relentlessly.

Literature review advances several factors that impact on talent retention, varying from purely financial inducements to so-called “new-age” benefits. These inducements can be grouped into five major categories of retention factors, namely; (1) financial rewards, (2) career development opportunities, (3) job content, (4) social atmosphere, and (5) work-life balance (Horwitz et. al, 2003). Literature review confirms the importance of human resource management in talent retention. Researchers have found that human resource management practices in compensation & rewards, job security, training and developments, supervisor support culture, work environment and organization justice can assist to decrease the levels of talent's absenteeism, improves talent retention and better quality work (Irshad,2011:85).

According to Nienaber( 2011) argued that previous research has demonstrated that talent retention is a multi-faceted concept that is affected by various factors, including talent commitment, engagement, communication, leadership and interaction, and human resources practices (Nienaber, 2011). This indicates that retention is a complex subject that requires management careful consideration to ensure that talent remain in the employment of the organization and preserve their knowledge, skills and necessary experience for sustainability. Literature review on the subject matter has indicated that certain factors are important in talent retention and this research has focused on the five talents retention factors namely: as shown namely: (1) Pay and compensation, (2) Career development, (3) Leadership / Management practice, (4) Working environment and (5) Organizational commitment.

## **5.5 RESEARCH FINDINGS**

The findings in respect of each of the five factors are briefly discussed relative to their impact on talent retention at Alexander Forbes.

### 5.5.1 COMPENSATION PACKAGE

The key finding in this section is that compensation package is an important factor that contributes positively towards talent retention at Alexander Forbes.

As part of the compensation package the other findings confirmed by literature review are the following:

- There is a close relationship between high compensation package and talent intention to stay in their current position for a long short term (Willis,2000; Irshad (2011)).
- The results also indicate that majority of respondents agree that AF offers high compensation packages compared to its competitors, compensation packages that is competitive in the industry in which it operates. According to Fox, (2012) a highly competitive package promotes talent commitment and retention.
- There is an overwhelming agreement by the respondents that AF compensation package contributes towards talent job satisfaction. The more satisfied the talent the longer they would stay (Anis et al. 2011).
- That AF talent is given positive recognition when they produce high quality work; according to Murphy (2004) recognition is the least expensive and most effective means of talent retention.
- That AF pay is competitive compared to other organizations. According to Graham et.al. (2002), compensation increases should be in line with competitive market rates.
- The majority of respondents agree that AF offers great benefit package compared to other organizations. According to Birt (2004) organizations should develop a comprehensive talent reward structure that meets talent needs and expectations while serving the needs of the organization.

The level of positive agreement by the majority of respondents in this section results in the respondents planning to stay in their current position for the long to short term, which is an indication that compensation package is successfully and effectively been used by AF as a talent retention strategy.

## 5.5.2 CAREER DEVELOPMENT AND TRAINING

The key finding in this section is that career development and training is an important factor that contributes positively towards talent retention at Alexander Forbes.

As part of career development and training the other findings confirmed by literature review are the following;

- The results of the survey findings indicates that the majority of the respondents agree that AF offers employees career development opportunities, which is also part of its human resources management strategy. According to Sinha, (2012) career development is one of the factors that prolong talent stay in the organization.
- Majority of the respondents agree that AF human resources management strategy includes employee's succession planning, which includes management career discussion with employees in trying to identify development opportunities within the organization. According to (Swanepoel et al.,et al.,et al., 2007:414) career discussion is a planned discussion between a manager and talent in trying to identify developmental opportunities within the organization in respect of talent current job, examining career challenges and performance related matters taking into account organizational goals.
- The majority of respondents also agree that AF human resources management strategies includes employees mentorship programme, and that AF offers employees access to continuous training and technical training programmes. According to Thomas, (2009) talent should feel that they are part of a mentorship programme conducted by senior leaders who offer guidance on career progression.

This majority of positive responses by the respondents resulted in the majority of respondents planning to stay in their current positions for a short to long term. Accordingly it is submitted that AF is successfully utilizing career development and training factor as an effective talent retention strategy.

### 5.5.3 LEADERSHIP/ MANAGEMENT

The key finding in this section is that leadership/ management is an important factor that contributes positively towards talent retention at Alexander Forbes.

As part of leadership/ management the other findings confirmed by literature review are the following:

- The majority of respondents agree that their line manager inspires them to perform. According to Buckingham and Coffman,(1999), leadership is a mechanism whereby somebody who can “reach inside each talent and release his or her unique skills and abilities and convert them into performance”.
- The majority of respondents agree that AF management supports talent personal development, and provides direction, (Stopper, 2002), creates a culture of knowledge sharing (Oosthuizen,2010) and is considerate to talent personal needs. According to Moses (2000), as cited by (Sinha, 2012:149), it was argued that coaching talent is valuable in assisting them to meet their goals, but that it is critical for leaders to show that they care, as this could make a big difference in talent motivation and ultimately retention.
- The respondents also agree in their majority that their line manager values their special contribution, and shows respect when dealing with them( Sinha, 2012)
- Most respondents disagree that their line manager is their role model. According to (Zenger, Ulrich, Smallwood, 2000), talent development programs can only exist in an organization only where there is a culture to supporting them. Leadership must serve as role models to talent as cited in (Sinha, 2012:149). Leaders must be role models to their talent; a leader must exercise referent power, which is a power that a leader has on followers based on the positive association or identification with the leader.

In the circumstances it is clear that AF has successfully implement effective talent retention through its leadership/ management style which shows greater appreciation of its talent, been supportive to talent personal and professional growth. In such an environment talent is likely to be retained longer and as proven by the survey the majority of respondents are planning to stay in their current



position for the long term. This indicates that AF is effective in utilizing leadership/management as talent retention strategy.

#### **5.5.4 WORKING ENVIRONMENT**

The key finding in this section is that working environment is an important factor that contributes positively towards talent retention at Alexander Forbes.

As part of working environment the other findings confirmed by literature review are the following:

- The majority of respondents agree that their working environment maximizes their performance. According to (Zeytinoglu & Denton, 2005) work environment is considered one of the most important factors in talent retention.
- The majority of respondents agree that their working environment make them feel valued and that their line managers promote a positive work environment. According to Ramlall,(2003), people strive to work and to stay in those corporation that provide good and positive work environment, where employee feel that they are valued and making difference.
- Alexander Forbes working environment contributes positively towards talent performance and ultimately the retention of talent. The research shows that amongst others better working conditions, continuous career growth and work life balance is helps organisations to retain their talent pool ( Luby,2009).

AF management is seen to be promoting and creating a positive work environment and the relationship with colleagues is also seen as contributing to a positive work environment which results in majority of talent planning to stay in their current position for a long term. Accordingly AF has successfully created a positive work environment that promotes talent retention.

### 5.5.5 ORGANIZATIONAL COMMITMENT

The key finding in this section is that organizational commitment is an important factor that contributes positively towards talent retention at Alexander Forbes.

As part of organizational commitment, the other findings confirmed by literature review are the following:

- The majority of the respondents agree that they are committed to achieving organizational goals, willing to work hard on behalf of the organization, have the intention to remain in the organization and are planning to stay in their current position for the long term. According to (Bateman, 1984:95) organizational commitment is multidimensional, and involves talent's loyalty to the organization and their willingness to achieve organizational goals, while maintaining its values and nurturing its membership. Porter et al, (1974:604) identified the key attributes of commitment as 'accepting and realizing the objectives of the organization and the willingness to work with commitment to the organizational membership.
- The respondents also agree in their majority that they have intention to remain in the organization, fully accept the organization values, and want to remain employed by the organization, feel the need and ought to remain employed by the organization. The definition of commitment depends on the notion that committed talent desire to remain employed in their current organization (Meyer and Allen, 1997). According to Meyer and Allen (1991), talent with strong affective commitment remain with the organization because they want to, than those with strong continuance commitment to the organization because they need to, and those who has strong normative commitment because they feel they ought to do so (Roberts et al 1999).
- The results of the survey indicate a high level of organizational commitment by the respondents. According to Meyer and Allan (1997) the result of the lack of talent commitment to the organization will be reflected in talent intention to stay or leave.

As a result of high organizational commitment at AF the majority of the respondents were planning to remain in their current position for the long term. It

is therefore submitted that AF is successfully utilizing organizational commitment as an effective talent retention strategy.

## **5.6 RECOMMENDATIONS**

The following recommendations are made in the in the context of optimizing the use of the five talent retention factors as a retention strategy:

1. AF should perform an independent compensation package and remuneration benchmark within its industry in order to ensure that its remuneration is competitive in the industry in which it operates.
2. AF should incorporate employee mentorship programme across all levels of the organization as part of its talent career development and training.
3. AF should make financial resources available to support employee career development and training programmes, in formal or informal structures.
4. AF leadership / management should act as mentors and role model to the employees

## **5.7 FUTURE RESEARCH**

Further research is proposed to consider the following areas:

- The impact of the 5 talent retention factors at other AF international offices, including offices in Africa and Southern Africa.
- The impact of compensation package on job satisfaction and retention
- The impact of mentorship on career development and training as part of talent retention strategy.
- The significance of employee compensation benefits on retention.
- The impact of management leadership styles on talent retention.
- The significance of organizational commitment and talent performance.

## **5.8 LIMITATION OF THE STUDY**

The focus of this study was limited to talent in full time employment at Alexander Forbes Group of companies (includes Investment Solutions and Guardrisk Group) as at 31 March 2013. These talents include first line talents, middle management, senior management and executive level management.

This research is also limited in that it does not have general application in terms of the sample size as it excluded employees within Alexander Forbes Group who do not fall within the definition of talent. The sampling is also further limited geographically as it only includes talent within Alexander Forbes Group head office in Sandton and excludes talent employed by the Group in other regions and offices within South Africa and outside South Africa. The limitation of this research is the lack of general application of the research findings to the broader financial services industry.

## **5.9 CONCLUSION**

This chapter set out the objectives of the research and summarizes the research findings. Although there are areas that can be improved to effectively utilize the five talent retention factors namely: compensation package, career development and training, leadership/ management, working environment and organizational commitment to maximize talent retention within an organization.

It is clear that Alexander Forbes has been successful in implementing the five human resources management retention factors as its talent retention strategy. According to the survey the majority of the respondents agree that they are planning to stay in their current position for the long term, which indicates successful retention strategy and low turnover, and this result in improved organizational performance.

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# ADDENDUMS

## ANNEXTURE A

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Appendix I: Cover Letter

Dear Respondent,

### **SURVEY – AN EXAMINATION OF FACTORS IMPACTING ON EMPLOYEE / TALENT RETENTION**

My name is Muliti Joseph Sathekge and I am a Masters student in Business Management faculty at the University of Johannesburg. I am currently conducting a research project to examine organizational factors contributing to talent retention at Alexander Forbes, under the supervision of Dr Adri Drotskie. To this end you are kindly requested to participate in the research by completing the following short questionnaire, which should not take longer than 20 minutes of your time.

Kindly be advised that any information you provide will be kept confidential and the results of this survey will be reported in an aggregate form that does not disclose the identity of the individual respondents. Your name is thus not required and your participation is strictly voluntary.

Instructions for completion are printed on the questionnaire. Please return the completed questionnaire to me by no later than close of business on 30 March 2014. I am also willing to personally collect the completed questionnaire from you.

Thank you for making some of your valuable time available for this research. A summary of the findings will also be discussed with you in detail at your request.

Should you have queries or comments about the survey or any question therein, or have any difficulty in completing the questionnaire, please feel free to contact me on my mobile 0823750914 or email at [Sathekgem@forbes.co.za](mailto:Sathekgem@forbes.co.za).

Kind regards

**Muliti Joseph Sathekge**

Student Number: 920109434



This questionnaire consists of two sections. Please complete every section, even if it does not bear directly on the job you do.

**Section A** requires some general, personal information about you and your job.

**Section B** is concerned with various organizational factors that impacts on employee retention, such as pay and compensation, career development, my line manager, working environment and employee engagement, as supported by academic literature. Statements are presented, and you must evaluate each statement in terms of the extent to which you agree that each statement is a contributing consideration in your decision whether to stay or leave the organization.

Please note that Alexander Forbes Group ("AF") refers to Alexander Forbes Financial Services group business divisions, including Guardrisk group business division and Investment Solutions group business divisions for the purposes of this research.

Herewith an example when completing the questionnaire:

**Gender:**

Should you be female, please cross "X" the appropriate block as follows:

1.1	Male	1
1.2	Female	<del>2</del>

## SECTION A: DEMOGRAPHIC INFORMATION

### 1. What is your gender?

1.1	Male	1
1.2	Female	2

### 2. To which ethnic group do you belong?

2.1	White	1
2.2	Coloured	2
2.3	Indian	3
2.4	Black	4
2.5	Other (please specify below)	5

### 3. To which age group do you belong?

3.1	Under 20	1
3.2	20- 30	2
3.3	31 – 40	3
3.4	41 – 50	4
3.5	51 – 60	5
3.6	61+	6

### 4. What is your marital status

4.1	Single	1
4.2	Married	2
4.3	Divorced/ Separated	3
4.4	Widow/ Widower	4
4.5	Cohabiting	5

### 5. What is your highest level of education?

5.1	Grade 12( Matric) or lower	1
5.2	National Diploma	2
5.3	Bachelor's Degree	3
5.4	Honours Degree	4
5.5	Masters	5
5.6	Doctorate	6

### 6. How many years have you been employed by the organization?

6.1	Less than 1 year	1
6.2	Between 1-3 years	2
6.3	Between 3 - 6 years	3
6.4	Between 6 - 9 years	4
6.5	Between 9 – 15 years	5
6.6	Between 15 – 20 years	6
6.7	More than 20 years	7

**7. What is your current job level?**

7.1	Junior Management	1
7.2	Middle Management	2
7.3	Senior Management	3
7.4	Executive Management	4
7.5	Other- (please specify below)	5

**8. What is your monthly income range after all deductions?**

8.1	5 000 - 10 000	1
8.2	10 001 - 20 000	2
8.3	20 001 - 30 000	3
8.4	30 001 - 40 000	4
8.5	40 001 - 50 000	5
8.6	50 000+	6

**9. In which division are you currently employed?**

9.1	Financial Services	1
9.2	Investment Solutions	2
9.3	Guardrisk	3
9.4	Afrinet	4
9.5	Group	5

**10. What motivated you to accept a position at this organisation?**

10.1	Pay and compensation	1
10.2	Career development	2
10.3	My line manager	3
10.4	Working environment	4
10.5	Excellent opportunity	5
10.6	Other (Please specify below)	6

**11. Working Hours Schedule**

11.1	Fixed Schedule	1
11.2	Flexible Schedule	2

**12. To which generation group do you belong?**

12.1	1945-1964	Baby Boomers	1
12.2	1965-1980	Generation X	2
12.3	1980-2000	Generation Y (Millennial)	3

## SECTION B: FACTORS IMPACTING ON TALENT / EMPLOYEE RETENTION SURVEY

### 1. Compensation package

Please indicate with a cross "X" the appropriate block your level of agreement with each of the following statements:

		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree
1.	AF offers high compensation packages compared to its competitors.					
2.	AF compensation package was an important consideration in joining the organization					
3.	AF offers competitive compensation packages in the industry in which it operates					
4.	AF compensation package will be a consideration for me to leave the organization					
5.	AF compensation package contributes towards my job satisfaction					
6.	An increase in compensation motivates me to work harder					
7.	AF compensation package increases as my performance improves					
8.	AF compensation package recognizes my education, training and experience					
9.	I am satisfied with compensation package that AF offers me.					
10.	AF offers rewards for outstanding performance					
11.	I am given positive recognition when I produce high quality work					
12.	AF pay is competitive compared to other organizations					
13.	AF offers a fair compensation package					
14.	AF values individual excellence over team work					
15.	AF offers great benefit package compared to other organizations					

		Very Poor	Poor	Fair	Good	Excellent
16.	How do you rate the compensation structure at AF?					

## 2. Career Development and Training

Please indicate your level of agreement with each of the following statements

		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree
1.	AF offers employees career development opportunities					
2.	AF invests physical resources towards employees career development					
3.	AF invest physical resources towards employees training					
4.	AF has employees development programme					
5.	AF offers employees work related promotion opportunities					
6.	AF human resources management strategy includes employees career development					
7.	AF human resources management strategy includes employees performance management					
8.	AF human resources management strategy includes employees succession planning					
9.	AF human resources management strategy includes employees performance appraisal					
10.	AF has employees career planning workshops					
11.	AF management has career discussion with employees in trying to identify development opportunities within the organization					
12.	AF management supports employees career planning process					
13.	AF provides employees with greater job flexibility					
14.	AF human resources management strategies includes employees mentorship programme					
15.	AF offers employees specific job related training and general training in the form of mentorship					
16.	AF offers employees access to continuous training programmes					
17.	AF increases employees' compensation after completing training and development					

	program					
18.	AF offers an employment stability environment					
19.	AF offers appropriate skills enhancement programs					
20.	AF offers appropriate technical training programs					
22.	AF allocates a yearly budget per employee for training					

### 3. Leadership / Management

Please indicate your level of agreement with each of the following statements

		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree
1.	My line manager inspires me to perform					
2.	My line manager supports my personal development					
3.	My line manager provides direction					
4.	My line manager promotes my participation in decision making					
5.	My line manager creates a culture of knowledge sharing in the work place.					
6.	My line manager communicates effectively with me to achieve organizational objectives					
7.	My line manager is considerate to my personal needs					
8.	My line manager provides me with honest feedback					
9.	My line manager values my special contribution to the organization					
10.	My line manager makes informed choices about my capabilities					
11.	My line manager is consistent in decision making					
12.	My line manager supports my career development.					
13.	My line manager shows respects when dealing with me					
14.	My line manager rewards me for exceptional performance					
15.	My line manager recognizes my achievements					
16.	My line manager builds a strong relationship with me					
17.	My line manager is my role model					
18.	My line manager help me to become a high performing employee					

19.	My line manager enhances my job satisfaction					
20.	My line manager's practices are consistent with my personal values					
21.	My line manager's practices make a positive contribution to the overall effectiveness of the organization					
22.	My line manager encourages a spirit of cooperation and team work					
23.	My line manager communicates well with subordinates					
24.	My line manager clearly communicates the organization's goals and strategies to me?					
25.	My line manager utilizes my skills optimally					

#### 4. Working Environment

Please indicate your level of agreement with each of the following statements

		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree
1.	My working environment maximizes my performance					
2.	My working environments impacts adversely on my performance					
3.	My working environment make me feel that I am valued					
4.	My working environment is harmful to my psychological wellbeing					
5.	My line manager promotes a positive working environment					
6.	My line manager creates a positive work environment					
7.	My line manager creates a harmful work environment					
8.	My working environment is harmful to my physical welfare					
9.	My relationship with colleagues creates a positive work environment					
10.	My colleagues creates a negative work environment					
11.	The organizational culture creates a positive work environment					
12.	The organizational culture creates a negative work environment					
13.	I am satisfied with my work environment					

14.	My working life balances with my family life					
15.	My line manager regards the welfare of his subordinates as first priority					
16.	I get along well with my line manager					
17.	For the work I do, the physical working conditions are very pleasant					
18.	My work environment encourages me to come up with new and better ways of doing things.					
19	My job gives me a feeling of personal accomplishment.					
20.	I have the tools and resources to do my job well.					

**5. Organizational commitment**

Please indicate your level of agreement with each of the following statements

		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree
1.	I am committed in achieving organizational goals					
2.	I am willing to work hard on behalf of the Organization					
3.	I have an intention to remain in the organization					
4.	I desire to remain employed by the organization					
5.	I fully accept the organization values					
6.	My values matches with the organization's values					
7.	My values differs from the organization's values					
8.	I want to remain employed by the organization					
9.	I feel the need to remain employed by the organization					
10.	I feel I ought to remain employed by the organization					
11.	I am committed to work hard to exceed my normal expectation					
12.	I believe that the organization is committed to me					
13.	My line manager manages my job expectations					
14.	I am satisfied with my job					
15.	I am not satisfied with my job					
16.	I believe that the organization cares about me					
17.	The organization values my contribution					
18.	The organization meet my needs					
19.	The organization offers a fair compensation					



**6. Which of the following best describes your current job situation (please mark only one)**

6.1	I am planning to stay in my current position for the long term	1
6.2.	I am planning to stay in my current position for the short term	2
6.3	I am thinking about changing jobs	3
6.4	I am actively applying for other jobs	4

**End of the survey**

**Thank you very much for your time and participation.**

**ANNEXURE B**  
**SECTION B: FACTORS IMPACTING TALENT RETENTION**  
**RESEARCH SURVEY RESPONSES**

1. Compensation Package							
		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
AF offers high compensation packages compared to its competitors.	Count	53	33	63	44	5	198
	Row N %	26.8%	16.7%	31.8%	22.2%	2.5%	100.0%
AF compensation package was an important consideration in joining the organization	Count	7	16	75	89	9	196
	Row N %	3.6%	8.2%	38.3%	45.4%	4.6%	100.0%
AF offers competitive compensation packages in the industry in which it operates	Count	41	35	51	65	5	197
	Row N %	20.8%	17.8%	25.9%	33.0%	2.5%	100.0%
AF compensation package will be a consideration for me to leave the organization	Count	20	13	55	80	25	193
	Row N %	10.4%	6.7%	28.5%	41.5%	13.0%	100.0%
AF compensation package contributes towards my job satisfaction	Count	10	24	61	75	25	195
	Row N %	5.1%	12.3%	31.3%	38.5%	12.8%	100.0%
An increase in compensation motivates me to work harder	Count	0	9	29	83	75	196
	Row N %	0.0%	4.6%	14.8%	42.3%	38.3%	100.0%
AF compensation package increases as my performance improves	Count	22	33	57	69	17	198
	Row N %	11.1%	16.7%	28.8%	34.8%	8.6%	100.0%
AF compensation package recognizes my education, training and experience	Count	16	27	58	87	10	198
	Row N %	8.1%	13.6%	29.3%	43.9%	5.1%	100.0%
I am satisfied with compensation package that AF offers me.	Count	6	47	59	77	7	196
	Row N %	3.1%	24.0%	30.1%	39.3%	3.6%	100.0%
AF offers rewards for outstanding performance	Count	16	24	38	92	26	196
	Row N %	8.2%	12.2%	19.4%	46.9%	13.3%	100.0%
I am given positive recognition when I produce high quality work	Count	5	18	46	97	29	195
	Row N %	2.6%	9.2%	23.6%	49.7%	14.9%	100.0%
AF pay is competitive compared to other organizations	Count	53	31	61	46	6	197
	Row N %	26.9%	15.7%	31.0%	23.4%	3.0%	100.0%
AF offers a fair compensation package	Count	30	24	50	84	7	195
	Row N %	15.4%	12.3%	25.6%	43.1%	3.6%	100.0%
AF values individual excellence over team work	Count	35	17	65	64	15	196
	Row N %	17.9%	8.7%	33.2%	32.7%	7.7%	100.0%
AF offers great benefit package compared to other organizations	Count	58	24	47	54	14	197
	Row N %	29.4%	12.2%	23.9%	27.4%	7.1%	100.0%

**ANNEXURE B**  
**SECTION B: FACTORS IMPACTING TALENT RETENTION**  
**RESEARCH SURVEY RESPONSES**

2. Career Development and Training							
		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
AF offers employees career development opportunities	Count	13	10	23	114	37	197
	Row N %	6.6%	5.1%	11.7%	57.9%	18.8%	100.0%
AF invests physical resources towards employees career development	Count	19	12	32	112	20	195
	Row N %	9.7%	6.2%	16.4%	57.4%	10.3%	100.0%
AF invest physical resources towards employees training	Count	16	13	20	124	23	196
	Row N %	8.2%	6.6%	10.2%	63.3%	11.7%	100.0%
AF has employees development programme	Count	28	11	19	113	26	197
	Row N %	14.2%	5.6%	9.6%	57.4%	13.2%	100.0%
AF offers employees work related promotion opportunities	Count	36	17	45	84	15	197
	Row N %	18.3%	8.6%	22.8%	42.6%	7.6%	100.0%
AF human resources management strategy includes employees career development	Count	37	12	39	90	16	194
	Row N %	19.1%	6.2%	20.1%	46.4%	8.2%	100.0%
AF human resources management strategy includes employees performance management	Count	17	5	21	133	21	197
	Row N %	8.6%	2.5%	10.7%	67.5%	10.7%	100.0%
AF human resources management strategy includes employees succession planning	Count	40	15	45	83	12	195
	Row N %	20.5%	7.7%	23.1%	42.6%	6.2%	100.0%
AF human resources management strategy includes employees performance appraisal	Count	9	3	11	154	19	196
	Row N %	4.6%	1.5%	5.6%	78.6%	9.7%	100.0%
AF has employees career planning workshops	Count	55	35	69	32	6	197
	Row N %	27.9%	17.8%	35.0%	16.2%	3.0%	100.0%
AF management has career discussion with employees in trying to identify development opportunities within the organization	Count	23	32	55	70	16	196
	Row N %	11.7%	16.3%	28.1%	35.7%	8.2%	100.0%
AF management supports employees career planning process	Count	25	21	55	85	12	198
	Row N %	12.6%	10.6%	27.8%	42.9%	6.1%	100.0%
AF provides employees with greater job flexibility	Count	23	21	43	92	15	194
	Row N %	11.9%	10.8%	22.2%	47.4%	7.7%	100.0%
AF human resources management strategies includes employees mentorship programme	Count	48	31	44	60	12	195
	Row N %	24.6%	15.9%	22.6%	30.8%	6.2%	100.0%
AF offers employees specific job related training and general training in the form of mentorship	Count	32	22	40	83	19	196
	Row N %	16.3%	11.2%	20.4%	42.3%	9.7%	100.0%
AF offers employees access to continuous training programmes	Count	19	18	26	108	24	195
	Row N %	9.7%	9.2%	13.3%	55.4%	12.3%	100.0%
AF increases employees' compensation after completing training and development program	Count	70	37	58	26	5	196
	Row N %	35.7%	18.9%	29.6%	13.3%	2.6%	100.0%
AF offers an employment stability environment	Count	26	12	23	116	19	196
	Row N %	13.3%	6.1%	11.7%	59.2%	9.7%	100.0%
AF offers appropriate skills enhancement programs	Count	34	16	34	99	13	196
	Row N %	17.3%	8.2%	17.3%	50.5%	6.6%	100.0%
AF offers appropriate technical training programs	Count	40	18	33	92	14	197
	Row N %	20.3%	9.1%	16.8%	46.7%	7.1%	100.0%
AF allocates a yearly budget per employee for training	Count	55	7	19	75	33	189
	Row N %	29.1%	3.7%	10.1%	39.7%	17.5%	100.0%

**ANNEXURE B**  
**SECTION B: FACTORS IMPACTING TALENT RETENTION**  
**RESEARCH SURVEY RESPONSES**

3. Leadership/Management							
		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
My line manager inspires me to perform	Count	3	13	29	105	45	195
	Row N %	1.5%	6.7%	14.9%	53.8%	23.1%	100.0%
My line manager supports my personal development	Count	4	13	33	102	43	195
	Row N %	2.1%	6.7%	16.9%	52.3%	22.1%	100.0%
My line manager provides direction	Count	8	12	37	94	44	195
	Row N %	4.1%	6.2%	19.0%	48.2%	22.6%	100.0%
My line manager promotes my participation in decision making	Count	6	14	36	103	37	196
	Row N %	3.1%	7.1%	18.4%	52.6%	18.9%	100.0%
My line manager creates a culture of knowledge sharing in the work place.	Count	3	11	31	103	46	194
	Row N %	1.5%	5.7%	16.0%	53.1%	23.7%	100.0%
My line manager communicates effectively with me to achieve organizational objectives	Count	4	11	32	103	45	195
	Row N %	2.1%	5.6%	16.4%	52.8%	23.1%	100.0%
My line manager is considerate to my personal needs	Count	10	16	21	100	46	193
	Row N %	5.2%	8.3%	10.9%	51.8%	23.8%	100.0%
My line manager provides me with honest feedback	Count	12	14	16	108	46	196
	Row N %	6.1%	7.1%	8.2%	55.1%	23.5%	100.0%
My line manager values my special contribution to the organization	Count	17	10	21	102	44	194
	Row N %	8.8%	5.2%	10.8%	52.6%	22.7%	100.0%
My line manager makes informed choices about my capabilities	Count	13	12	29	104	35	193
	Row N %	6.7%	6.2%	15.0%	53.9%	18.1%	100.0%
My line manager is consistent in decision making	Count	8	16	36	100	34	194
	Row N %	4.1%	8.2%	18.6%	51.5%	17.5%	100.0%
My line manager supports my career development.	Count	13	14	26	97	45	195
	Row N %	6.7%	7.2%	13.3%	49.7%	23.1%	100.0%
My line manager shows respects when dealing with me	Count	3	13	19	103	58	196
	Row N %	1.5%	6.6%	9.7%	52.6%	29.6%	100.0%
My line manager rewards me for exceptional performance	Count	18	18	49	82	28	195
	Row N %	9.2%	9.2%	25.1%	42.1%	14.4%	100.0%
My line manager recognizes my achievements	Count	13	17	26	102	36	194
	Row N %	6.7%	8.8%	13.4%	52.6%	18.6%	100.0%
My line manager builds a strong relationship with me	Count	6	15	26	102	46	195
	Row N %	3.1%	7.7%	13.3%	52.3%	23.6%	100.0%
My line manager is my role model	Count	19	34	45	61	33	192
	Row N %	9.9%	17.7%	23.4%	31.8%	17.2%	100.0%
My line manager help me to become a high performing employee	Count	5	22	35	94	39	195
	Row N %	2.6%	11.3%	17.9%	48.2%	20.0%	100.0%
My line manager enhances my job satisfaction	Count	13	22	37	84	38	194
	Row N %	6.7%	11.3%	19.1%	43.3%	19.6%	100.0%
My line manager's practices are consistent with my personal values	Count	11	22	35	87	39	194
	Row N %	5.7%	11.3%	18.0%	44.8%	20.1%	100.0%
My line manager's practices make a positive contribution to the overall effectiveness of the organization	Count	13	15	19	101	47	195
	Row N %	6.7%	7.7%	9.7%	51.8%	24.1%	100.0%
My line manager encourages a spirit of cooperation and team work	Count	5	14	26	100	50	195
	Row N %	2.6%	7.2%	13.3%	51.3%	25.6%	100.0%
My line manager communicates well with subordinates	Count	3	19	17	101	45	185
	Row N %	1.6%	10.3%	9.2%	54.6%	24.3%	100.0%
My line manager clearly communicates the organization's goals and strategies to me?	Count	9	18	31	103	33	194
	Row N %	4.6%	9.3%	16.0%	53.1%	17.0%	100.0%
My line manager utilizes my skills optimally	Count	15	18	31	89	39	192
	Row N %	7.8%	9.4%	16.1%	46.4%	20.3%	100.0%

**ANNEXURE B**  
**SECTION B: FACTORS IMPACTING TALENT RETENTION**  
**RESEARCH SURVEY RESPONSES**

4. Working Environment							
		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
My working environment maximizes my performance	Count	4	14	41	112	22	193
	Row N %	2.1%	7.3%	21.2%	58.0%	11.4%	100.0%
My working environments impacts adversely on my performance	Count	6	20	66	84	15	191
	Row N %	3.1%	10.5%	34.6%	44.0%	7.9%	100.0%
My working environment make me feel that I am valued	Count	6	13	43	109	23	194
	Row N %	3.1%	6.7%	22.2%	56.2%	11.9%	100.0%
My working environment is harmful to my psychological wellbeing	Count	11	50	81	37	11	190
	Row N %	5.8%	26.3%	42.6%	19.5%	5.8%	100.0%
My line manager promotes a positive working environment	Count	10	12	28	111	30	191
	Row N %	5.2%	6.3%	14.7%	58.1%	15.7%	100.0%
My line manager creates a positive work environment	Count	6	15	38	105	28	192
	Row N %	3.1%	7.8%	19.8%	54.7%	14.6%	100.0%
My line manager creates a harmful work environment	Count	8	70	85	24	6	193
	Row N %	4.1%	36.3%	44.0%	12.4%	3.1%	100.0%
My working environment is harmful to my physical welfare	Count	8	76	82	19	7	192
	Row N %	4.2%	39.6%	42.7%	9.9%	3.6%	100.0%
My relationship with colleagues creates a positive work environment	Count	5	6	14	131	38	194
	Row N %	2.6%	3.1%	7.2%	67.5%	19.6%	100.0%
My colleagues creates a negative work environment	Count	7	59	96	25	7	194
	Row N %	3.6%	30.4%	49.5%	12.9%	3.6%	100.0%
The organizational culture creates a positive work environment	Count	14	12	25	119	24	194
	Row N %	7.2%	6.2%	12.9%	61.3%	12.4%	100.0%
The organizational culture creates a negative work environment	Count	13	58	83	32	9	195
	Row N %	6.7%	29.7%	42.6%	16.4%	4.6%	100.0%
I am satisfied with my work environment	Count	6	14	32	110	28	190
	Row N %	3.2%	7.4%	16.8%	57.9%	14.7%	100.0%
My working life balances with my family life	Count	5	25	35	105	24	194
	Row N %	2.6%	12.9%	18.0%	54.1%	12.4%	100.0%
My line manager regards the welfare of his subordinates as first priority	Count	30	14	38	92	20	194
	Row N %	15.5%	7.2%	19.6%	47.4%	10.3%	100.0%
I get along well with my line manager	Count	11	6	6	121	51	195
	Row N %	5.6%	3.1%	3.1%	62.1%	26.2%	100.0%
For the work I do, the physical working conditions are very pleasant	Count	5	6	19	136	29	195
	Row N %	2.6%	3.1%	9.7%	69.7%	14.9%	100.0%
My work environment encourages me to come up with new and better ways of doing things.	Count	7	10	41	105	32	195
	Row N %	3.6%	5.1%	21.0%	53.8%	16.4%	100.0%
My job gives me a feeling of personal accomplishment.	Count	6	13	34	106	35	194
	Row N %	3.1%	6.7%	17.5%	54.6%	18.0%	100.0%
I have the tools and resources to do my job well.	Count	3	11	27	114	40	195
	Row N %	1.5%	5.6%	13.8%	58.5%	20.5%	100.0%

**ANNEXURE B**  
**SECTION B: FACTORS IMPACTING TALENT RETENTION**  
**RESEARCH SURVEY RESPONSES**

5. Organisational Commitment							
		Don't know	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
I am committed in achieving organizational goals	Count	0	2	2	128	62	194
	Row N %	0.0%	1.0%	1.0%	66.0%	32.0%	100.0%
I am willing to work hard on behalf of the Organization	Count	0	1	3	115	75	194
	Row N %	0.0%	.5%	1.5%	59.3%	38.7%	100.0%
I have an intention to remain in the organization	Count	17	10	25	87	55	194
	Row N %	8.8%	5.2%	12.9%	44.8%	28.4%	100.0%
I desire to remain employed by the organization	Count	11	7	20	97	59	194
	Row N %	5.7%	3.6%	10.3%	50.0%	30.4%	100.0%
I fully accept the organization values	Count	2	2	12	119	59	194
	Row N %	1.0%	1.0%	6.2%	61.3%	30.4%	100.0%
My values matches with the organization's values	Count	8	7	22	102	54	193
	Row N %	4.1%	3.6%	11.4%	52.8%	28.0%	100.0%
My values differs from the organization's values	Count	9	57	90	27	9	192
	Row N %	4.7%	29.7%	46.9%	14.1%	4.7%	100.0%
I want to remain employed by the organization	Count	10	7	18	103	55	193
	Row N %	5.2%	3.6%	9.3%	53.4%	28.5%	100.0%
I feel the need to remain employed by the organization	Count	14	9	39	89	43	194
	Row N %	7.2%	4.6%	20.1%	45.9%	22.2%	100.0%
I feel I ought to remain employed by the organization	Count	18	14	51	68	38	189
	Row N %	9.5%	7.4%	27.0%	36.0%	20.1%	100.0%
I am committed to work hard to exceed my normal expectation	Count	2	2	6	112	73	195
	Row N %	1.0%	1.0%	3.1%	57.4%	37.4%	100.0%
I believe that the organization is committed to me	Count	26	17	47	74	30	194
	Row N %	13.4%	8.8%	24.2%	38.1%	15.5%	100.0%
My line manager manages my job expectations	Count	14	12	36	99	31	192
	Row N %	7.3%	6.3%	18.8%	51.6%	16.1%	100.0%
I am satisfied with my job	Count	6	11	36	109	33	195
	Row N %	3.1%	5.6%	18.5%	55.9%	16.9%	100.0%
I am not satisfied with my job	Count	10	56	77	39	11	193
	Row N %	5.2%	29.0%	39.9%	20.2%	5.7%	100.0%
I believe that the organization cares about me	Count	29	15	42	90	19	195
	Row N %	14.9%	7.7%	21.5%	46.2%	9.7%	100.0%
The organization values my contribution	Count	24	12	40	96	23	195
	Row N %	12.3%	6.2%	20.5%	49.2%	11.8%	100.0%
The organization meet my needs	Count	20	14	41	90	27	192
	Row N %	10.4%	7.3%	21.4%	46.9%	14.1%	100.0%
The organization offers a fair compensation	Count	23	37	45	77	13	195
	Row N %	11.8%	19.0%	23.1%	39.5%	6.7%	100.0%

**ANNEXURE B**  
**SECTION B: FACTORS IMPACTING TALENT RETENTION**  
**RESEARCH SURVEY RESPONSES**

<b>Frequencies</b>					
<b>How do you rate the compensation structure at AF?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Poor	17	8.5	8.8	8.8
	Poor	50	25.1	25.9	34.7
	Fair	86	43.2	44.6	79.3
	Good	32	16.1	16.6	95.9
	Excellent	8	4.0	4.1	100.0
	Total	193	97.0	100.0	
Missing	System	6	3.0		
Total		199	100.0		

<b>Frequencies</b>					
<b>Which one of the following best describes your current job situation.</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I am planning to stay in my current position for the long term	98	49.2	50.5	50.5
	I am planning to stay in my current position for the short term	44	22.1	22.7	73.2
	I am thinking about changing jobs	35	17.6	18.0	91.2
	I am actively applying for other jobs	17	8.5	8.8	100.0
	Total	194	97.5	100.0	
Missing	System	5	2.5		
Total		199	100.0		

## ANNEXURE C

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#### SECTION B: QUALIFICATION DETAILS

Degree for which Registered:	<b>M- COM BUSINESS MANAGEMENT</b>
Title of Thesis/Dissertation:	<b>AN EXAMINATION OF FACTORS IMPACTING ON TALENT RETENTION AT A FINANCIAL INSTITUTION</b>
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**Keywords (minimum of 3- maximum of 6):**

**Factors impacting on talent retention at a financial institution**

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I confirm that this is the final corrected version of my thesis/dissertation/minor dissertation. I declare that no unethical research practices were used or material gained through dishonesty. I herewith declare that my academic work is in line with the Plagiarism Policy of the University of Johannesburg with which I am familiar.

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**Student: Signature**

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**Supervisor: Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Faculty Officer: Postgraduate studies**

\_\_\_\_\_  
**Date:**