

**UNIVERSITY OF KWAZULU-NATAL**

**STRATEGIES TO RETAIN MIDDLE MANAGEMENT STAFF  
IN THE SPAR GROUP**

**By**

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## DECLARATION

I, Nobathandwa Motlohi, declare that:

This dissertation is being submitted in partial fulfilment of the requirements for the degree of Masters in Business Administration in the GSB&L.

The dissertation is as a result of my own work/investigation, except where I have otherwise stated and referenced accordingly.

This work has not previously been submitted in substance for any degree or examinations and is not being concurrently submitted by another candidate for any degree.

The Supervisor's contribution to this work was in accordance with the University's Regulations and Policies.

Signed: \_\_\_\_\_

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## **ABSTRACT**

The retail environment in South Africa (SA) has become highly competitive. Employee loyalty is fickle, particularly amongst highly skilled workers, which results in high staff turnover especially in management positions. According to the South African Quarterly Employment Statistics (QES) (Markinor, 2013), the percentage of staff turnover in the retail industry was 12.5%. Retaining highly skilled employees has become critical in order for organisations to remain competitive. The aim of this study was to examine retention strategies for middle management employees in the SPAR Group. A quantitative research method was adopted for this descriptive study. Validity and reliability for the whole population was proven for meaningfulness, usefulness and appropriateness of the study. Middle management employees across all divisions of the SPAR Group were invited to participate in the research. Data was collected using an online questionnaire. The results have highlighted that employees would consider leaving the SPAR Group should an opportunity arise elsewhere. The study has also highlighted employees' perceptions of fairness particularly that they felt that promotions are awarded unfairly within the organisation. Of interest is that the demographic variables of race and gender highlighted a big leaning towards white employees (47, 52%) who are males (64.05%). This could be a unique situation to SPAR Group only and could raise concerns over the biasness of the study and its generalisation to a wider population. The study revealed some discrepancies in the responses as the majority responded that they were happy with the benefits offered at SPAR, and yet they indicated pay and benefits as a reason that would make them consider leaving the organisation.

Recommendations for improvement, based on the findings of the study, are that the SPAR Group should conduct salary surveys to help benchmark the company against competitors in the market. This will give employees a realistic understanding of whether they are remunerated fairly in relation to the market, and whether the company needs to look at making adjustments in their pay rates. Climate surveys are a good way of evaluating employee perceptions on the culture and opinions within an organisation. This will help SPAR to isolate issues of immediate concern and put measures in place to deal with these issues. Communicating policies on promotions and transformation plans to the staff would help to manage expectations, so that all employees know the recruitment strategy of the company, particularly in consideration of the company's transformation targets for specific

positions within the company. Identified limitations have highlighted the need for further research.

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## LIST OF ABBREVIATIONS

BEE	Black Economic Empowerment
BSC	Balanced Scorecard
CEO	chief executive officer
EEA	Employment Equity Act
HR	human resources
HRM	human resource management
MD	managing director
MTN	Mobile Telecommunications
QES	Quarterly Employment Statistics
SA	South Africa
SPSS	Statistical Package for Social Science

# CHAPTER 1

## RESEARCH OVERVIEW

### 1.1. INTRODUCTION

The demand for skilled employees in the South African trading environment has become a competitive advantage tool used by both employers and employees to bargain. Employee knowledge and skills have become a competing commodity. The employees are tempted to accept higher offers from competitors while employers are forced to pay the higher rate for skilled employees. According to the SPAR Group HR Annual Report of 2013–2014, the SPAR Group experienced a staff turnover of about 17% throughout the seven divisions across the country. This is much higher than the 12.5% industry standards as identified by Quarterly Employment Statistics (QES) (Markinor, 2013). Further analysis of the SPAR annual report revealed that 14 % of the 17% staff turnover was specific to the middle management level. According to the Paterson Job Grading illustrated in Table 1.1, the middle management level possesses the knowledge and skills required for the organisation’s succession pool. This study focused on the middle management level employees of the Spar Group; where the highest turnover in the organisation has been experienced. The financial cost implications associated with replacing staff who had left were huge for the organisation. The benefits of retaining key staff, therefore, are critical for the SPAR Group as it helps to retain the knowledge and expertise in order to improve productivity, effectiveness and the competitiveness of the organisation.

**Table 1.1: The Patterson Job Grading decision structure of an organisation**

BAND	KIND OF DECISION	TITLE / LEVEL	GRADE	KIND OF GRADE	TYPICAL TITLES
F	Policy-making	Board member	2	Co-ordinating or supervisory (Policy)	Chairman of the board / Chief executive officer (CEO)
			1	Policy	Board member
E	Programming	Executive	4	Co-ordinating or supervisory (Programming)	CEO / Managing director
			3		
			2	Programming	Executive/ Director
			1		

BAND	KIND OF DECISION	TITLE / LEVEL	GRADE	KIND OF GRADE	TYPICAL TITLES
D	Interpretive/ Probalistic	Management	5	Supervisory (Interpretive)	General manager
			4		
			3	Interpretive	Manager
			2		
			1		
C	Routine/ Process system	Specialist skills	5	Supervisory (Skilled)	Foreman
			4		
			3	Process	Graphic designer Sales representatives Artisans
			2		
			1		
B	Automatic/ Operative/ subsystem	Semi-skilled	5	Supervisory (Semi-skilled)	Supervisor
			4		
			3	Operative	Administrator Debtors clerk Receptionist
			2		
			1		
A	Defined	Basic skills	3	Defined	Messenger General assistant
			2		
			1		
			1		

Source: Adapted from PE Corporate Services SA (2013).

## 1.2. MOTIVATION FOR THE STUDY

The Spar Group invests a lot of money and time in developing employees only to lose them through voluntary turnover, which has been defined by Capelli (2004) as resignation or departure of productive employees. This study aimed to investigate reasons why employees leave and to identify the strategies that can be used to retain key employees. The study contributes to the body of knowledge in the field of human resource management (HRM) as it has investigated strategies of staff retention.

## 1.3. FOCUS OF THE STUDY

The study focused on all divisions of the SPAR Group which constituted seven distribution centres. The Group has a decentralised structure and each managing director (MD) has the autonomy to run their operations independently, according to how they see fit. However, there are basic policies and principles that form guidelines in the organisation. According to the annual report of 2013–2014 the Spar Group had about 456 middle management employees, graded as D Band on the Paterson Job Grading (Table 1.1). This band includes skills like buyers, planners, retail operations, logistics and marketing and these are the most

critical positions in the business that require expertise and skills. This study will make an important contribution to current knowledge as it has investigated strategies that Spar Group and similar organisations can use to retain their key employees.

#### **1.4. PROBLEM STATEMENT**

According to Lockwood (2006), staff retention broadly refers to how many of the current employees remain with the organisation over a period of time. Frank, Finnegan and Finnegan (2004, p. 13) defined retention as “the effort by an employer to keep desirable workers in order to meet business objectives”. The global landscape of businesses in the 21<sup>st</sup> century has become very different from two or three decades ago and it is no different in SA. While there is an abundance of unskilled labour and the rate of unemployment is escalating every year, the challenge faced by organisations is to attract and retain skilled human resources while still complying with the employment laws like the Employment Equity Act (EEA) and the Black Economic Empowerment ACT (BEE), particularly of their middle management where opportunities for vertical advancement are replaced by a more horizontal career path. The Spar Group is already investing a lot of money in these critical skills which are being lost mostly through voluntary turnover, which is defined as resignation or departure of productive employees (Capelli, 2004). Turnover is costly for any organisation when taking into account the high monetary cost of recruitment and training involved in the replacement of already qualified employees who have left.

The research question arising from this was:

What strategies should organisations utilise in order to retain their key employees at middle management level?

#### **1.5. OBJECTIVES**

The primary objective of this study was to identify strategies that the SPAR Group can use to retain their key employees at management levels. More specifically, the following objectives were identified:

- Objective One:

To determine whether middle management at SPAR have any intentions of leaving the Group.

- Objective Two:

To determine the reasons for wanting to leave the Spar Group.

- Objective Three:

To determine what will incentivise middle management employees to remain at Spar.

## **1.6. LIMITATIONS OF THE STUDY**

The following were some of the limitations that were anticipated and observed during the study:

The study omitted certain topics as the scope was too wide and this might have left the respondents feeling that not everything was being covered by the research. However, this did not imply that there was no need to research them.

Confidentiality was a huge issue to the respondent in the entire study. Although full disclosure of the autonomy of data collected was made, respondents were still sceptical. As a result, the proposed research might have been limited and exposed to the risk of human error in data entry.

## **1.7. SUMMARY**

There are numerous reasons why middle managers leave the Spar Group for other organisations and competitors. This required the study to investigate a variety of strategies that can be used to retain SPAR Group employees. The study looked at a combination of factors that influence employees' decisions to either remain with the organisation or look for employment elsewhere. These factors may differ from person to person, depending on the external and internal factors which are discussed further in Chapter 2.



## **CHAPTER 2**

### **A REVIEW OF STAFF RETENTION STRATEGIES**

#### **2.1. BACKGROUND**

According to Kreisman (2002), staff retention has become one of the most critical people management challenges that organisations have to deal with in the 21<sup>st</sup> century. In South Africa (SA) this is made more challenging by government's attempt to redress demographic imbalances through legislation such as the Employment Equity Act of the Republic of South Africa (1998) and the Black Economic Empowerment Act (BEE) of the Republic of South Africa (2003). This has resulted in high staff turnover amongst the skilled knowledge workers, while the high demand for skilled black professionals has increased their mobility (Robinson, 2004). It is vitally important for organisations to retain their skilled and talented employees to maintain competitive advantage. The SPAR Group has not been immune to this problem as they experienced middle management staff turnover of about 14% in the financial year 2013–2014. The SPAR Group statistics mentioned that these were specific to voluntary turnover, which is defined as resignation or departure of productive employees (Capelli, 2004). This kind of turnover is detrimental to the organisation as the employees that leave are mostly the ones with skills that the organisation cannot afford to lose. There was a need to investigate reasons and formulate strategies that can be used to retain these key employees. Ahmad and Buttle (2002) raised the question that if staff retention results in the company being profitable, what proactive and practical steps can companies take to retain their key employees? The literature has covered the gaps that exist between theory and practice and has identified strategies of retaining staff by using the framework illustrated as Figure 2.1 below.

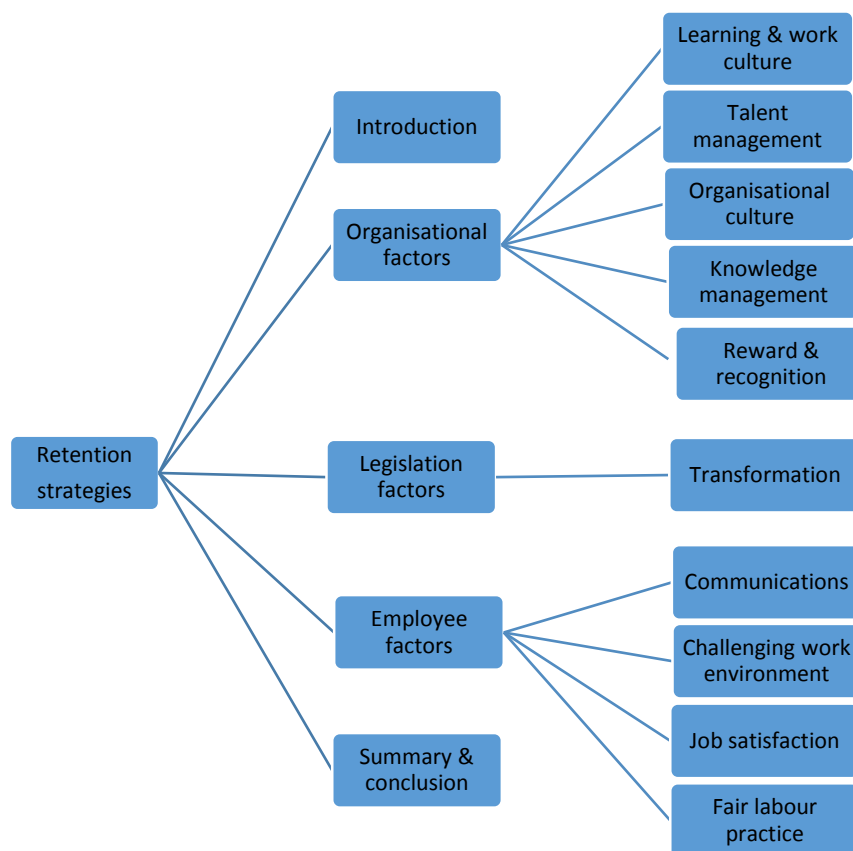
#### **2.2. DEFINITION OF STAFF RETENTION**

Boomer (2008) defined staff retention strategies as the plans, means or sets of decision-making behaviours that organisations put in place in order to retain their competent employees to enhance their performance. According to Lockwood (2006, p. 2), "Staff retention broadly refers to how many of the current employees remains within the organisation over a period of time". Frank *et al.* (2004, p. 13), on the other hand, defined staff retention as "the effort by an employer to keep desirable workers, in order to meet business objectives". Losing key employees by not addressing problems of retention will

mean losing intangible skills and expertise invested by the organisation, and which have been transferred to individuals. This is called institutional memory (Carsen, (2002). This loss of key employees adversely affects the already existing relationships with customers, as well as the morale of the employees who still remain in the organisation.

### 2.3. A MODEL FOR FACTORS IMPACTING STAFF RETENTION

A model for employee factors, legislative factors and organisational factors that have been identified as having an impact on staff retention has been designed (Figure 2.1). Details of the model are discussed below.



**Figure 2.1: A model for factors impacting staff retention**

### 2.4. ORGANISATIONAL FACTORS THAT HAVE AN INFLUENCE ON STAFF RETENTION

Talent management, organisational culture, reward and recognition and learning and work culture are the factors at organisational level that influence staff retention, as identified by Birt, Wallis and Winterrnitz (2004). In addition, research carried out by Walker (2001) identified other influencing factors in the retention of staff. Hytter (2007), however,

maintained that while some organisational factors have a direct influence on retention, there were others such as remuneration, leadership style and physical working conditions, which influence retention indirectly. These are called dissatisfiers or demotivators according to Herzberg's two-factor theory (Robbins, Judge, Odendaal & Roodt, 2010) and they do not necessarily result in a decision by the employees to leave when not met, but create an unhappy and less productive individual. Discussed below are some of the organisational factors that have a direct influence on staff retention and that were considered for this study.

#### **2.4.1. Learning and work culture**

The learning and work culture in an organisation is rated as one of the most important retention attributes which, when not met, may accelerate an employee's decision to leave the organisation (Govaerts, Kyndt, Dochy & Baert, 2011). It is referred to as the environment in which employees work while acquiring the opportunity to learn (Govaerts *et al.*, 2011). Rodriguez (2008) in his research stated that it would be unlikely for employees to think of leaving an organisation where they feel they are growing and learning, while they would be inclined to consider leaving if they feel that opportunities to learn and grow are not available to them. Echols (2007) also stated that, when a learning and development environment is created, combined with prospects of career advancement, it provides a strong retention attribute. Learning and development in the work environment is a critical contributor to staff retention, as talented people are more attracted to growth opportunities and assignments that challenge and stretch their abilities and potential (Michaels, Handfield-Jones & Axelrod, 2001). Providing a supportive learning climate is essential for an organisation that intends to retain key employees. The gap and appreciative approaches have been identified as key in the attribute of a learning and work culture (Visser, 2001). The difference between these approaches lies in their level of appreciation of employees.

**The gap approach** deals with skill problems that inhibit the company from accomplishing its goals. In the gap approach, the catalyst for change is to fulfil the current performance expectations of the company. It is regarded as the more traditional approach, i.e. starting with an initial diagnosis of the problem to identify the gaps or what does not function well in an organisation before designing and implementing solutions (Visser, 2001).

**The appreciative approach**, on the other hand, focuses on finding and enhancing solutions that already exist (Visser, 2001). This approach is very person-focused and recognises that the ambitions and qualities of individuals drive their development. Employees are

encouraged in their pursuit of personal interests to further develop their strengths and talents. This approach, therefore, is more radical and positive in that it is not problem-based but rather focuses on the individual's specific talents and personal interests (Cooperrider, Whitney & Stavros, 2007).

Kyndt, Dochy, Michielsen and Meyaert (2009) identified five differences that could be made between the gap and appreciative approaches. These are outlined in Table 2.1.

**Table 2.1: Differences between the gap and appreciative approaches**

Gap approach	Appreciative approach
Organisations recruit to meet an immediate need or deficit that exists in their business, so they look for a skill that matches it.	Organisations recruit for a talent and skill that will enhance and contribute by building onto what the organisation already has.
Development and training of employees is only geared towards the skill that is lacking and identified in the appraisal. The focus is on solving problems that can prevent the organisation accomplishing its goals.	Employees are supported and trained towards developing their talents and interests. The focus here is on what can make the organisation successful.
There is a set of processes and policies for solving any problems that exist. There are limited allowances to deviate from the rules.	Employees are encouraged to take the initiative and use their ideas in solving problems.
Employees are appreciated for their fulfilment of the company's expectations and roles.	Employees are appreciated for their talents and the value they bring into the organisation.
The reflection process in the gap approach focuses on the deficiencies within the current situation.	The reflection process in the appreciative approach focuses on the strengths of the employees and possible new opportunities.

Source: Adapted from Kyndt, E., Dochy, F., Michielsen, M. & Meyaert, B. 2009. Employee Retention: Organisational and Personal Perspectives. *Vocations and Learning*, vol. 2, no. 3, pp. 195–215. Springer, Australia.

It is apparent from the above discussion that creating a learning and working climate through the appreciative approach influences employee retention positively, particularly from a management level as it follows a more creative approach and encourages employees to take the initiative and responsibility for their own learning. Following rules and procedures operationally within the workplace also contributes (albeit to a lesser extent) to employee retention as it provides the required structural climate.

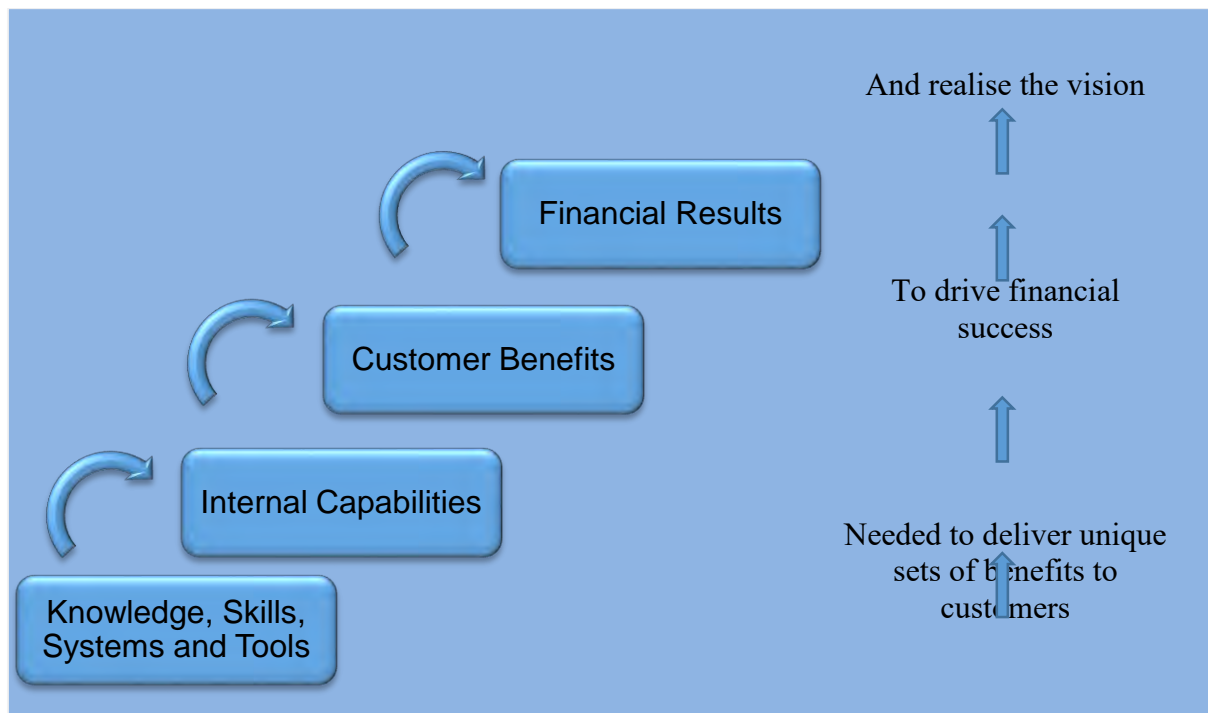
## **2.4.2. Talent management**

Cheng, Dainty and Moore (2005) argued that organisations that leave the management of talent to chance, particularly of their star employees, run the risk of losing them. The definition of talent is subjective and unique to each organisation and to the industry in which the organisation operates. Tansley (2011) posited that some organisations do not even know how to define or even manage talent. Ulrich and Brockbank (2005, pp. 95-99) stated that talent management “involves not only getting and keeping the good employees but also identifying and removing the non-essential and outright bad”. A definition of talent management should be identified by organisations as it guides the human resources (HR) initiatives within an organisation (Farndale, Scullion & Sparrow, 2010). According to Bartram (2005) HR policies and practice can be shared to craft employee development, as well as help managers manage the worst-performing employees or remove them from the system. Certain HR frameworks will be discussed briefly in the following sections as they influence the relationship that exists within the work environment. They are the Balanced Scorecard (BSC) framework, the Performance framework and the People Management framework.

### *2.4.2.1. The Balanced Scorecard framework*

According to Yousefi and Divandri (2011), the BSC is a framework used by organisations to explain and translate their strategies into executions, where business activities and the goals of the company are aligned for action. The BSC has become an integrated measure that is able to incorporate both quantitative and qualitative methods, covering all the aspects of an organisation.

Hough and Thompson (2007) identified four perspectives that can be used by leaders to measure organisational success, as illustrated in Figure 2.2.



**Figure 2.2: The four perspectives of the Balanced Scorecard**

Source: Adapted from Hough, J. & Thompson, A. 2007. *Crafting and Executing Strategy: Creating sustainable High Performance in South Africa: Text, Readings and Cases*. McGraw-Hill Higher Education, Berkshire.

Through the BSC, an organisation is able to develop metrics and collect and analyse data, relative to the four perspectives described below, in order to evaluate the effectiveness of their employees in applying the company strategy.

**Financial perspective** – This is the retained traditional measure that tells the story of past events which alone can be inadequate, particularly in the information era in which organisations exist (Yousefi & Divandri, 2011). According to Hough and Thompson (2007), the financial measures reveal whether the execution of strategy leads directly to the bottom-line.

**Customer perspective** – The direct interface of employees with customers provides a golden opportunity for organisations to evaluate whether they are creating value for their customers. Hough and Thompson (2007) observed that the qualitative data collected through comments, compliments or satisfaction surveys from customers can provide a valuable tool that an organisation could use to monitor their employees and craft activities specific to customer needs.

**Internal perspective** – The core competencies that give an organisation its competitive advantage become the cornerstone of driving all activities in the business. Hough and Thompson (2007) suggested that measurements of the operational processes that drive the business can be identified to monitor the performance against set standards.

**People/Innovation perspective** – According to Pearce and Robinson (2009), this perspective resonates with and is connected to the measurement that determines how well employees are continuously creating value and improving their capabilities. This dimension must address those aspects that empower the achievement of performance levels by employees.

According to Hough and Thompson (2007), these perspectives are all interconnected and are illustrated by components such as objectives, measures, targets and initiatives that managers must communicate to all employees. These will guide the activities and the level of involvement of each employee at every level in an organisation. The BSC has the ability to enrol every employee in a company's vision by clarifying exactly what role each individual's performance contributes towards the achievement of organisational goals. Employees who are likely to stay with an organisation are those that feel they are contributing to the organisation's success and assisting in creating future value for shareholders.

#### *2.4.2.2. The Performance Framework*

Performance management is the process whereby an enabling environment is created in order for all employees to perform their functions to the best of their abilities (Grobler & Warnich, 2006). It is a whole work system that begins when the job is defined and ends when the employee exits the organisation. In order to progress, performance goals should be set. It is necessary to look at the achievement of goals that are aligned to an organisational strategy as a complete picture. According to Cheng *et al.* (2005), the performance management of key employees, particularly at managerial level, has become a cornerstone for development in any organisation. He further stated that “assessment has been seen as an increasingly versatile and powerful tool to underpin Human Resource Management (HRM) practice”. These assessments can help organisations to understand their talent pool, so that they know where to focus their developmental efforts. Central to crafting the route of development of any key employee is establishing the competencies of each key employee in the organisation. Bartram (2005) defined competencies as behavioural attributes that are

fundamental in delivering desired results, while he saw competency as the mastering of a goal towards a specific job-related knowledge and skill. Hough and Thompson (2007) also defined a competency as something that an employee is good at doing which contributes to the success of the organisation. Employee competences are what connect the strategic vision of the organisation to organisational competitiveness and effectiveness. Employees are therefore assessed on their demonstration of the mastery of the skill against set outcomes. Bartram (2011) identified the distinctions between competencies and competency, as illustrated in Table 2.2.

**Table 2.2: Differences between competencies and competency**

Competencies	Competency
Competencies are generic across occupations and jobs.	Competency is specific to the attainment of predetermined skill.
The application of competencies knowledge and skill in a work setting can be a demonstration of a competence.	Competency focuses on the current state of a person’s performance and not where they might be in the future.
Competencies can be used in backward assessment tools like the 360 degrees feedback as well as forward looking assessment like the Balanced Scorecard.	Competence works well in backward looking assessment as it is always focused on achievement.

Source: Adapted from Bartram, D. 2005. The Great Eight Competencies: A Criterion-Centric Approach to Validation. *Journal of Applied Psychology*, vol. 90, no. 6, pp. 1185–1190. Wiley Online.

According to Bartram (2005), the competency framework provides a practical basis for understanding people’s behaviour in the work environment and their likelihood of succeeding in certain positions. Fowler and Fowler (1995) also confirmed that “competencies are intangible and dynamic; identifying them as an essential, elusive and growing problem for management”. Failure by organisations to identify these competences can be to their detriment as a much more specific manner in which to manage talent is required for knowledge workers. Not providing this approach could easily result in staff turnover with these employees feeling that they are not being looked after.

The following approaches have been identified in the development of employee competences:



- **Job-based approach**

According to Cheng *et al.* (2005), this approach defines the job independently from the jobholder through identifying and analysing the key elements required for the job. Through the analysis of the job requirements, competency criteria are developed and employees must then be selected or trained to fit the requirements of the job.

Bartram (2005) observed that this was the most used approach by organisations. Employees' appraisals are based on metrics of a range of technical job functions against which they have to perform. The assumption here is that the underlying characteristic skillset already exists (Cheng *et al.*, 2005). This approach has been criticised as being more focused on the required performance skills of the job, instead of the individual doing the job. Cole (2002) criticised this approach for not being able to consider the dynamic and complex manner in which performance is manifested, particularly at management level, as not all managers have the same style or engage in similar activities;

- **Future-based approach**

This is a forward planning approach based on the development of competences that will be required in the future. It is based on the premise that there will be changes planned in the future. Therefore, a company with a long-term strategic vision benefits the most by this approach (Cheng *et al.*, 2005). It is for this reason that this approach is not widely used by organisations, as change cannot be predicted.

- **Person-based approach**

This approach begins by identifying the individual attributes that will be beneficial to the organisation and taking them into consideration when evaluating competencies (Bartram, 2005). According to Cheng (2005), competences were viewed differently at a macro level from task-oriented micro-level competences. Personal qualities are essential to this approach because competences are perceived as enablers of employees doing their jobs effectively.

- **Value-based approach**

This approach involves developing the competences that support the core values of the organisation and the approach is very much linked to the culture of the organisation (Bartram, 2005).

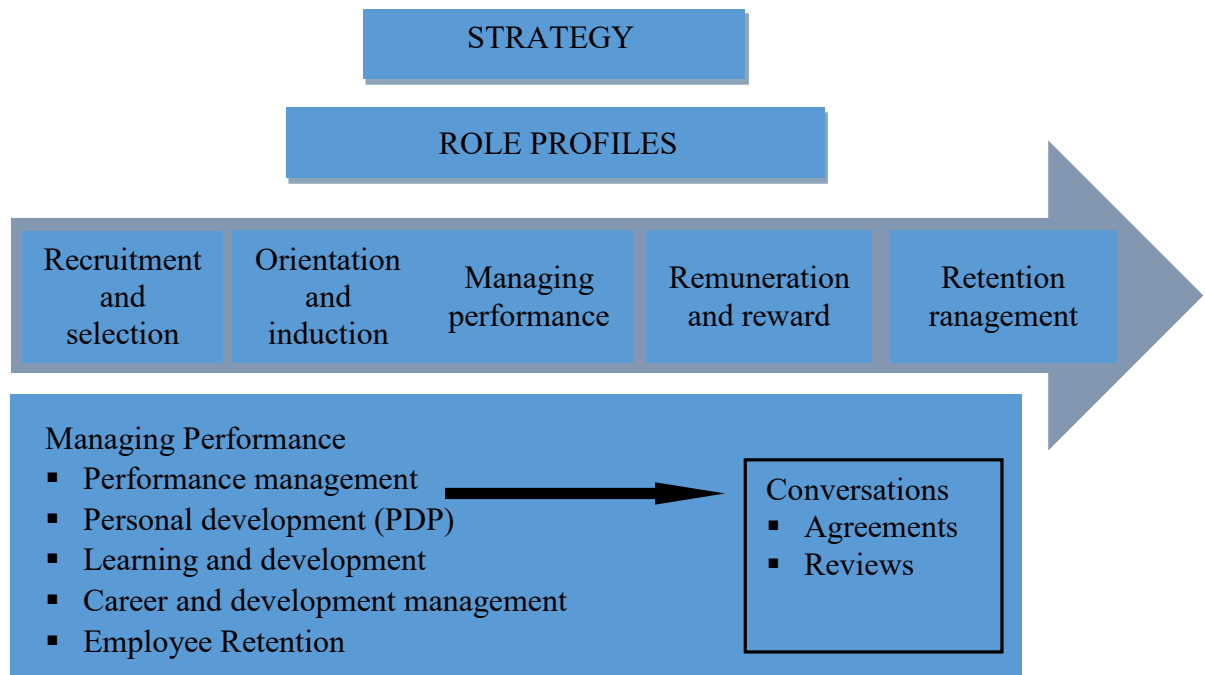
This framework provides the ability for organisations to create and produce competency models that are efficient as they are built on solid foundations.

The organisational perspective of talent looks at the knowledge and skills of individuals that are visible and that can be harnessed to add value to the institution. The manner in which organisations define and arrange their talent pool has both negative and positive connotations as distinction between the best and the ordinary or the worst employees results in resentment from the mainstream workforce. It therefore becomes necessary for managers to utilise a multidimensional performance framework to frequently review the competencies and competency of the workforce that will be required in the future.

#### *2.4.2.3. People Management framework*

The continued value and relevance of any business, particularly in the retail sector, lies with employees whose responsibility it is to look after the customers by providing services. Organisations need to realise that their future success is directly connected to the effective way in which employees are doing the work as they are at the forefront of providing services (Smith, 2008). As stated by Hough and Thompson (2007), “people management is the most essential element of organisational capital because it constitutes the strategic lever that provides the greatest opportunity to improve performance”.

Various people management processes provide an integrated perspective from strategy through the entire value-chain in order to understand how these processes influence retention in the work environment. The value-chain of people management illustrated in Figure 2.3 will be discussed in brief below.



**Figure 2.3: The value-chain of the People Management framework**

Source: Adapted from Hough, J. & Thompson, A. 2007. *Crafting and Executing Strategy: Creating sustainable High Performance in South Africa: Text, Readings and Cases*. McGraw-Hill Higher Education, Berkshire.

- **Strategy**

Hough and Thompson (2007) defined strategy as a pathway crafted by an organisation to portray its future business scope. It is the sum of actions the organisation takes to achieve its ultimate goal. Like culture, strategy is crafted by the senior management level within the organisation. The role of HR is to align their own people strategy with that of the organisation, through employee behaviours and attributes to drive the company's strategic imperatives.

- **Recruitment and selection**

HR practitioners have the power to influence the retention of employees by driving organisational policies and the culture values that encourage retention, including the selection and placement of policies that drive the organisational strategy (Beulen, 2009). Recruitment and selection are at the inception stage of the employment relationship and therefore the calibre of employees within a company is affected by the quality that this process initially yields (Hough & Thompson, 2007). The process of recruitment and selection also involves transferring and promoting existing employees to new positions that they are most suited to and ready for within the organisation. HR practitioners can utilise

information sources like culture surveys to determine employees' perceptions of the recruitment and selection processes. From these, inferences regarding success or a need for change can be made. If the recruitment and selection process is done well, it has the potential to transform a struggling organisation while making a good organisation even better, thereby equipping it for success (Smith, 2008).

The following are some of the salient points to consider when undertaking the recruitment and selection process, as suggested by Smith (2008):

- Move outside the traditional boundaries to search for talent.
- Look for new, innovative ways of recruitment to incorporate and improve the tried and tested methods already in use.
- Use a skills audit to identify the gaps within the organisation and match this with the requirements of the job both at current and future level.
- HR practitioners should equip line managers with recruitment and selection skills, as well as widen the interviewing panel for a broader perspective.
- Ensure a balance between subjective judgements that are better informed by basing them on objective and structured information about the candidate.
- Take the appropriate time to plan for the process as cutting corners will be costly for the organisation in the long run.
- When mistakes happen despite following all the prescriptions above, learn from them so that they may be avoided in the future.

- **Orientation and induction**

Orientation and induction programmes are designed to assist newly appointed employees to become acquainted with the organisation in order to increase their initial productivity in the organisation (Hough & Thompson, 2007). Therefore, proper induction should be sensitive and address the employee's anxieties and uncertainties. A good orientation programme is able to manage the newcomer's expectations by socialising them quickly to avoid perceptions they will have for the rest of their careers in the organisation. Socialisation also helps new employees adapt quickly and become part of the corporate culture much sooner rather than later (Robbins *et al.*, 2010). This is a window in which the new employees get a taste of the organisational culture (which will be dealt with later in this review) and make

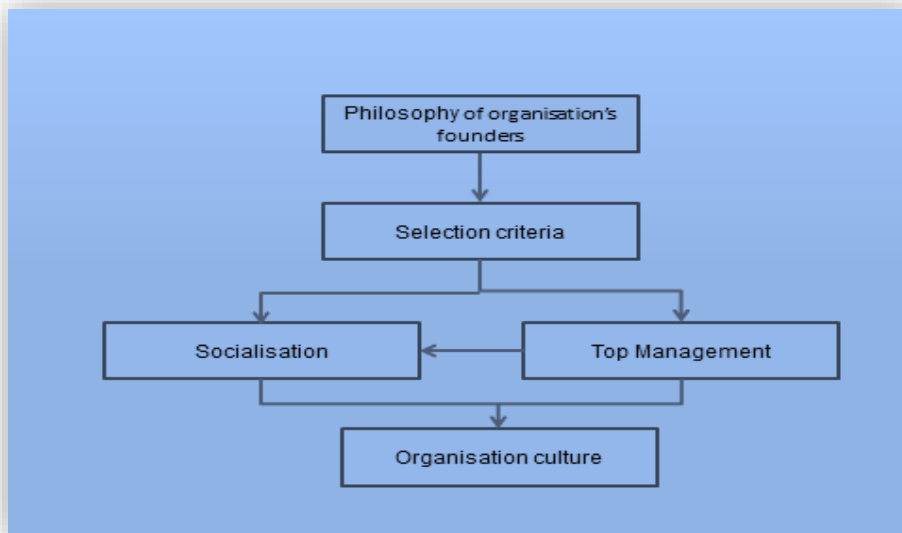
the decision whether to stay or leave. Through induction and orientation, new employees are transformed from being outsiders to participating effectively as members of the organisation (Grobler & Warnich, 2006).

The influence of a proper and well-structured induction and orientation programme, therefore, has a significant bearing on performance and retention of the new employee, with added rewards in terms of work efficiencies and morale.

### 2.4.3. Organisational culture

Robbins *et al.* (2010) defined organisational culture as a system of shared meaning held by members, distinguishing an organisation from other organisations by the existence of a set of key characteristics and values. Jones and George (2009) also defined organisational culture as comprising a set of shared beliefs, expectations, norms and values that influence the interrelations between the members of an organisation and how they perform towards achieving the organisational goal. According to Robbins *et al.* (2010), the culture of an organisation is established through the philosophy of its founders and senior managers, then cascaded downwards to the employees through socialisation (Robbins *et al.*, 2010).

Figure 2.4 depicts the origins of organisational culture as identified by Robbins *et al.* (2010).



**Figure 2.4: The formation of organisation culture**

Source: Adapted from Robbins, S.P. Judge, T.A., Odendaal, A. and Roodt, G., 2010. *Organisational Behaviour: Global and Southern African Perspectives*. Prentice Hall, Cape Town.

In their research, Robbins *et al.* (2010) suggested that the following seven primary characteristics capture the essence of an organisation's culture:

1. Innovation and risk-taking: The degree to which employees are encouraged to be innovative and take risks;
2. Attention to detail: The degree to which employees are expected to exhibit precision, analysis and attention to detail;
3. Outcome orientation: The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve these outcomes;
4. People orientation: The degree to which management decisions take into consideration the effect of outcome on the people within the organisation;
5. Team orientation: The degree to which work activities are organised around teams rather than individuals;
6. Aggressiveness: The degree to which people are aggressive and competitive rather than easy going; and
7. Stability: The degree to which organisational activities emphasise maintaining the status quo in contrast to growth.

A good fit between an employee and the culture of the organisation enhances retention as there is alignment between the belief system of the employee and that of the organisation. Having a strong organisational culture is associated with productivity, profitability and performance in the organisation. Therefore, the stronger the organisational culture, the more influence it will have on employees.

#### **2.4.4. Knowledge management**

Knowledge is considered to be the most intangible resource that can lead to an organisation's competitive advantage when managed well. According to O'Donoghue and O'Donoghue (2009), resources are defined as a company's assets that are tangible or intangible and which are directly tied to the organisation's performance. Examples of intangible assets are attributes such as knowledge, including customer loyalty; production experience; and technological skills that can be directly linked to specialised knowledge or institutional memory, providing the organisation with a competitive advantage. With the world moving towards a knowledge economy it becomes critical for companies to guard their

institutionalised knowledge which is defined as the collection of facts, concepts, experiences and know-how that employees utilise each time they have to make decisions. Hume and Hume (2008) defined the concept of knowledge management as a process of managing and retaining information within the value-chain of the organisation to support all the strategic processes.

The management of information involves processes like collecting, synthesising, analysing and disseminating information. Knowledge management is key to the future competitiveness of any business. Therefore, the development and management of both the tacit and explicit elements of data are crucial for an organisation's success (Hume & Hume, 2008). O'Donoghue and O'Donoghue (2009) suggested that there are actions that organisations can employ to protect their knowledge assets in the business environment through using strategies such as knowledge audits, intellectual property protection and security knowledge assets, all of which are discussed below.

- **Knowledge audits**

Knowledge audits are activity-based approaches that focus on determining which value-adding knowledge assets are used by the organisation and aligning these to the organisational goals, (Kong, 2005). The potential risks to knowledge assets should also be identified and contingency policy measures should be put in place to counter these risks. Audits are also used to identify future knowledge needs and put plans in place to acquire this knowledge.

- **Intellectual property protection**

Organisations that recognise knowledge assets as property can attempt to hold employees liable to standards through policies that promote the protection of intellectual property of their businesses (O'Donoghue & O'Donoghue, 2009). Tools like patents and copyrights can be used by the organisation to secure their assets and ownership over the assets, thereby protecting the company from competitors blatantly copying their processes.

- **Securing knowledge assets**

An organisation can minimise risks involved when outsourcing by first conducting an audit of any data and processes (Hume & Hume, 2008). Another way that an organisation can secure knowledge is through its ability to innovate better. Hume and Hume (2008) further suggested the following steps that could be used by organisations to secure knowledge:

- 1) Assess the best monitoring structure for your organisation.

- 2) Stay current with education and know what your competitors are doing.
- 3) Leverage an understanding of multiple and varied cultures.
- 4) Fully research and confirm that outsourcing partners can handle sensitive information entrusted to them.

#### 2.4.5. Reward and recognition

Grobler and Warnich (2006) identified objectives of the systems of reward and recognition as a means of attracting and motivating the best employees into a business. According to Morgan (2008), reward is defined as a payment given for services rendered or work performed which motivates employees at an extrinsic level, and recognition as an intrinsic motivating act of noticing and articulating value. Leaders, as decision makers in an organisation, need to understand the difference between reward and recognition so that they can continually seek creative ways to reward performance, as one does not take the place of the other.

Grobler and Warnich (2006) identified the reward and recognition that can be used by organisations to motivate employees, as depicted in Table 2.3.

**Table 2.3: The reward and recognition system**

Extrinsic rewards	Money	Salary Bonuses Commissions Incentives Profit share
	Benefits	Medical Aid Pension / Provident Fund Group Life Maternity Leave Annual Leave Company Car Housing



Intrinsic rewards	Recognition Promotion Good working conditions Interesting / challenging work Development opportunities
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Source: Adapted from Grobler, P. & Warnich, S. 2006. *Human Resource Management in South Africa*. Cengage Learning EMEA, London.

An organisation can develop a culture of rewarding and recognising employees by the contribution and value they add through their performance. Grobler and Warnich (2006) identified the following three factors which are perceived by employees as driving or influencing the remuneration process:

**Internal equity** – relates directly to “the relative worth of one position in relation to another” (Grobler & Warnich, 2006). It is based mostly on the hierarchical levels in an organisation and the evaluation process of the job’s worth. Internal equity forms the base of remuneration management so that other factors carry little value if there is severe manipulation. A distortion of the internal hierarchy on pay structure can lead to perceived inequity where an employee believes that his or her remuneration is not fair in relation to other employees with similar jobs, performance or job responsibilities.

**External equity** – relates to an organisation’s ability to keep track and retain its position of pay in relation to the external market. Organisations need favourable external comparison with their main competitors or they will lose skills to their direct competitors in national and, in some cases, international markets. The formulation of a remuneration policy that allows for the accommodation of scarce and critical skills within the normal salary ranges is crucial in attracting and retaining these skills.

**Employee equity** – relates to paying for the competence of individuals, which in turn could (although not automatically) enable performance (Grobler & Warnich, 2006; Robbins *et al.*, 2010). Ultimately, employees should be motivated and innovative in devising clever ways of completing tasks by changing process efficiencies in order to be effective. Salary scales exist in order to reward performance. However, employees have become accustomed to increments based on years of service. The culture created by this legacy is one of mediocrity, whereby every employee with the same service in the same position earns the same, whether or not performance standards differ. Therefore, there is no motivation to change the status quo. According to Robbins *et al.* (2010), reward systems are designed to

include, attract, motivate and retain employees. Many South African companies, in particular, design their reward systems to reduce guaranteed component pay packages and increase bonus-linked pay. Some companies such as Mobile Telecommunications (MTN) and Microsoft use unique lifestyle packages, negotiated on an individual level. These packages are perceived to be attractive to prospective employees, as competitors cannot match them for key employees with critical skills.

It is difficult to define the balance between these three factors, and a better understanding of the impact of effectively managing them is a critical aspect for impacting the organisation's workforce. Hotz (2008) cautioned that leaders should also be aware of rewarding top performers with more work or letting them carry the slack of "free-loaders" who perform poorly. While it may be a show of trust, it also has the potential to demotivate or feel like a punishment to the top performer.

## **2.5. LEGISLATION FACTORS THAT HAVE AN INFLUENCE ON STAFF RETENTION**

In SA the employment landscape is largely influenced by the history of past discrimination and great inequality through the apartheid system, and the attempts by the national government to redress these imbalances through legislation. These legislative requirements imposed on companies have influenced the retention and turnover of staff, particularly those with knowledge and skills as organisations are required to comply with the law (Kotze & Roodt, 2005). The Employment Equity Act (Republic of South Africa, 1998) and the Black Economic Empowerment Act (BEE) (Republic of South Africa, 2003) are the key pieces of legislation that companies have to comply with in order to transform the workplace.

### **2.5.1. Transformation**

Transformation can be defined as a demographic intervention attempting to redress the imbalances of race, class, gender, and language created through the past discriminations and inequalities of apartheid. Discrimination purposefully and systematically restricted the South African majority from meaningful economic participation. There is little agreement, however, amongst the scholars on what transformation really is. Soudien (2010) sees transformation as an ideological process that emphasises the distribution of both political and economic power in societies. Through the employment equity (EE) the processes of social inclusion and exclusion are affected. This perspective is seen more as being about the nature of the privilege and power enjoyed by a certain group over the majority of the

population and has the potential to polarise an organisation if not handled sensitively. The BEE perspective, on the other hand, puts more importance on the quota system based on race. Targets outlined by the legislation in order to facilitate transformation have a huge impact on staff turnover, employment and retention as the war for skilled black employees has intensified amongst organisations, resulting in their high mobility (Robbin *et al.* 2010). The white skilled employees are left feeling threatened by job security and looking at the global market as an alternative.

## **2.6. EMPLOYEE FACTORS THAT HAVE AN INFLUENCE ON STAFF RETENTION**

### **2.6.1. Communication within the organisation**

According to Robbins *et al.* (2010), communication is described as transferring meaning amongst the organisational members in a manner that is understandable. Communication serves two essential functions in every organisation. It disseminates the information needed by employees to get things done and builds relationships based on commitment and trust. Good communication practices are therefore vital to the success of every business as they can manage the misconceptions and misunderstandings with staff before they escalate. Communication can also be used in the organisation to manage the behaviour of employees. Organisations have hierarchical authority and formal guidelines that employees are required to follow when communicating, especially with their managers (Robbins *et al.*, 2010). To manage change in any business, systematic communication processes are inevitable. However, more than half of the programmes fail to meet their objectives because of the poor communication skills of managers when they are unable to deal with resistance to needed changes and managing the expectations of their employees. The fundamental role that communication plays in the employment relationship is for employees to feel heard and listened to as well as get clear instructions about their functions from their managers. Organisations that fail to articulate clear strategies and processes to their employees, and engage them in shared goals of the company, are more likely to lose them to their competitors (Smith, 2008). In order for organisations to retain employees, they need to build a communication culture where everyone is comfortable and empowered to give and receive feedback about their performance. This builds staff morale. Like organisational culture, this is a process that must start at the top and cascade downwards in the organisation (Robbins *et al.*, 2010).

### **2.6.2. Challenging work environment**

According to Hotz (2008), one of the key factors that influences staff retention is the level at which employees feel they are given challenging tasks, in a conducive environment that encourages excellent performance. To attract, develop and retain key employees, HR strategies should provide an understanding of what motivates them. Progressive companies have started to implement changes that move away from traditional working relationships to incorporate flexibility and stretch targets based on individual circumstances and capabilities. These organisations understand that one size does not fit all. Organisations that do not create an environment where employees are encouraged to take risks, have risk-avoidance as high priority and this can stifle innovation on employees (Robbins *et al.*, 2010). Where organisations allow some flexibility and elements of risk taking, employees are more likely to stay. This attitude encourages employees to dream up and escalate new ideas.

### **2.6.3. Job satisfaction**

Chung, Rutherford and Park (2012) defined job satisfaction as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience”. According to Robbins *et al.* (2010, p. 424), job satisfaction measures the effective responses of the employee to the job environment. It seeks to judge or evaluate how employees feel about the culture of the organisation. Job satisfaction is an attitude, rather than a behaviour, which demonstrates the relationship of satisfaction to performance. Zhu (2013) identified three parts to the concept of attitude, i.e. the cognitive component which is concerned with the thought and knowledge aspect; the affective component which deals with the emotional aspect; and the behavioural component which compels the individual to take action. Robbins *et al.* (2010) also stated that attitudes are important in organisations. For their behavioural component, for example, an employee who dislikes his manager (attitude) starts looking for another job (behaviour). Adenike (2011) argued that job satisfaction is one of the key elements that help to retain employees in the workplace. He identified the following as factors that are more likely to contribute to employee job satisfaction in an organisation: rewards, leadership style of direct manager, social cohesion and relationships and the job itself. These are explained briefly next.

- **Rewards**

Extrinsic rewards are external to the employee who the manager of the organisation can influence, such as salary increase and promotions. Intrinsic rewards include the satisfaction

of actually doing the job right. Both extrinsic and intrinsic rewards contribute towards employee motivation.

- **Leadership style of the direct manager**

Good relations with managers are vital in the work environment as employees do not leave the company but rather leave the manager.

- **Social cohesion and relationships**

A harmonious work environment with good relationships with co-workers enhances job satisfaction. When the high ranking order of needs such as welfare (besides money) is considered in a work environment, it also positively affects satisfaction.

- **The job itself**

The kind of job that an employee does provides satisfaction when it caters for advancement opportunities or stretches targets of taking on more responsibilities.

This means that the more satisfied employees are with their jobs, the less likely they will be to leave the organisation. Hence, the rate of labour turnover will most likely be low in an organisation where employees are satisfied with their jobs.

#### **2.6.4. Fair labour practices**

The Oxford dictionary defines fairness as an unbiased and equitable process that is applied consistently in accordance with the rule (Fowler & Fowler, 1995). Employees' expectations of an organisation are to be treated fairly and justly in all aspects of the work environment. Organisations are governed by legislated policies dealing with conditions of employment.

According to Sharrock (2011), legislation is defined as rules or laws that are stated in formalised and legal documents by law-making authorities. Legislation will take precedence over any other sources of law, except the Constitution. Employees who feel they are not being treated fairly become unhappy and may start looking for alternative employment (Grobler & Warnich, 2006). The unfairness can be a perception but to the employees it seems real. Organisations need to be aware of what employees perceive as fairness of both procedures and outcomes, as perceived unfair treatment becomes the strongest predictor of high staff turnover. Grobler and Warnich (2006) distinguished between procedural and substantive justice as the indicators of perceived inequity amongst employees.

**Procedural justice** looks at whether the process being followed is fair and is applied according to pre-determined standards. It also looks at whether opportunities to defend and mitigate have been given according to the code of good practice. Correct application of this process provides the employee with a sense of justice and perceiving the organisation as just.

**Substantive justice** examines the outcome of a decision. An example would be whether the employee was given the promotion he felt he deserved. While managers cannot guarantee the outcome, they can help employees to perceive the process as being fair (Grobler & Warnich, 2006). However, according to Ulrich and Brockbank (2005), fair treatment does not mean employees get their own way, but they can see that processes were applied consistently and fairly. HR practitioners can play a role in guaranteeing equity to employees.

Ulrich and Brockbank (2005) further suggested that organisations should take opportunities to gather information by conducting perception surveys instead of waiting until there are issues to be resolved. Measuring employee perceptions of fairness should be constantly carried out so that the organisation is in a position to track and influence changes. D'annunzio-Green (2008) argued that, as the workforce is becoming more diverse in all spheres, organisations need to be more aware and embrace principles of fairness and diversity to accommodate the changing environment.

## **2.7. SUMMARY**

The above body of knowledge has indicated that none of the reviewed factors individually would ensure staff retention. Staff retention will only be possible when the organisational and employee factors are considered interchangeably to provide a conducive work environment for employees. As in all successful transformation interventions, senior management's buy-in and commitment are crucial to ensuring that retention strategies are embedded in any organisation. The literature does not provide comprehensive insights into how to advise senior executives of the critical role they play in all talent retention activities. It is apparent that commitment by senior management is the strongest lever to ensure staff retention, which is crucial for a company's survival. When retention becomes the senior executive's strategic objective, all the other factors will start moving through the organisation. Hence, a retention-friendly organisational culture starts to emerge. Talent retention is a dynamic process. It calls for the active monitoring of employee performance against organisational objectives. Staff development is geared towards empowering employees with knowledge to achieving company goals. Knowing the importance and value

of their commitment will, in turn, give employees a sense of belonging. They begin to see how their contribution is critical in the achievement of the ultimate goal of the organisation. Their personal contribution is being recognised and valued. This goes a long way towards anchoring employees to their organisation. Contrary to the belief that the talent battle is won or lost in pay packages, this literature review revealed that both employee and organisational factors play a role in retention of staff and in the decisions by employees to stay or leave an organisation.

Chapter 3 will outline the methodology that was used for this research.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1. INTRODUCTION**

The process of research is a systematic and scientific study undertaken within the framework of defined philosophies and methodologies in order to obtain new information that can be generalised or analysed to find an answer to a managerial question. Every study must comply with the research requirements of validity and reliability that have been tested, as well as yield results that are objective and free of biased opinion. Two general approaches are used in research methodology. These are the qualitative and quantitative approaches. A qualitative approach is an unstructured method of inquiry as it allows flexibility in all aspects of research whereby data collected helps to clarify the factors at the exploratory stage of a study, while a quantitative approach constitutes a structured and descriptive method of inquiry of the phenomenon (Sekaran & Bougie, 2009).

The quantitative research method was chosen to meet the objectives of this study, namely to determine the strategies to retain middle management staff in the SPAR Group. An online questionnaire was used as a data collection instrument. Results were analysed and used to determine the views of respondents on staff retention within the SPAR Group. This chapter provides the research methodology applied in this study.

#### **3.2. AIM OF THE STUDY**

The aim of this study was to determine strategies to retain middle management staff at the SPAR Group. The SPAR Group has experienced a staff turnover of about 17% throughout its seven business divisions across the country in the past two years; this includes 14% specific to the middle management level (SPAR Group HR Annual Report, 2013–2014). Retention of staff has become one of the most critical people management challenges that organisations deal with. Lockwood (2006) defined staff retention as the ability of an organisation to retain their key employees whose productivity and value contribute the highest to the company's bottom line. Organisations do not only lose key employees when they leave, but also lose intangible skills, expertise and knowledge that they invested in the individuals and which are critical for their competitive advantage. This study will also help



other similar organisations to identify strategies that they can use to retain the key employees at management level. The primary research question for this study was:

What strategies can be used by SPAR Group to retain their key employees? In order to explore the answer to this problem, further questions were raised, namely:

What proactive steps can SPAR Group take to retain their staff?

What practical steps can SPAR Group take to keep their employees?

And what are the gaps that exist between theory and practice?

### **3.3. PARTICIPANTS AND LOCATION OF THE STUDY**

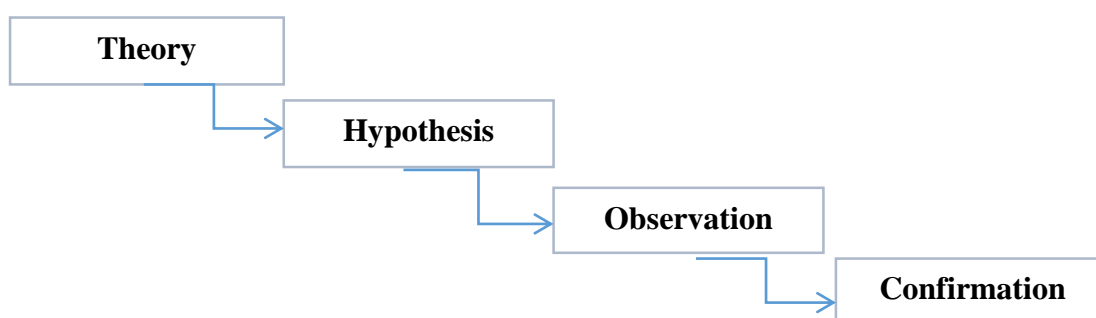
The study was conducted within the SPAR Group organisation. The SPAR Group has a decentralised structure with seven independently run regions nationally under the leadership of a managing director (MD). The study targeted a population of middle managers which is identified as D Band level according to the Patterson Job Grading and decision-making structure (PE Corporate Services, 2013). The middle management population was chosen based on the SPAR Group report which stated that that is where the highest turnover is being experienced within the organisation, and where the key skilled knowledge workers reside.

### **3.4. TYPE OF STUDY**

The study environment was not changed in anyway, qualifying it to be a descriptive research. Descriptive research systematically describes the characteristics of the situation, problem or phenomenon which are known to exist by providing relevant information about the variables of interest (Sekaran & Bougie, 2010). The study's factor of interest was to understand the reasons behind the loss of key management staff within the SPAR Group and the strategies that can be used to solve this problem. It is also expected that a study of this nature will investigate other strategies that organisations can implement to retain employees. Descriptive research in this case offers, from individual perspectives, a profile of the relevant aspects of the reasons why SPAR Group has had a high turnover. This is vital information that will equip the organisation to take the necessary steps to deal with the problem in an informed manner. Data collected through quantitative methods is the ideal tool necessary for descriptive studies as the data analysis will provide frequencies, means and standard deviations.

### 3.5. RESEARCH DESIGN, METHOD AND APPROACH

A deductive reasoning approach to this study was chosen. In deductive reasoning the starting point is a general theory which is then applied to a more specific case (Trochim, 2006). Pelissier (2008) explained deductive reasoning as an approach that involves the formulation of a hypothesis which is then tested during the research process. The premise is to think of a theory of interest, which is then narrowed down when observations that address the hypothesis are collected and whereby the hypothesis is either rejected or not rejected. Deductive reasoning is illustrated by Figure 3.1.



**Figure 3.1: The deductive reasoning method**

Source: Adapted from Kumar, R. 2005. *Research Methodology – A step-by-step Guide for Beginners*. 2<sup>nd</sup> ed. Pearson Education, Singapore.

#### 3.5.1. Theory

The theory of research design is the conceptualisation of the structure in which the research is conducted. It is the process of formulating activities required for gathering and analysing data to arrive at solutions regarding the purpose of the study (Sekaran & Bougie, 2009). The strength of each design is dependent on the type of questions that are being addressed by the research instrument. The research design used to structure this study required the minimum of effort, money and time consumption but still included all major aspects like sample, methods and instruments of measure which were linked together to address the research question. The design specified the group from which data was collected.

##### 3.5.1.1. Quantitative research

Quantitative research was the preferred method of research for this study. Elements of the sampling frame of the population have a known and equal chance of participating in the study. A criticism of quantitative research is that the hypothesis, research question and

objectives are formulated and developed before the study, then instruments of data collection are based on these. This method therefore does not give opportunity to address new questions that may arise from the initial data collected by the questionnaires distributed to the respondents.

### 3.5.2. Objectives of the study

This study examined the strategies that the SPAR Group can use to retain their middle managers. High staff turnover is caused by the organisation’s internal factors. These factors further led to the objectives of the study which emanated from the research questions, namely:

1. To determine whether middle management at the Spar Group have any intentions of leaving the Group.
2. To determine the reasons for wanting to leave the Spar Group.
3. To determine what will incentivise middle management to remain at the Spar Group.

### 3.5.3. Observation

#### 3.5.3.1. Sampling

The population for this research consisted of the entire group of middle managers from the SPAR Group. In the SPAR Group there were 456 employees that were graded at Paterson D level nationally across the six regions. The D Band level is the management level as defined by the scale (PE Corporate services, 2013). This constituted the targeted population (N) frame for this research, as illustrated by Table 3.1 below.

**Table 3.1: The research population for the study (N=456)**

Definition	Description
Population frame	456 D Band managers nationally across 7 SPAR regions
Sample unit	242 respondents as recommended by the table in Sekaran and Bougie (2010, p. 295).
Time	May 2013

A sample population size,  $n = 242$  respondents, was selected from the sample frame of managers for the research. Sampling determines a segment of the population selected to represent the whole population in order to make inferences of the findings to the entire population (Sekaran & Bougie, 2010). The sample size is then pre-determined according to the table (Sekaran & Bougie, 2010, p. 295). The quality of the sample chosen does affect the quality of research generalisations (VanPatten, 2004). If the sample is large enough, it increases the probability of the study reflecting the general population. However, the sample must also be evaluated for adequacy in order for it to be unbiased. A sample is unbiased when every element of the population has an equal opportunity of participating as part of the sample. A probability sample is where every element of the population has an equal chance of participating in the study. Each region was proportionally allocated a number of participating respondents depending on the size of the population within the region. This is called a stratified random sampling method. Stratification provided more in-depth information from the homogeneous group on issues that directly affect their decisions to stay or leave the organisation. Stratification also provided insight into what strategies the organisation could use to retain this group of managers, considering that this is the most crucial group of employees within the organisation as they should be the next level earmarked for succession planning.

It is a research method that is more restricted and minimises errors that can occur through the use of random sampling, by offering a more effective and viable alternative. Table 3.2 shows the restrictive research group by region.

**Table 3.2: Stratified random sampling**

Region Distribution Centre (DC)	Population frame	
	Male	Female
KwaZulu-Natal DC	67	7
Western Cape DC	46	6
Eastern Cape DC	39	7
Lowveld DC	21	19
South Rand DC	73	19
North Rand DC	49	17
Central Office	46	37
<b>Total</b>	<b>341</b>	<b>112</b>

The advantage of a stratified random sample is that it provides more accurate and detailed information about the study as a percentage of participants since the same number is not drawn from each stratum (VanPatten, 2004). Through stratified sampling, the number of respondents in the study increases as each region is proportionally allocated a sample. This becomes an advantage as the return rate of questionnaires is predicted at 30% in a self-administered measurement.

#### *3.5.3.2. Data collection strategies*

Choosing the correct data collection method is critical in enhancing the value of the research. An electronic questionnaire was the tool used in this study to gather data from the respondents. A copy is attached as Appendix 1. This constituted the primary source of data collection. Primary data refers to the firsthand information gathered on the variable of interest in the study which was obtained through the developed instrument of data collection (Bougie & Bougie, 2009). Questionnaires are an efficient mechanism of data collection and were specifically appropriate to use for this kind of research as the sample was geographically dispersed nationally. However, one of the criticisms against this instrument is that the return rate of responses can be as low as 30%, which would still be considered acceptable. This low return rate makes it difficult to establish the representativeness under the sample to the entire population of study. In this particular research, however, the sample was stratified specifically to the relevant strata and therefore the researcher knew that the response rate would still be representative of the population. The questionnaire consisted of closed-ended questions giving respondents mutually exclusive and collectively exhaustive alternatives. This helped respondents to make quick decisions when answering the questionnaire. Some of the questions were phrased both positively and negatively in order to avoid the mechanical and monotonous fashion that comes from a similar questioning technique.

#### *3.5.3.3. Construction of the instrument*

A questionnaire was the measurement instrument used in this research. It was chosen because of its advantages of collecting data more efficiently in terms of cost and time. It was also self-administered. A set of closed-ended questions were designed in order to answer the research question and the objectives of the study. A questionnaire has disadvantages as it lacks spontaneity and might contain the researcher's biased judgement for sample selection.

The Likert categorical scale is mostly used for scoring the multi-dimension constructs measured from the respondents. The questions formulated were meant to test the respondents' opinions on what strategies can be used by the SPAR Group to retain key employees. The distribution of the questionnaire was through e-mail, as all recipients had access to this method of communication and it also provides flexibility in terms of time and place to answer and complete the questionnaire. An introductory email with the link to the actual questionnaire, as well as instructions and an explanation of the study, was sent prior to the questionnaire in order to prepare recipients and to invite their participation. The second and final email was sent to the respondents after the collection of data to thank them and inform them that the study had been completed and that their input had been valuable for the results of the study. A five-point categorical scale was mostly used to score responses; a few pre-determined questions were also included in the questionnaire.

#### *3.5.3.4. Piloting*

Piloting allows the researcher to receive feedback from relevant respondents in order to help eliminate the author's bias on the instrument. Once the piloted data has been collected, modifications can be implemented. The SPAR HR and Training team, as they are familiar with the field of study, were used as a pilot for the questionnaire. Their feedback was deemed valuable. Once the piloted questionnaire had been modified, it was administered online to the sample.

### **3.5.4. Confirmation**

#### *3.5.4.1. Ethical considerations*

According to Streubert and Carpenter (1999), a researcher must be guided by and follow ethical principles in the interpretation of data and the reporting of the findings. The researcher had to make sure that participation was voluntary and that the questionnaire questions were phrased in a non-threatening manner. The respondents were, however, well briefed about the importance of the research, as often voluntary participation can conflict with the high rate of response required. The entire population of middle managers from the SPAR Group was targeted as the sample, in order to multiply contacts and encourage a high response rate to avoid bias (Dillman & Carley-Baxter, 2000). The principle of autonomy which implies that respondents have the right to decide whether they want to participate or not in the research was observed. The researcher obtained consent from respondents before

the research was conducted. The other ethical consideration was that of protection of the respondents' identity. This was done by maintaining the anonymity and confidentiality of the respondents. The cover email sent clearly stated that the information supplied by respondents would be confidential and that all responses were to be managed through Question Pro and would not go directly to the researcher. In this way the identity of the respondents could not be disclosed. The last ethical principle adhered to was accurate reporting. This research was critical to the SPAR Group and the researcher assumed the responsibility and obligation to report the methods, problems, weaknesses and positive results of the study to the HR Executive.

#### *3.5.4.2. Pre-testing, reliability and validation*

There are two important concepts for consideration in quantitative measurement. They are validity and reliability. The questionnaire pilot pre-testing proved that the instrument was without bias, and error-free with regard to the consistency of the instrument to yield similar results across different variables at different times. It therefore confirmed the stability and the goodness of the measure. An instrument is deemed to be valid if it measures and accurately achieves the purpose for which it was designed for (VanPatten, 2004). As validity is a measure of degree, the focus of the test should be on how valid it is rather than on testing its validity. Validity is much more important as it impacts on the meaningfulness, usefulness and appropriateness of the reference made to the entire population, based on the data collected. The validity and reliability test confirmed the following dimensions of all the objectives:

Dimension 1 – biographic information consisted of questions 1 to 4 which required the respondents' biographic information of gender, race, length of service and qualifications. These questions were aimed at identifying whether there was a relationship between the biographic data of employees and their intentions to leave the SPAR Group.

Dimension 2 – was made up of questions 11, 12 and 13 which measured Objective One: To determine whether middle management at the Spar Group have any intentions of leaving the Group.

Dimension 3 – had questions 7, 10 and 16 which aimed at answering Objective Two: To determine the reasons for wanting to leave the Spar Group.

Dimension 4 – comprised of questions 5, 6, 8, 9, 14, 15, 17, 18, 19, 20, 20 and 22 to measure Objective Three: To determine what will incentivise middle management to remain at the Spar Group.

Validity testing can therefore be similar to judgement. The three principles of validity used in the study, as identified by VanPatten (2004), were the following:

Use of a broad sample – the stratification of the sample allowed the size to be large enough for analysis.

Emphasise important material – emphasis was on the design of the questionnaire as it would produce quality data.

Write questions to measure appropriate skill – well designed questions based on the objectives that are in order and interesting to keep the respondent's attention till the end would encourage participation.

#### *3.5.4.3. Analysis of the data*

This step was the process of statistically analysing the collected data to determine whether the hypotheses generated were supported by the findings, or whether the theory needed to be refined. Analysis also included organising and summarising the collected data in a manner in which it answered the research question and objectives. Data was exported from Question Pro to a spreadsheet using Microsoft Excel 2007 and a statistical software program, Statistical Package for Social Science (SPSS) for windows version 18, was used for in-depth analyses. Descriptive statistics were calculated on the measured variables as coded on the Likert scale.

These steps were followed in the process of analysis:

- Use of a broad sample – the stratification of the sample allowed the size to be large enough for analysis.
- Emphasis of important material – emphasis was on the design of the questionnaire as it would produce quality data.
- Questions to measure appropriate skill – well designed questions based on the objectives that are in order and interesting to keep the respondents' attention till the end were included to encourage participation.



- Analysis – data was further analysed by SPSS, descriptive statistics selected and factor normality on all dimensions assessed.

The meaning of the data was then interpreted and deductions and recommendations were made. Inferential statistics were used to reach conclusions and generalisations about population characteristics based on the sample data collected. It should be noted, however, that data inputted incorrectly does influence the final results. Therefore care must be maintained at this stage.

### **3.6. SUMMARY**

The research design, population, sample and methodologies for collecting data of the study were discussed in this chapter. Reasons for the chosen approaches were also described. These were found to be appropriate for quantitative research because it allowed the researcher to measure and analyse data as it came from the participants. It allowed for studying the existence of the relationship between key variables, both dependent and independent, identified in previous chapters. The quantitative research approach, with its ability to measure data, was used in conjunction with a deductive methodology in order to answer the research question.

Chapter 4 will deal with the presentation of the data analysed in a descriptive and inferential statistical form.

## **CHAPTER 4**

### **PRESENTATION AND DISCUSSION OF RESULTS**

#### **4.1. INTRODUCTION**

This chapter presents and discusses the results of the survey in accordance with the research methodology outlined in Chapter 3. The study was undertaken because there were concerns about issues of staff retention at the middle management level within the SPAR Group. The rate of turnover was highlighted in the SPAR Group HR Annual report of 2013–2014, which showed staff turnover of about 17% throughout the seven SPAR Group divisions across the country, with 14% being specific to the middle management level. This was found to be much higher than the 12.5% industry standard as identified by the South African Quarterly Employment Statistics (QES) (Markinor, 2013). The study aimed at identifying strategies that can be used by the SPAR Group to retain their key employees. The study commenced by sending online questionnaires to all middle management employees at all the SPAR Group distribution centres. The questionnaire comprised of biographical questions as well as questions about employee attitudes. This chapter presents the data that was analysed and the results in the form of figures, tables and narrative text. The discussion revolves around the main objectives of this study.

#### **4.2. DESCRIPTIVE STATISTICS**

In order to determine the profile and responses of the sample, percentages and frequencies are displayed. As stated in Chapter 3, a sample is a segment of the population that is deemed to be representative of the population being studied so that the results can be generalised to the entire population (Bougie & Bougie, 2009). The quality of the sample affects the quality of the research and, therefore, the generalisation of the study to the greater population.

Of the 376 people who viewed the questionnaire only 242 respondents completed it. This was found to be sufficient for generalisation to the entire middle management group of the SPAR Group. Based on the Paterson Job Grading method, the population (N) frame of middle managers at the SPAR Group consisted of 456 employees.

According to Sekaran and Bougie (2010), a sample population size  $n = 242$  respondents was considered as being representative of the population, as per the sample table, for the research.

### 4.3. DEMOGRAPHIC PROFILE OF RESPONDENTS

Demographics including gender, race, length of service and highest qualifications are illustrated in Table 4.1 below:

**Table 4.1: Demographic characteristics of the sample (N=242)**

Characteristic	Percentages
<b>Gender</b>	
Male	64%
Female	36%
<b>Race</b>	
White	47.5%
Indian	24.8%
Coloured	7.4%
African	20.3%
<b>Length of Service</b>	
Less than 2 years	7.4%
2 – 5 years	16.5%
5 – 10 years	30.2%
10 – 15 years	29.8%
Over 15 years	16.1%
<b>Highest qualification</b>	
Matric	22.7%
Diploma	39.7%
Degree	23.1%
Honours	9.9%
Masters	4.6%

The majority of participants (64%) were males, while 36% were females. The sample reveals that the SPAR Group is still a male-dominated organisation with race not equally distributed. Whites comprised 47.5% of the group, followed by Indians (24.8%), Africans (20.3%) and Coloured people (7.4%). These statistics are in-line with the profile of the SPAR Group as identified in Table 3.2, which reveals that 74.8% of employees in management positions, at the time of the research, were males while only 25.2% were female employees. The study

has also revealed that levels of education as constituted by qualifications were low at this employee level with respondents who obtained Honours and Masters Qualifications just below the majority, at 9.9% and 4.6% respectively. Diplomas were largely represented at 39.7% with 23.1% of the participants having first degrees and 22.7% with only matric. The literature reviewed in Chapter 2 highlighted learning and work environment as the major organisational factors that influence staff retention. Research by Rodriguez (2008) stated that as long as employees feel that they are learning and growing, they will be less inclined to leave.

Conclusions that can be made from these data findings are that without a concerted effort to retain African and female middle managers, the Spar Group faces a real risk of skills flight. The biggest flight risk is within the 9.9% and 4.6% of the sampled group who possess Honour's and Master's qualifications respectively. The potential risk of losing these skilled managers would be a big blow to the SPAR Group since there has been lots of investment in their capabilities. The findings have also illustrated that the majority of the middle managers have had a fairly long service with the company and that even in middle management the SPAR Group is still dominated by white males.

#### **4.4. OBJECTIVES**

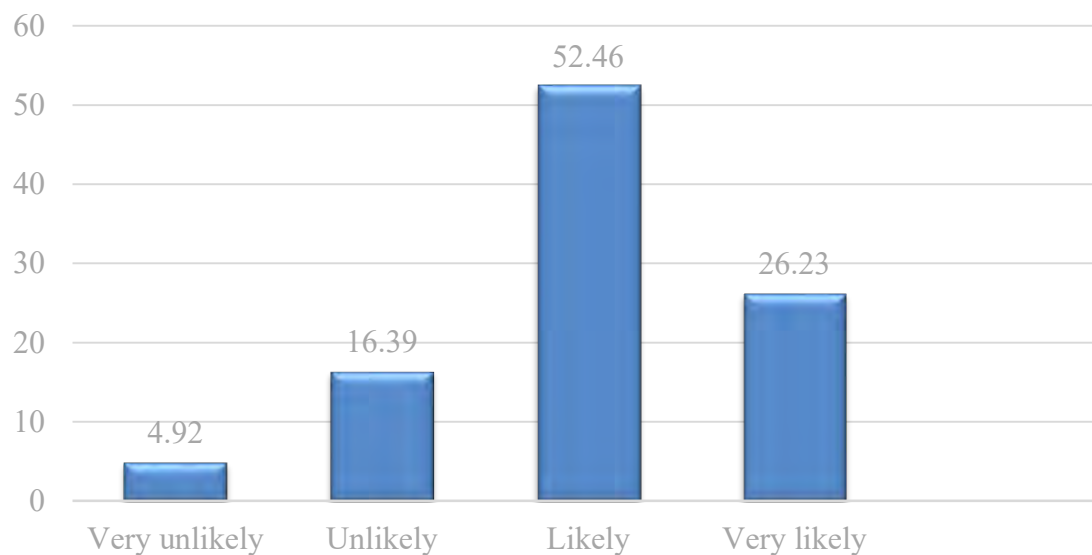
The following objectives, which emanated from the research question, formed the basis of the research instrument. Each objective is looked at in this chapter on the basis of whether or not it has been met by the research questionnaire.

##### **4.4.1. Objective One: To determine whether middle management employees at SPAR have any intention of leaving the Group.**

The following were asked in the survey in order to determine this objective:

###### *4.4.1.1. Likelihood of leaving Spar*

The majority (52.46%) of respondents did not rule out the possibility of leaving the organisation, with 26.23% stating a very likely possibility of leaving SPAR Group. Only a smaller percentage of 4.92% were certain they would not leave and 16.39% stated it was unlikely that they would leave.



**Figure 4.1: Likelihood of people Leaving Spar**

*4.4.1.2. Offers that would make people consider leaving Spar*

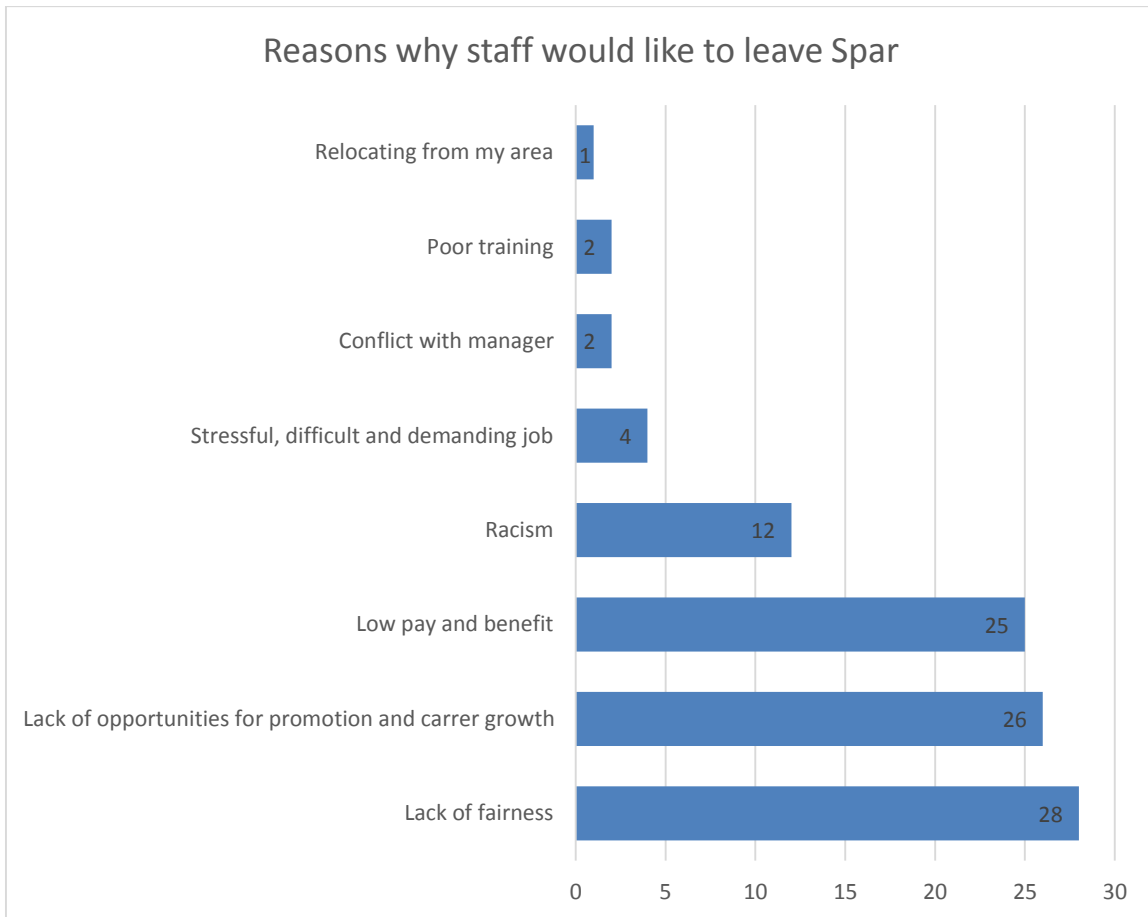
Most (39%) of the respondents would leave if they were offered a salary increase of between 6 to 10% elsewhere, while 27% would only leave for a percentage increase of between 11 to 15%, and 23% would only consider a 16 to 20% salary increase. Only 7% of the respondents stated that an above 20% increase would make them leave the SPAR Group.

**Table 4.2: Salary offers that would make people consider leaving SPAR**

Salary offers that would make people leave	Percentage
5 %	4%
6–12%	39%
11–15%	27%
16–20%	23%
20% an above	7%

*4.4.1.3. The main reasons why staff would want to leave Spar*

A lack of fairness (28%), lack of opportunities for promotion and career growth (26%) and low pay and benefits (25%) were stated as the major reasons that would make people leave. Racism was not a major factor as it was rated at 12% compared to the other reasons.



**Figure 4.2: The main reasons for wanting to leave**

Organisations like Spar often conduct exit interviews (Appendix 2) which are often too late to prevent turnover as the employee at this stage has already made up their mind to leave the organisation. This objective would give Spar an opportunity to reverse the process and conduct a “stay interview” instead. The survey showed that approximately 52.46% of respondents selected the three major reasons that would make them consider leaving, namely the lack of fairness (27.78%), lack of opportunities for promotion and career growth (26.39%), and low pay and benefits (25%). While these represent some of the major factors that drive employees away and are also likely to keep them if an employer uses them to reward workers, they have no significance without one key element of communication. Robbins *et al.* (2010) stated that communication is vital to every business’s success as it gives the organisation an opportunity to deal with all perceived and real issues that employees have within the structure of the organisation.

**4.4.2. Objective Two: To determine the reasons for wanting to leave the SPAR Group**

*4.4.2.1. Promotion is awarded fairly and on merit within Spar*

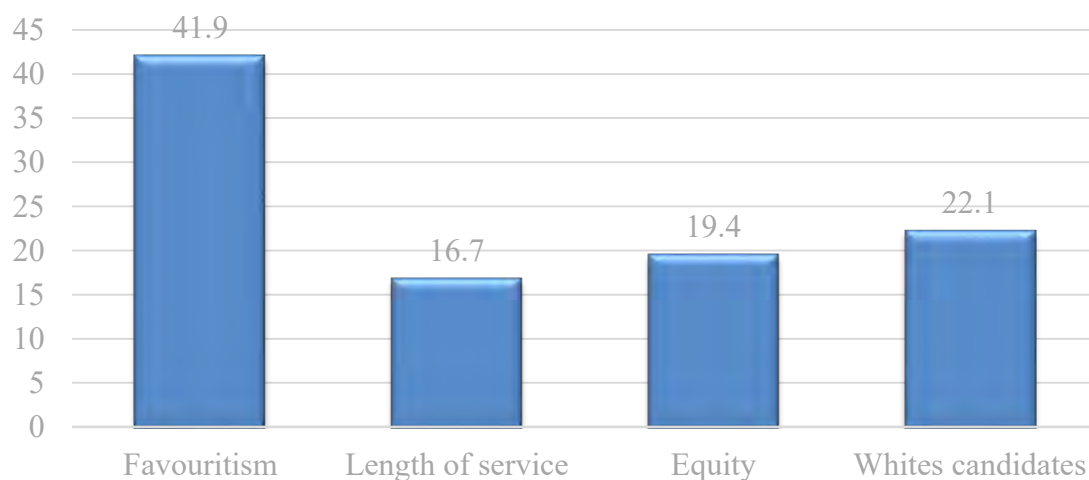
Of the 242 participants, 54.1% (n=131) felt that promotions are awarded fairly and on merit, while 45.9%, approximately 111 of them, felt that promotions are awarded unfairly in the Group. While the majority responded yes, the no respondents cannot be ignored as they also represent a high percentage of employees and therefore can be a determinant factor to staff turnover.

**Table 4.3: Promotion is awarded fairly and on merit within SPAR**

Yes	54.1%
No	45.9%
<b>Total</b>	<b>100%</b>

*4.4.2.2. Main reasons why respondents think that promotions are awarded unfairly*

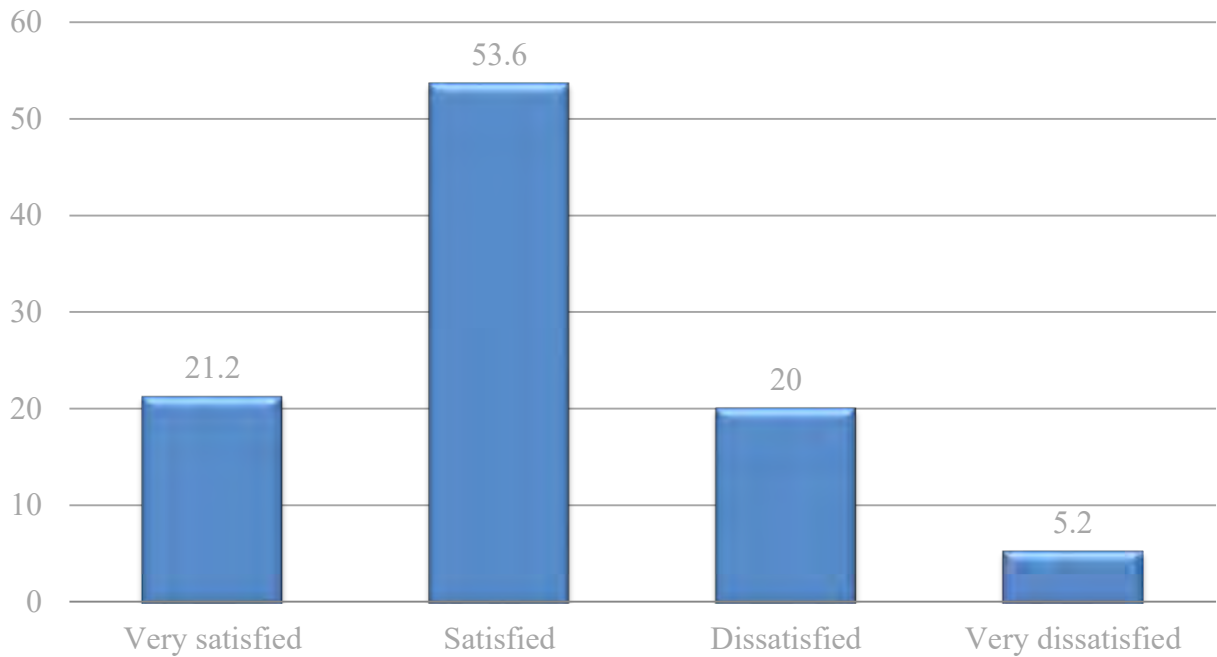
Of the 45.87% participants that felt promotions are awarded unfairly, the highest percentage (41.89%) of them regarded favouritism as the reason for awarding promotions, with 22.1% of the respondents seeing white candidates as being preferred for promotions. A total of 19.4% chose equity as the reason that gets considered when awarding promotions, while 16.7% felt that the length of service is also a consideration to award promotions in the company.



**Figure 4.3: Reasons for unfair promotions**

#### 4.4.2.3. Satisfaction with job and position at Spar

The majority (53.72%) of respondents were satisfied with their jobs and position, with 21.07% being very satisfied. Approximately 20.25% of respondents were dissatisfied and 4.96% indicated being very dissatisfied with their jobs and positions within the organisation.



**Figure 2.4: Job and position satisfaction**

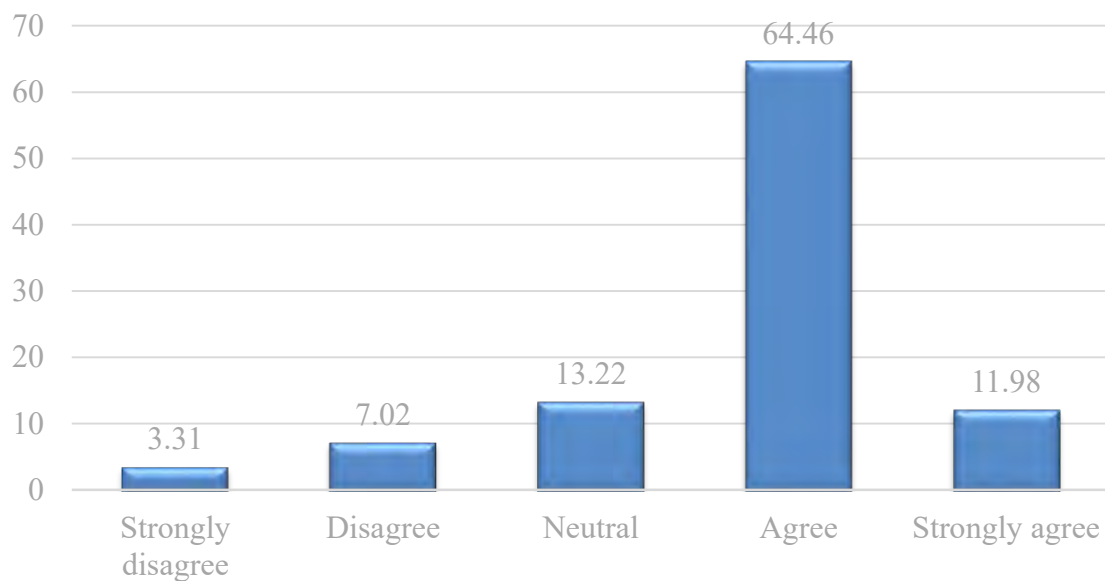
This objective established that generally the majority of middle management employees at Spar were satisfied with their jobs (53.72%). This is a good indication as job satisfaction has been identified as a key factor that has an influence on staff retention. According to Robbins *et al.* (2010), the objective is to judge or evaluate how employees feel about the culture of the organisation. Job satisfaction is also seen as an attitude rather than a behaviour, which demonstrates the relationship of satisfaction to performance. While only 45.87% of the respondents felt that promotions are not fairly awarded, they stated favouritism (41.89%) as the biggest reason for this and, whether perceived or real, the organisation has an opportunity to address these issues.



### 4.4.3. Objective Three: To determine what will incentivise middle management employees to remain at the Spar Group

#### 4.4.3.1. Recognition for my contribution to the department

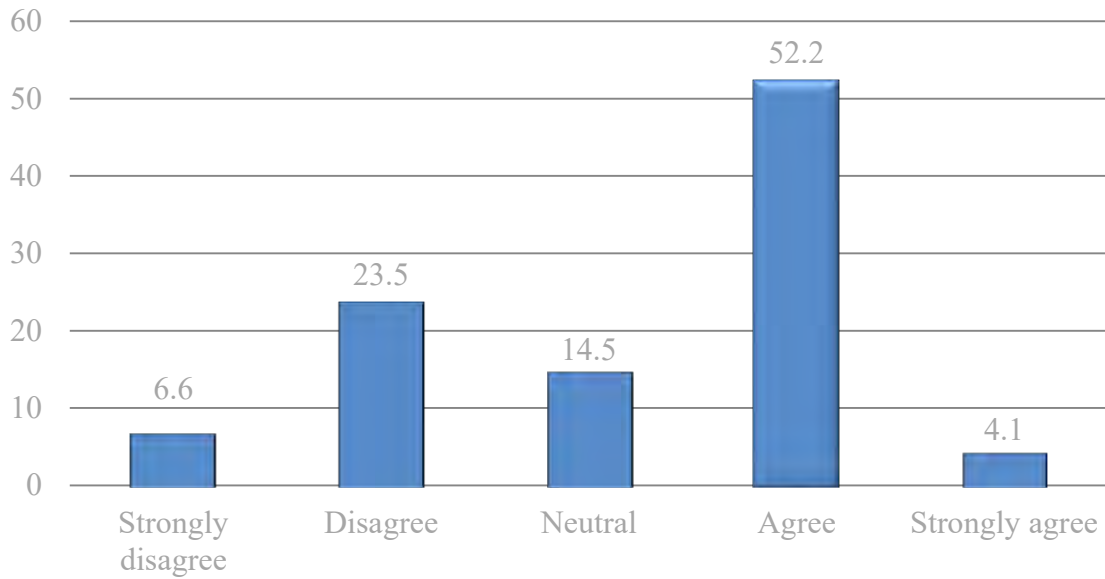
Most (64.46%) of the respondents felt that their contribution to their departments was recognised by their managers, followed by 11.98% (29) who strongly agreed. Approximately 7.02% (17 participants) disagreed; 3.31% (or 8 participants) strongly disagreed and 13.22% (32) were neutral.



**Figure 4.5: My manager recognises me for my contribution to the department**

#### 4.4.3.2. Fair pay for the effort

Crow and Hartman (2007) believe that recognition of employees responds to the basic human need to be recognised and appreciated. This goes beyond money and benefits which may only attract people to the organisation but might not necessarily make them stay.

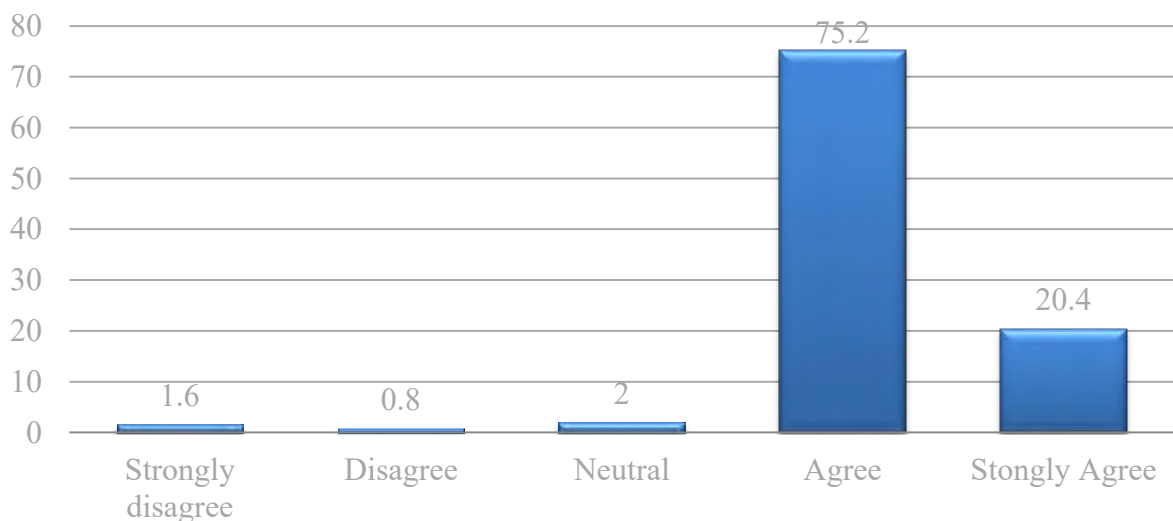


**Figure 4.6: I receive fair pay**

A majority (124) of the participants agreed that they were paid fairly for the work that they did in the organisation. This comprised 51.24%, with only 4.13% strongly agreeing. More than 23.55% of them disagreed, with 6.61% of participants strongly disagreeing. About 35 participants or 14.46% were neutral.

#### 4.4.3.3. Adequacy of benefits

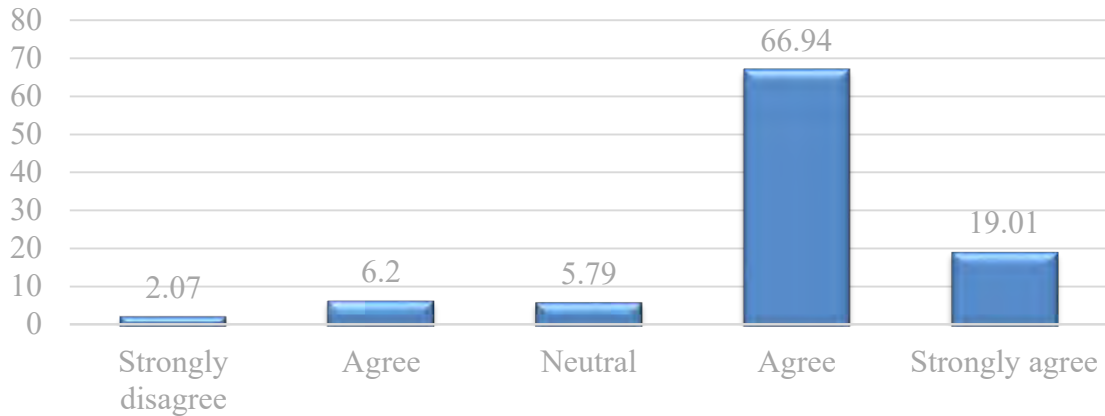
A significant number (75.2%) of participants were happy with the benefits they were getting, with 20.66% who strongly agreed. Only 3% of the participants disagreed and strongly disagreed that they were happy about the benefits offered by the company. A minimum of 2.07% were neutral.



**Figure 4.7: Sufficient salary benefits**

*4.4.3.4. Physical working conditions*

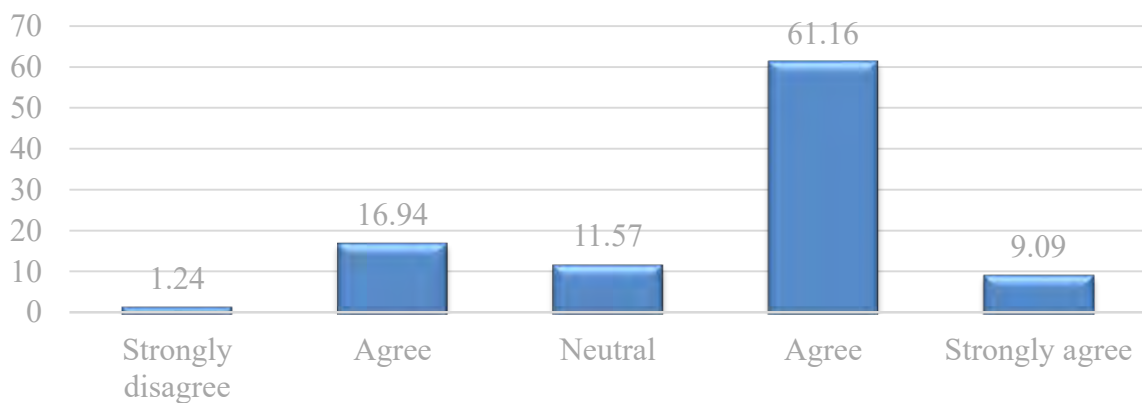
An overwhelming majority of 62.94% agreed that working conditions provided by the company were good, with 19.01% agreeing strongly. About 5.79% were neutral, while 5.2% disagreed and 2.07% strongly disagreed.



**Figure 4.8: Physical working conditions are good**

*4.4.3.5. Individual differences are respected at Spar*

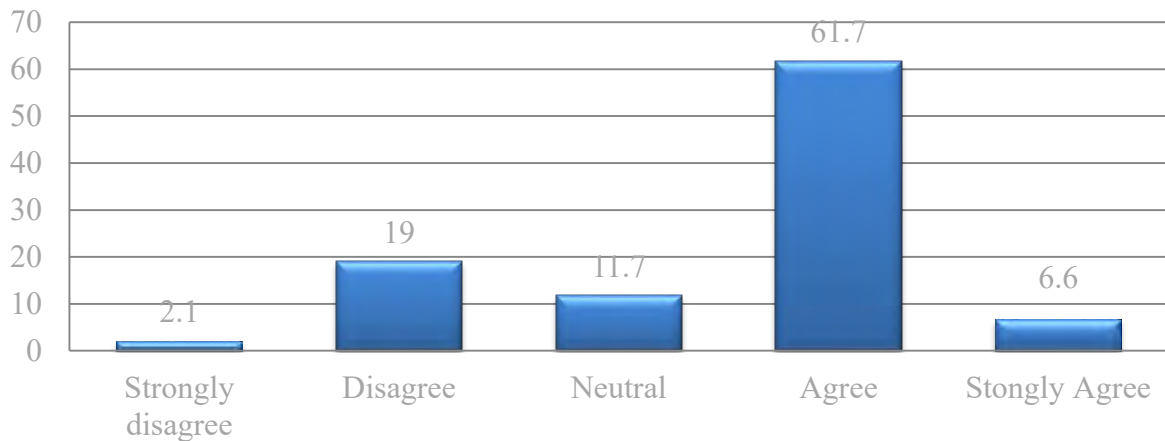
The majority (61.16%) of respondents agreed that their individual differences were respected in the company, with 9.09% strongly agreeing. Approximately 11.57% of respondents were neutral, 16.94% disagreed with only 1.24% strongly disagreeing.



**Figure 4.9: Differences are respected**

#### 4.4.3.6. Diverse team perspectives are valued

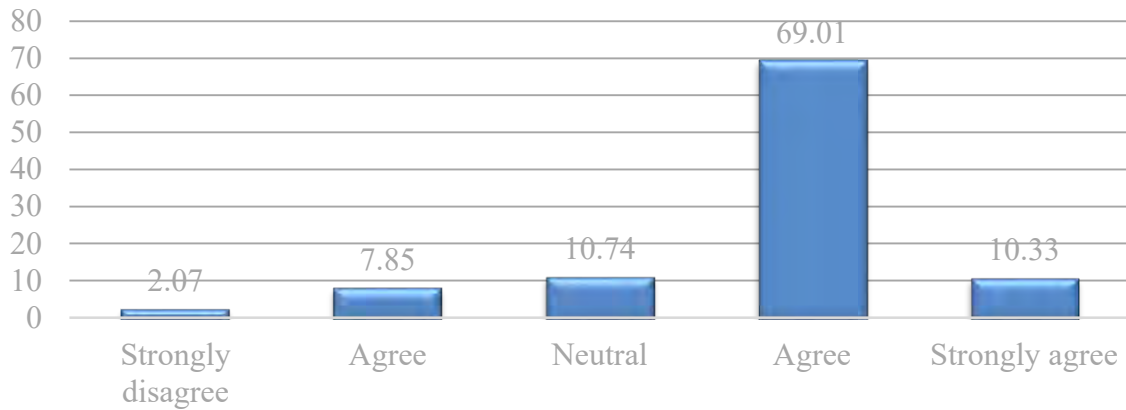
The majority (61.16%) of the respondents agreed, with only 6.61% strongly agreeing that their teams respected diverse perspectives. The lowest number (2.07%) of respondents strongly disagreed and only 19.01% disagreed. There were also neutral respondents who accounted for 11.16%.



**Figure 4.10: Diverse perspectives valued**

#### 4.4.3.7. Relevant training

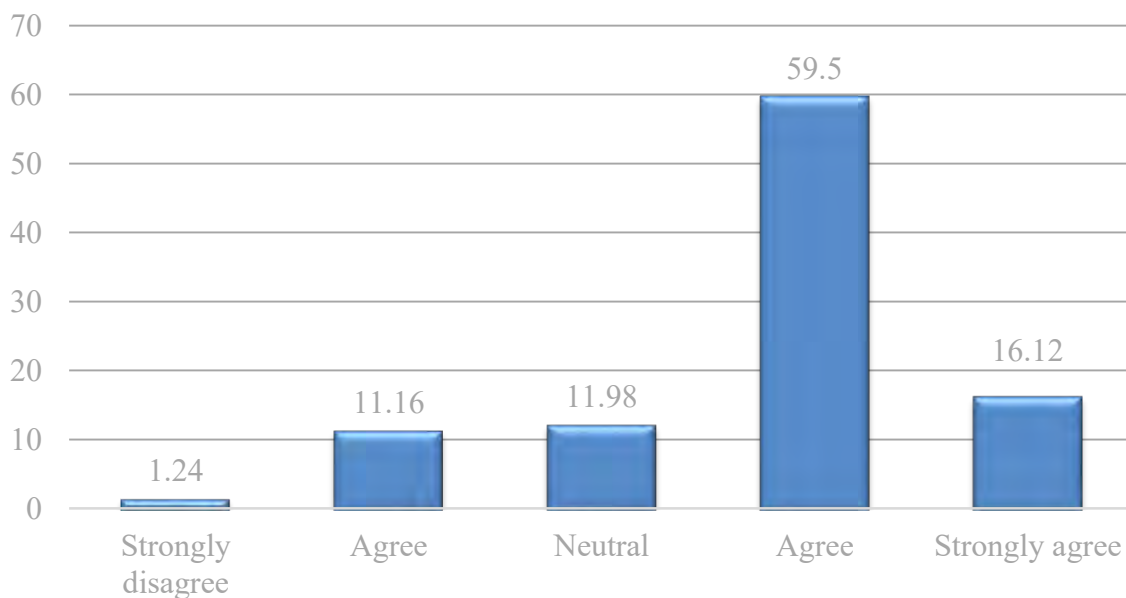
Only 2.07% of the respondents strongly disagreed 7.85% disagreed (5 and 19 respectively) that they received relevant training to be successful at their jobs. Most agreed or strongly agreed at 70.34% (169 and 25 respectively) with 26 neutral respondents at 10.74%. This reveals that the SPAR Group does provide relevant training and equips employees to develop the right skills for their jobs, although they might not necessarily have the formally recognised tertiary qualifications at a higher level.



**Figure 4.11: Relevant training received**

*4.4.3.8. Discussion of performance feedback*

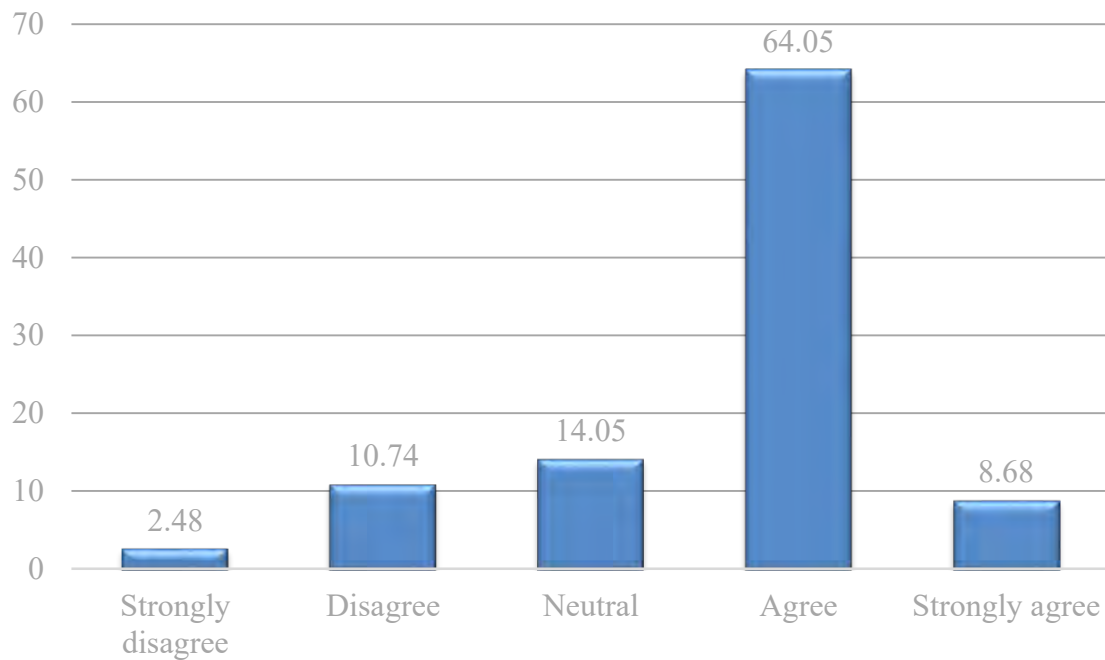
A large number (75.62%) of participants agreed or strongly agreed that they were comfortable discussing performance feedback with their managers; 11.98% were neutral; and the least (1.24%) strongly disagreed or disagreed at 11.98%. This indicates that communication between managers and their staff is good when discussing performance. This forms a good platform to include other discussions and manage employee perceptions about other issues like promotions which have been highlighted as areas of concern by the research.



**Figure 4.12: Comfortable discussing performance feedback**

#### 4.4.3.9. *Manager has realistic expectations about job performance*

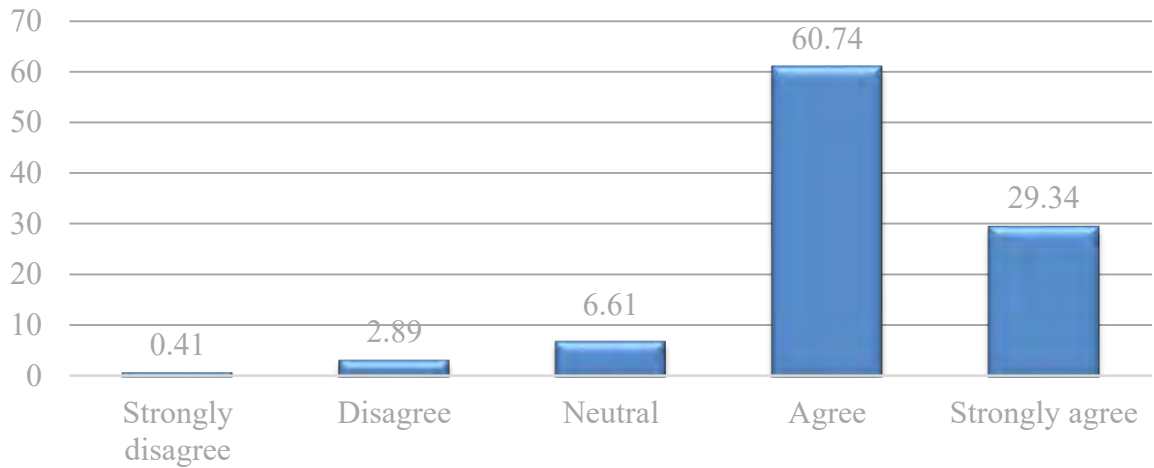
Respondents who were neutral about this statement comprised 14.05% of the sample. Most of the respondents agreed or strongly agreed (72.73%) that their managers communicated realistic expectations about performance. Respondents who disagreed or strongly disagreed constituted 13.22%.



**Figure 4.13: Manager communicates realistic expectations**

#### 4.4.3.10. *Spar is accommodating of family responsibilities*

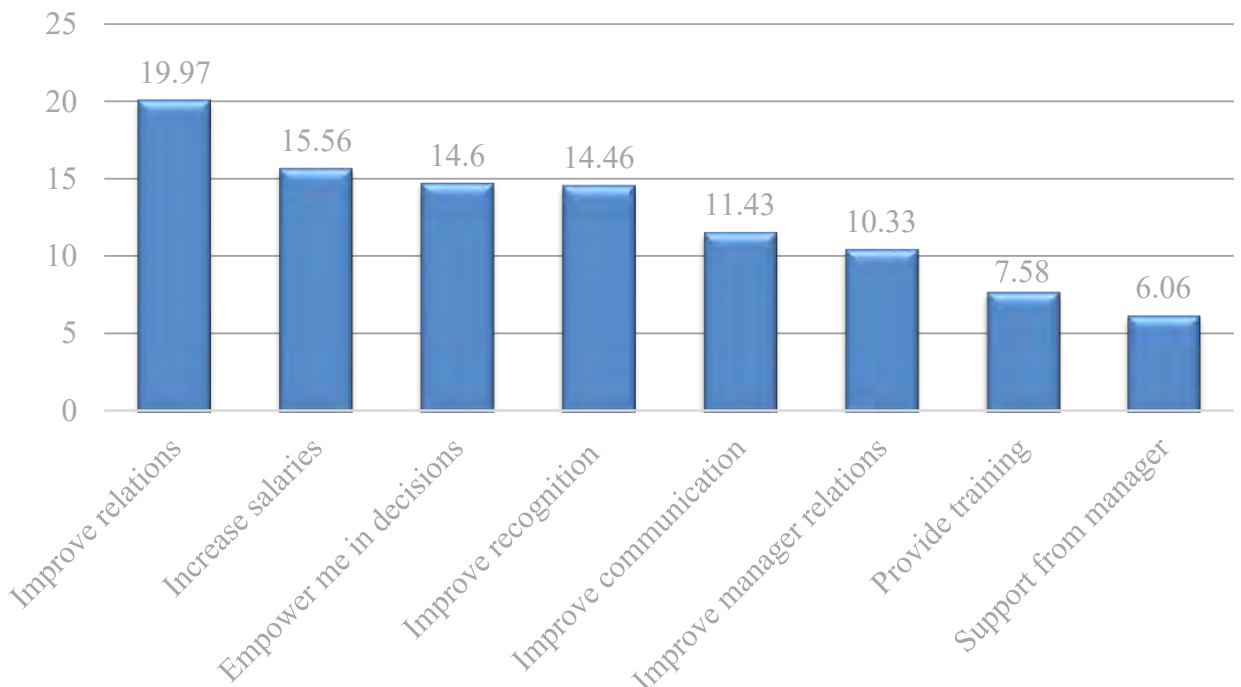
An overwhelming majority (90.5%) of respondents felt the company was accommodating of their family responsibility. Only a small number of them disagreed or strongly disagreed (3.3%), while 6.61% were neutral. This makes the company flexible and considerate in providing a balance between work and family.



**Figure 4.14: Accommodating of family responsibilities**

*4.4.3.11. What can Spar do to retain staff?*

When the respondents were asked to rate what they think the organisation could do to retain them, the ratings were not vastly different. The highest response was on improvement of manager-employee relations at 19.97% and increase salaries at 15.56%. The lowest percentage was for support from manager at 6.06%.



**Figure 4.15: What can SPAR do to do retain staff?**

#### **4.5. SUMMARY**

This chapter interpreted the findings from the data obtained from the research questionnaire. Data was analysed using the SPSS for windows version 18 and presented in the form of graphs and tables. Findings were linked to the literature review and relevant information related to the findings to enhance the discussions of the results.

The results have determined that the SPAR Group already offers reasonable rewards, incentives and benefits, as acknowledged by the employees. These are critical in staff retention strategies. The results displayed fairly high communication at management level, at 64% (question 19), but relevant training rated much higher at 79.34%. An interesting observation, however, was that employees cited that promotions are being awarded unfairly within the Group (45.9% of the respondents).

The findings were used to draw final conclusions and recommendations which are presented in Chapter 5. Limitations and further opportunities for research will also be highlighted.



## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1. INTRODUCTION**

This chapter draws conclusions from the results presented in the previous chapter and makes recommendations that will help the SPAR Group focus on the retention of their key employees.

The purpose of this research was to investigate retention strategies that the SPAR Group could use in order to retain their key employees who possess critical skills needed by the business at their middle management level. In order to achieve this goal it was necessary to design an instrument that would explore current employee attitudes and opinions on what would make them stay with the SPAR Group. Often, companies conduct exit interviews which do little to retain employees as at that stage their decisions to leave are final. The empirical study commenced with an overview of the topic and looked at the body of knowledge that exists on staff retention strategies. Quantitative research was conducted through a questionnaire that was distributed to the respondents via email. Data was analysed, results agreed to the literature review and discussed in detail in Chapter 4. The findings of the research confirmed that there are factors that require consideration at both employee and organisational level, and that these will have significant implications on the manner in which the SPAR Group manages its talent and retains its key employees.

#### **5.2. LIMITATIONS OF THE STUDY**

The following are some of the limitations that were observed for this study:

Two hundred and sixty-two respondents (constituting approximately 57% of the population) began the survey; however, not all completed the survey. This delayed capturing and analysis of data. The response rate of 53% was accepted as representative of the population, as illustrated in the table in Sekaran and Bougie (2010, p. 295). A clean up of incomplete and irrelevant data was done so as not to compromise the quality of the research results.

The study was limited by anonymity and confidentiality. This was a major concern for the respondents as they felt that they would be exposed if they were truthful in their opinions.

The respondents' demographic variables of race and gender highlighted a big leaning towards white employees (47, 52%) who are males (64.05%). This could be a unique situation to SPAR Group only and could raise concerns on the biasness of the study and its generalisation to a wider population.

This research was done in a single organisation, but it is similar to other research studies that were conducted in this field.

### 5.3. CONCLUSIONS OF THE STUDY

Each of the objectives have been addressed by the study and the following have been established:

- **Objective One:** To determine whether middle management at SPAR group have any intentions of leaving the Group – established that the employees would strongly consider leaving the SPAR Group if the opportunity presented itself. Issues that made them unhappy as highlighted by the research were a lack of fairness, a lack of opportunities for career advancement, and low pay and benefits.
- **Objective Two:** To determine the reasons for wanting to leave the Spar Group – established that the main reason for wanting to leave was that promotions to higher positions were not being awarded fairly. While employees indicated that they were satisfied with their current jobs and position at SPAR, they cited favouritism on promotions as the major factor.
- **Objective Three:** To determine what will incentivise middle management to remain at the SPAR Group – the following were considered the most important actions that could be taken by the SPAR Group to encourage employees to stay: improve manager-employee relationship (19.7%), increase salaries (15.6%) and empower to make decisions (14.6%). Other aspects like performance management, opinions being respected by team members, and being given sufficient training which were cited in the literature review as factors that would make employees want to leave, were recognised as already existing by the respondents.

There is, however, some discrepancy highlighted by the research as employees cited low pay and benefits as one of the major factors for them wanting to leave, despite the fact that, in objective three, the majority of respondents indicated their satisfaction with their pay relative to their job levels and their satisfaction with the benefits that are offered by the SPAR Group.

In this instance, communication initiatives led by management may succeed in reducing employee turnover and retaining key employees.

#### **5.4. IMPLICATIONS OF THE STUDY**

As identified in the literature reviewed in Chapter 2, the biggest predictor of employee turnover is employee perceptions about their conditions of work which become reality to them. Employees who feel that they are not receiving fair treatment may react differently to the situation, including looking for better opportunities elsewhere (Grobler & Warnich, 2006). Organisations need to be aware of employee perceptions of fairness of both procedures and outcomes, as perceived inequitable treatment becomes the strongest predictor of high staff turnover. Ulrich and Brockbank (2005) further suggested that organisations should take opportunities to gather information by conducting perception surveys, instead of waiting until there are issues to be resolved. Measuring employees' perceptions of fairness should be constantly carried out so that the organisation is in a position to track and influence changes. If retention of staff leads to higher profitability, as claimed by Ahmad and Buttle (2002), and as the workforce has become more diverse (D'annunzio-Green, 2008), all organisations have an opportunity to be aware of and embrace diversity and fairness principles in order to enjoy the rich benefits of diverse ideas and survive the ever-changing environment.

The study does, however, also highlight additional research that could be considered as there are many factors in this field that were not explored in the literature review and that could still have a direct influence on staff retention.

#### **5.5. RECOMMENDATIONS TO SOLVE THE RESEARCH PROBLEM**

In consideration of the above conclusions and in light of the research question “what proactive steps can SPAR take to retain their key employees?” answered by the research, the following are recommendations that the SPAR Group could implement in order to solve the research problem:

1) Communicate objectives for retention strategy

The SPAR Group should develop and share clear objectives and goals on their retention strategies with their middle management staff. These should be aligned to and support company strategies. The SPAR Group is a listed organisation and therefore has to meet certain transformation and equity targets, which has an impact on who they recruit and

promote to management level. Communicating these plans with the entire staff will assist in better understanding and managing perceptions, which will lead to buy-in and support of the strategy. The HR department and management should provide platforms to communicate these strategic plans to their employees and manage expectations that may exist. This would assist the SPAR Group in identifying their talent pipeline and streamline the process for implementation, thereby reducing the perceptions of unfairness as identified by the research.

## 2) Conducting climate surveys

Climate surveys help organisations to identify and isolate where the problem areas are within the system. The research revealed that a fairly high number of respondents, approximately 39%, would consider leaving for an increase of 6 to 10%. This should be a cause for concern for the SPAR Group as it indicates unhappiness to a certain degree. The climate surveys will give SPAR a broader perspective into the cultural, value systems and engagement of the employees and look at ways of understanding and addressing the issues.

## 3) Salary surveys

Almost all companies use market parity to structure their pay system, as a starting point. Salary surveys help organisations benchmark themselves in the industry and whether the benchmarks are done formally or informally, they usually form a basis for rationalising pay systems and their relevance to the changing market. Employees expect equity and objectivity in decisions relating to their pay, and companies need to manage these expectations in a realistic and transparent way. Done correctly, salary surveys can benefit the SPAR Group much more than merely benchmarking salaries.

Conducting a survey is a huge and expensive task and so an opportunity for SPAR to derive maximum benefit beyond just salary benchmarking. Identifying positions that are key to the business and require critical skills is vital. Partnering with a reputable supplier with expertise and experience is critical as this will provide an opportunity for SPAR to benchmark against the best in the market, as well as align their job functions to those organisations with similar structures. It is vital for the SPAR Group to investigate whether their employees have employment alternatives in other organisations that demand the same skills.

Once the SPAR Group has determined whether they pay equitably to the market, there needs to be a plan on how to establish and maintain equity with the market in order to sustain the status.

#### 4) Stay interviews

These are tools that can be used to prevent staff turnover. Historically, companies conduct exit interviews at the stage when it is too late to do anything about retaining the employees. This study has indicated exactly that the right questions to ask about an employee's job satisfaction should be while they are still with the organisation; that way managers can do something about retaining them. Through a "stay interview" instead of an exit interview, the SPAR Group will be able prevent staff turnover of key employees. Every senior manager in SPAR should make use of a stay interview at all performance discussions with their identified key employees, as a mechanism to understand reasons for employees leaving or wanting to leave. At this stage the company still has an opportunity to address whatever problems or concerns exist and to negotiate common ground to convince employees to stay.

### **5.6. SUMMARY**

The study dealt with retention strategies that can be used by organisations to keep their key employees. It may be concluded from the study that the Spar Group can improve their process by taking into consideration the recommendations highlighted in this study.

Retention strategies can be complex and are not easy to implement. To be effective, there needs to be active involvement by both the management and employees. Clearly identified goals and a plan of action need to be in place in order to guide the implementation process. Managers need to have a clear understanding of their employees' needs, abilities and goals for their future.

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**TOPIC: Strategies to retain Middle Management staff at the Spar Group**

1. The research question (which emanates from the literature)

What retention strategies can the Spar Group use to retain their key employees?

2. Objective which helps to answer the research question

**Objectives:**

- 1) To determine whether middle management have any intentions of leaving the Group.
- 2) To determine the reasons for wanting to leave the Spar Group.
- 3) To determine what will incentivise middle management to remain at Spar.

**3. Questionnaire - that is based on the objectives;**

Kindly assist in the completion of my dissertation at the University of KwaZulu-Natal by answering the questionnaire as accurately as possible. Please note that your answers will be kept confidential and will not affect your employment status in the company.

<b>Question</b>	<b>Responses</b>	<b>Objective</b>
1. Please select your gender	<input type="checkbox"/> Male <input type="checkbox"/> Female	classification
2. Please select your race	<input type="checkbox"/> Black <input type="checkbox"/> Coloured <input type="checkbox"/> Indian <input type="checkbox"/> White	classification
3. How long have you worked for Spar Group?	<input type="checkbox"/> Less than 2 years <input type="checkbox"/> 2-5 years <input type="checkbox"/> 5-10 years <input type="checkbox"/> 10-15 years <input type="checkbox"/> Over 15 years	classification
4. What is your highest qualification?	<input type="checkbox"/> Masters level <input type="checkbox"/> Honours <input type="checkbox"/> Degree <input type="checkbox"/> Diploma <input type="checkbox"/> Matric	classification
5. I have a clear career and development plan that my manager has discussed with me.	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	2
6. My manager gives me recognition for my contribution to the department.	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree	2

## Appendix 1

	<input type="checkbox"/> Strongly agree	
7. Promotion is awarded fairly and on merit.	<input type="checkbox"/> Yes <input type="checkbox"/> No <b>(logic if no please go to 8)</b>	1
<p>8. If you selected No on ques. 7 answer this question. Please select 2 reasons why promotions are awarded.</p> <p>a) Promotion is given on the basis of favouritism</p> <p>b) People who have been with the company longer.</p> <p>c) Promotion is given to Employment Equity candidates.</p> <p>d) Promotion is given to white candidates.</p>		
9. I receive fair pay for my efforts.	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	1
10. I receive sufficient benefits (e.g. Medical Aid, provident fund/pension, and other perks).	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	1
11. The likelihood of me leaving Spar is:	<input type="checkbox"/> Very unlikely <input type="checkbox"/> Unlikely <input type="checkbox"/> Moderately likely <input type="checkbox"/> Very likely <input type="checkbox"/> Extremely likely	1

## Appendix 1

<p>12. How satisfied are you with your job and position at Spar?</p>	<input type="checkbox"/> Very dissatisfied <input type="checkbox"/> Somewhat dissatisfied <input type="checkbox"/> Neutral <input type="checkbox"/> Somewhat satisfied <input type="checkbox"/> Very satisfied	<p>1</p>
<p>13. How long do you plan to remain employed by the Spar Group?</p>	<input type="checkbox"/> Not sure <input type="checkbox"/> less than 5 years <input type="checkbox"/> 6- 10 years <input type="checkbox"/> 11-15 years <input type="checkbox"/> 16-20 years <input type="checkbox"/> Until retirement	<p>1</p>
<p>14. I would consider leaving the Spar Group if I were offered an increase:</p>	<input type="checkbox"/> 20% and above <input type="checkbox"/> 16 - 20% <input type="checkbox"/> 11-15% <input type="checkbox"/> 6 - 10% <input type="checkbox"/> 1 - 5%	<p>1</p>
<p>15. Please select your 3 main reasons why you would want to leave the Spar Group.</p> <ul style="list-style-type: none"> <li>a) Low pay and benefits</li> <li>b) Stressful, difficult and demanding job</li> <li>c) Lack of opportunities for promotion and career growth</li> <li>d) Conflict with manager</li> <li>e) Lack of fairness</li> <li>f) Poor training</li> <li>g) Relocating from my area</li> <li>h) Racism</li> </ul>		
<p>16. The physical working conditions(e.g. ventilation, space, cleanliness) are very good</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>

## Appendix 1

<p>17. Individual differences are respected at Spar (e.g. gender, race, educational background, etc.)</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>
<p>18. In my team diverse perspectives are valued.</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>
<p>19. I have received relevant training to be successful at my job.</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>
<p>20. I feel comfortable discussing my performance feedback with my manager</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>
<p>My manager communicates realistic expectations about my job performance.</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>
<p>21. In general Spar is flexible in accommodating my family responsibilities</p>	<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Neutral <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree	<p>3</p>



22. What can Spar do to retain your services (choose 3)?

- a) Managers could be more supportive
- b) Provide more or better training
- c) Empower me to participate in decisions
- d) Increase salaries
- e) Improve manager-employee relations
- f) Increase opportunities for career growth
- g) Improve recognition of my contribution
- h) Improve communication between all levels

**Thank you for your participation**

# EXIT INTERVIEW

Employee Name		Supervisor/manager	
Department		Job title and Grade	
Start date		Termination date	
<b>Age group : (please tick)</b> Under 30 30 to 40 40 to 50 Over 50			

**1. Why are you leaving SPAR?**

<b>TYPE OF TERMINATION</b>			
Resignation	<input type="checkbox"/>	Retirement	<input type="checkbox"/>
<b>IF RESIGNATION, REASON FOR:</b>			
Health	<input type="checkbox"/>	Domestic	<input type="checkbox"/>
Location	<input type="checkbox"/>	Working conditions	<input type="checkbox"/>
Supervision	<input type="checkbox"/>	Family Responsibility	<input type="checkbox"/>
Emigration	<input type="checkbox"/>	Salary	<input type="checkbox"/>
Career development			
Return to studies			
Other			
Benefits			
<b>Comments:</b>			
<b>ARE YOU GOING TO ANOTHER JOB?</b>			
YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
<b>If "yes"</b>	What Job		
	Where (name/type of company)		
	Describe any conditions making the new job more attractive than the present job:		

**2. What circumstances would have prevented your departure?**


**3. What did you like most about your job?**


**APPENDIX 2**

**4. What did you like least about your job?**


**5. What did you think of supervision/management on the following points:**

	Almost always	Usually	Sometimes	Never
Was consistently fair				
Provided recognition				
Resolved complaints				
Was sensitive to employees needs				
Provided feedback on performance				
Was receptive to open communication				
Followed SPAR's policies				
Lead by example				
Lived SPAR's values and ethics				
Provided coaching and support				
Seriously considered new ideas				

**6. How would you rate the following:**

	Excellent	Good	Fair	Poor
Cooperation within your team/department				
Cooperation with other departments				
Efficiency and innovation of colleagues				
Personal job training				
Equipment provided (materials, resources, facilities)				
Company's performance review system				
Company's new employee induction				
Physical working conditions				
<b>Comments:</b>				

**7. Learning and development (Please rate the following factors.)**

	Excellent	Good	Fair	Poor
Opportunities for learning and development				
Potential for career growth				
Opportunities for advancement				
<b>Comments:</b>				

**APPENDIX 2**

**8. Was the work you were doing approximately what you expected it would be?**

Yes		No	
-----	--	----	--

<b>Comments:</b>

**9. Was your workload usually:**

Too heavy		About right		Too light	
-----------	--	-------------	--	-----------	--

<b>Comments:</b>

**10. How did you feel about the employee benefits and remuneration provided by the company?**

	Excellent	Good	Fair	Poor	No Opinion
Annual leave					
Medical aid					
Sick leave					
Pension / provident fund					
Educational assistance					
Rate of pay for your job					
Insured Benefits					
Grade of your job					
Incentives/Bonuses					
Car allowance scheme					

**11. Would you recommend the company to a friend as a good organization to work for?**

Most definitely		With reservations		No	
-----------------	--	-------------------	--	----	--

**12. What suggestions do you have to make SPAR a better place to work?**


**13. Personnel actions (hires, promotions, awards, training) were based on merit and not on race, sex, age and/or handicap.**

Yes		No		No opinion	
-----	--	----	--	------------	--

<b>Please explain your rating:</b>

**14. Other comments:**


\_\_\_\_\_  
Human Resources Representative

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

\_\_\_\_\_  
Employee

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

**Strictly Confidential**

**For completion by Employee's Line Manager**

<b>Employee Name</b>		<b>Line manager</b>	
<b>Department</b>		<b>Job title and Grade</b>	

Did this employee leave us for a direct competitor?	YES		NO	
Did this employee occupy a Key Position in SPAR?	YES		NO	
Did this employee have Key Skills relative to our strategy?	YES		NO	
On the Performance / Potential Matrix what was the last rating for this employee?	T1	T2	T3	
	G1	G2	G3	
	M1	M2	M3	
Was this employee a Key person in your succession planning?	YES		NO	
Was this employee important to your employment equity plan?	YES		NO	
Should SPAR have targeted the retention of this employee more aggressively?	YES		NO	

\_\_\_\_\_

Line Manager

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



**UNIVERSITY OF  
KWAZULU-NATAL**  
**INYUVESI  
YAKWAZULU-NATALI**

6 May 2013

**Mrs Nobathandwa Motlohi 211523924**  
**Graduate School of Business and Leadership**  
**Westville Campus**

Dear Mrs Motlohi

**Protocol reference number: HSS/0266/013M**  
**Project title: Strategies to retain Middle Management staff at The Spar Group**

**EXPEDITED APPROVAL**

I wish to inform you that your application has been granted Full Approval through an expedited review process.

**Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. Please note: Research data should be securely stored in the school/department for a period of 5 years.**

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....  
**Professor Steven Collings (Chair)**

/pm

cc Supervisor: Prof Anesh Maniraj Singh  
cc Academic Leader: Dr E Munapo  
cc School Admin.: Ms Wendy Clarke

**Humanities & Social Sc Research Ethics Committee**  
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**INSPIRING GREATNESS**

