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**SELECTED BLACK MANAGERS' PERCEPTIONS OF THE  
RETENTION EFFECTIVENESS OF A SENIOR MANAGEMENT  
DEVELOPMENT PROGRAMME: A CASE STUDY OF SASOL**

**BY**

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**CONFIDENTIAL CLAUSE**

**15 September 2003**

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**RE: CONFIDENTIALITY CLAUSE**

Due to the sensitive nature of the subject studied and the strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of five (5) years.

Sincerely

Moeketsi Langeni

**DECLARATION**

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

Signed..... *B. J. A.* .....

Date..... *12/09/2003* .....

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## ABSTRACT

This study looks at what Sasol must do to retain senior black managers. The findings of this study are based on the perspectives of a group of black professionals who went through a two year program referred to as Sasol's Accelerated Leadership Development Program (ALDP). Given the fact that the company has acknowledged the problem of having senior black managers in its ranks, the objective is to use their own perspectives on what Sasol must do to retain them. The question of retaining employees is critical given the stiff competition that Sasol operate in and also taking into account the fact that Sasol is expanding outside the borders of South Africa.

The respondents pointed out that there are a number of issues which Sasol's management must look at in order for them to stay in the company. The issues raised relate to Sasol's corporate culture which is perceived not to be accommodative of a diverse work force, the management style which is seen as conservative and bureaucratic. Over and above that, the predominant use of Afrikaans, whilst English is the official business language is seen as an obstacle for non-Afrikaans employees to stay in the company. Other issues raised are the Senior Mannekrag Beplanning Kamer (SMBK), a process used for the promotion of senior managers which is seen as not representative. The respondents felt that they need to be given challenging work assignments and be given opportunities for career growth and development. Equally important is the question of the work environment in general which is not seen as embracing diversity and remuneration and benefits which are seen to be fair and competitive.

The findings are indicative of the importance of informing retention strategies with the views of the very employees that must be retained. These results further suggest that a planned approach which is inclusive of stakeholders is appropriate rather than an imposed plan.

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## **CHAPTER ONE INTRODUCTION**

- 1.1 Introduction**
- 1.2 Background of the Study**
- 1.3 Motivation for the Research**
- 1.4 Value of the Project**
- 1.5 Problem Statement**
- 1.6 Objectives of the Study**
- 1.7 Research Methodology**
- 1.8 Limitations of the Project**

## **1.1 Introduction**

The new dispensation in South Africa has brought about changes to the social, political and economic environment in which organizations operate. One of the fundamental changes relates to the passing of Employment Equity Act which is aimed at redressing the imbalances created by the previous order at the workplace. Equally important is the re-admission of South Africa into the international arena, thereby positioning South African organizations to compete globally.

Globalization in itself meant that organizations had to look beyond national borders in order to survive in an environment characterized by stiff competition. Linked to the stiff competition was the rapid advancement in technology which translated into communication becoming far easier and the world becoming smaller and smaller. However, the question of competitive edge over competitors became critical hence, Sasol believed that people are central to the success of its business.

As part of Sasol's strategy and commitment to diversity management, Sasol management approved the launch of a unique leadership development program called Sasol 2002 Accelerated Leadership Development Program (Sasol 2002 ALDP). This program is in line with Sasol's commitment to the identification, appointment/selection, development and retention of leadership and management capacity from previously disadvantaged men and women.

## **1.2 Background of the study**

Sasol Limited is an innovative and competitive global energy company. It is head-quartered in Johannesburg, South Africa and it is engaged in the commercial production and marketing of chemicals and liquid fuels; with a growing interest in oil and gas exploration.

Sasol was established in 1950 by the South African government to manufacture fuels and chemicals from indigenous raw materials.

The company has developed world leading technology for the commercial production of synthetic fuels and chemicals from low grade coal as well as the conversion of natural gas to environment friendly fuels and chemicals. It is committed to sustainable development and is a signatory of responsible Care®, a worldwide initiative by the chemical industry that strives to improve performance in safety, health and environment.

A workforce of 30 000 strong deploy their skills and talents to drive the company forward in exploration, mining, science, technology R & D and business development. Sasol is listed on the Johannesburg Securities Exchange (JSE), symbol SOL and the New York Stock exchange (NYSE), symbol SSL. A family of diverse businesses with almost 50 entities in the Americas, Australasia, Europe and Africa, subscribes to a code of shared values that mould Sasol into one powerful global brand ([www.sasol.com](http://www.sasol.com)).

Its vision is to be a respected global enterprise and it aims to generate sustainable growth for stakeholders. With this in mind, it competes in coal, oil, gas, fuels, chemicals and related markets where it has distinct competitive advantages. It capitalizes on its ability to develop, enhance and apply technologies for the production and marketing of competitive products and services. It strives to be the preferred supplier to customers through the delivery of quality products and superior service. It develops mutually beneficial relationships with suppliers. It seeks out new business opportunities, including synergistic alliances.

Sasol creates an environment where teams of dedicated people who are characterized by their diversity of skills and background can grow to their full potential through development, empowerment, recognition, respect and involvement in a safe and healthy working environment. It respects the communities where it operates and participates in their growth. It conducts its business activities with integrity and in compliance with internationally accepted principles and practices. Finally, it moulds the shared values of its diversity into one formidable brand, founded on customer focus, winning with people, excellence in all they do, continuous improvement and integrity ([www.sasol.com](http://www.sasol.com)).

### **1.2.1 Accelerated Leadership Development Program (ALDP)**

The Sasol 2002 ALDP is an initiative driven by Sasol for the purpose of injecting into the company competent, diverse, black male and female, managerial and leadership capacity. An initial intake of 15 high caliber Black managers and professionals was proposed and that number is seen as a sufficient critical mass to impact the organization where it matters most, that is, at senior management and professional level. It was proposed that at least ten (10) of these individuals should be at the Sasol level 4 (Paterson D4) and should be allocated to key business units on a pilot basis.

The identified talent received accelerated training and training over a period of between 18 and 24 months so that they can take on middle to senior management roles in the company and make a marked contribution to the future of the company.

### **1.3 Motivation for the research**

Sasol is spreading its wings across the globe and it has to align itself with the challenges posed by the global economic environment, the social and political context in which it operates, as well as build capacity to survive in the business environment in which it operates. The issue of talent management is therefore a strategic business issue for Sasol's survival, and in particular, the issue of attracting previously disadvantaged individuals at positions of responsibility and retaining them is critical. Therefore, the introduction of ALDP and the main underlying aim of retaining highfliers of black managers and professionals is a reflection on Sasol's willingness to change its demographics and inject new blood in its business practices.

As Sasol globalize, the question of having and maintaining a competitive edge becomes unavoidable and it will be faced with a question of either legitimizing herself to be politically correct or lose the competitive edge. It is therefore important for her to diversify the workforce, particularly at senior management level in order to match the increasing diversified market place. Finally, it will help her to strengthen her corporate reputation and her social goals will be accepted by the broader society and consumers of her products.

#### **1.4 Value of the project**

Sasol Limited perceives the identification and development of leadership and management capacity as well as its retention among its top priorities. Given the fact that progress on affirmative action in the middle to senior management is slow, and the high turnover amongst Black professionals, it is important to conduct this study to understand according to their own perspectives as to what Sasol must do to keep them. This will also help the company to fill the gaps in its management levels because currently blacks constitute 3% at senior and 11% at middle management levels. Added to this is that this is the first group of black professionals who went through the program.

#### **1.5 Problem Statement**

Progress on affirmative action and diversity management more especially in the middle to senior management levels has been slow within Sasol and a high turnover amongst Black professionals contributed to this problem. At the close of 1999 Sasol had only 8% of managers and professionals at middle and senior management being blacks (Africans, Colored and Indians). In order to close the gap, Sasol launched the Accelerated Leadership Development Programme in 2002. This was in line with Sasol's commitment to the development and retention of leadership and management capacity of previously disadvantaged employees. However, as the above-mentioned statistics has shown, thus far Sasol has not been successful in retaining senior black managers in its ranks.

## **1.6 Objectives of the study**

The purpose of this research is to establish and understand what would make Sasol a great place to work for through the perspectives of candidates who graduated from the ALDP which took them through a 2 year intensive management training program. Furthermore, the research will investigate what would make black senior managers to stay and what would make them leave Sasol. Finally, this research would make recommendations, assist and contribute to the design of a retention model/plan for black professionals at middle to senior management levels.

## **1.7 Research Methodology**

### **1.7.1 Qualitative Research Method**

The question of attracting and retaining senior black managers at Sasol is sensitive given the fact that progress on employment equity is very slow and in exploring the reasons behind this, it is appropriate to use the qualitative research methodology to allow respondents to openly air their views as to what must be done to address this issue. In this respect, Byrne (2001) define qualitative research as inquiries of knowledge that are outside the framework prescribed by the scientific method, as well as assumptions of inferential statistics. By using this method, one was unable to make assumptions as to what Sasol must do to retain senior black managers but rather allowed the incumbents to express their views on this matter, hence the appropriateness of this method for dealing with this subject.

It is further argued by Sofaer (1999) that qualitative research methods are valuable in providing rich description of complex phenomena; tracking unique or unexpected events; illuminating the experience and interpretation of events by actors with widely differing stakes and roles; giving voice to those whose views are really heard and conducting initial explorations. Above all, qualitative research methods enhance understanding of the context of events as well as the events themselves.

This latter point is clearly captured in the findings section of this research because the issues which are raised by respondents are Sasol specific and they need to be understood within the context of the Sasol working environment. The issues raised warrant a reflection on why qualitative methods are used and in this case Byrne (2001) cite the following reasons:

- ◆ It can be useful to conceptualize research as the process of reducing uncertainty about important phenomena or questions.
- ◆ It allows the researcher to ask what appear to be relevant for respondents to describe, in their own way, and their experiences concerning a given issue or situation.
- ◆ It plays an important part in clarifying the values, language, and meanings attributed to people who play different roles in organizations and communities.
- ◆ It allows respondents to speak in their own voice, rather than conforming to categories and terms imposed on them by others.
- ◆ It enhances the capacity not only to describe events but to understand how and why the same events are often interpreted in a different, sometimes even conflicting manner by different stakeholders.
- ◆ Finally, it gives the researcher considerable latitude about the exact wording of the questions and their sequencing.

The above-mentioned factors are key points that informed this research to use the qualitative research method given the subject that is being researched. It came out clearly during the interviews that the research subjects felt strongly about this subject and one believes that the quantitative method was not going to capture the views of respondents in their own words given the fact that it would have restricted them to certain options with respect to how they should answer questions.

However, one does recognize the argument against this method by scholars such as Selznick (cited in Sofaer 1999), who argued that qualitative research method is inherently biased because it depends on the perspective and skills of the researcher and that it can be carried out by anyone regardless of their training, knowledge, and experience.

## **1.8 Limitations of the project**

The fact that this study cannot be generalized to all Black professionals working for Sasol Limited is a limitation. This is the first intake of Black professionals and they were fifteen (15) in total. However, when one started setting up interviews, it turned out that only ten (10) of them are still with the company and out of that eight (8) of them participated in the study. Linked to the sample population was the line management where one encountered difficulties in arranging meetings with these managers. It could be attributed to the fact that these are very senior managers who are at E band Paterson level and one managed to see three line managers because they travel a lot and some of those that I could not reach are based outside South Africa. Added to this was the fact that one was unable to gain access to the personal files of the five (5) ALDP graduates who left the company to establish first hand as to why they left the company. However, at the end of the day eight (8) ALDP graduates were used in this study.

## **CHAPTER 2 LITERATURE REVIEW**

- 2.1 Literature Review**
- 2.2 The Parent Generation**
- 2.3 The Baby Boomers**
- 2.4 Generation X**
- 2.5 Corporate Culture**
- 2.6 Management Style**
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- 2.11 Compensation**
- 2.12 Cost of Losing Employees**
  - 2.12.1 Termination**
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  - 2.12.3 Vacancy**
  - 2.12.4 Productivity Loss**

## **2.1 Literature Review**

As pointed out by Campbell (1999), retaining employees should be a prime concern of any organization because it has a major impact on the bottom line. Therefore, losing employees usually means losing customers, business and credibility as an employer. One couldn't agree with this author more given the stiff competition for talent. According to Harkins (1998a), the starting point is to identify the most valuable resources to retain. In controlling turnover, leaders must first focus on building their pool of top talent. They should determine which people represent the most critical resources for the organization. It stands to reason that they need to know who the company's critical human assets are. Harkins (1998a) believes that it is a fundamental flaw to try focusing on every single employee as if he or she is a key. It goes without saying that a distinction need to be made between higher flyers and a poor performers for instance.

The question of retention of employees needs also to be viewed within the context of generational flow. As Herman (1998) points out, each generation exhibits attitudes and ideas about work and the workplace that are different from the generations preceding. In this respect he reflects on how the attitudes of the different generations making up today's workforce have changed over time by categorizing them in this way:

## **2.2 The Parent Generation**

This group is made up of people born in or before 1946, and worked at one job. The few who did take on a second did so only after completing 40 hours with their primary employer. For the most part, once they entered the congregate workplace, they stayed the length of their careers. This group is perceived as a generation seeking security in long term relationships.

## **2.3 The Baby Boomers**

This group is made up of people born between 1947 and 1964 and it picked up on the congregate work patterns their parents followed. However, the career aspirations of this group centered on vocation rather than place of employment. They worked hard at achieving success in chosen field, and if this, success could be achieved in one company, that was fine.

## **2.4 Generation X (also known as the Baby Busters or the 13<sup>th</sup> Gen)**

This group is made up of people born between 1965 and 1985. These are the young workers of today, and the career paths they are following are much different from those of their parents and grand parents. Generation X makes profound impacts on the workplace because of the following:

- ◆ Instead of working for the same company or in the same field for 30 or 40 years, these young people will determine early on to maintain a tenure averaging 3 and ½ years at any one job.
- ◆ They will change jobs every two to four years, and they will change careers several times during the span of their working lives. Furthermore, they will hold more than one job at a time with more than one company at a time and their work week will be split between various employers. Finally, after the first eight to ten years of active employment, they will take some time off from work and will extend their career into their 70s or even 80s.

The picture which has been painted above has profound implications for organizations because Generation X becomes the dominant generation in the workplace, and in this respect the corporate watch-word becomes flexibility. It is therefore a challenge to organizations who want to attract and retain the best people, will be compelled to accommodate these changes.

This section will reflect on a holistic approach to talent management as advocated by various authors and the retention of employees will be discussed within the context of the following issues; corporate culture, management style, communication, opportunities for continuous learning and training, opportunities for career development, work-life balance, compensation and cost of losing employees.

## **2.5 Corporate Culture**

According to Solomon (1993), corporate culture is the language that communicates a company's mission, the ability to convey this culture is critical to the success of the company. This is because corporate culture provides guidelines for people to follow and communicates the company's unique identity. In this respect Thompson et al (2001) points out that the taproot of corporate culture is the organization's beliefs and philosophy about how its affairs ought to be conducted and this gives the reasons why it does things the way it does. Given the fact that corporate culture mixes with the culture of the country in which an organization operates, it is important to understand the environment in which it operates. It is also important to identify things that can be viewed as barriers for employees to fit in the organization's culture. One of the issues which has been identified in the literature is language. It is pointed out by Solomon (1993) that it can be very subtle but can contribute to creating stubborn barriers.

The need to reflect on the question of culture is very important given that Sasol operates in an economic environment which is characterized by rapid change due to globalization and constantly changing technology. It is therefore important for culture to embrace the direction that the company is following. In this regard, Thompson et al (2001) points out that when culture is in conflict with some aspect of the company's direction, performance targets, or strategy, the culture becomes a stumbling block that impedes successful strategy implementation and execution. Therefore, in order for an organization to survive in a fast changing business environment, the capacity to introduce new organizational practices becomes a necessity if the organization is to achieve superior performance.

For an organization to portray the characteristics of an adaptive culture, it must demonstrate the following:

- ◆ Top management must demonstrate genuine care for the well being of all key constituencies (that is, employees, customers, shareholder, suppliers and the communities where the company operates) and tries to satisfy their legitimate interests.
- ◆ No group is ignored and fairness to all constituencies is a decision making principle.
- ◆ Employees must be made to understand that changes in their job assignments are part of the process of adapting to new conditions and by doing this employees will give their support to the changes being made.

Equally important is the ability of the organization to identify elements of the culture which are supportive to change and which are not. It is therefore the responsibility of management to change those elements and the following culture changing actions are suggested by Thompson et al (2001):

- ◆ Revising of policies and procedures in ways that will help drive cultural change.
- ◆ Altering incentive compensation to reward the desired cultural behaviour.
- ◆ Visibly praising and recognizing people who display the new cultural traits.
- ◆ Recruiting and hiring new managers and employees who have the desired cultural values and can serve as role models for the desired cultural behaviour.
- ◆ Replacing key executives who are strongly associated with the old culture and
- ◆ Taking every opportunity to communicate to employees the basis for cultural change and its benefits to all concerned.

It stands to reason that top management play an important role in making organizational culture to be embraced by all stakeholders and as such making the work environment acceptable to all employees.

## **2.6 Management Style**

It could be argued that any change intervention needs support from top management in order that employees can buy into the intervention that is being made. Hence the argument by Terry McNaughton, cited in Roberts (2001) that the importance of a retention philosophy starts with top executives of an organization. This could then be rolled-out to line managers

by including in their performance contracts, retention of identified key employees in their respective business units. By so doing, as pointed by Kaye (2000), this is an effort aimed at building a retention culture and instilling management style that breeds loyalty. This could also be done by managers giving employees a feedback that is characterized by honesty, respect, constructive criticisms and as such maintaining the self-esteem of employees. Equally important is the application of fairness when delegating assignments, in terms of showing no favoritism when handing out assignments.

A good example of the treatment of employees by management is reflected by Mike Nevens, cited in Roberts (2001) that workers won't stay at a company where they're badly treated, anymore than at a company where they're paid 25% less than the industry average. Linked to the above-mentioned points, is the issue of trust that must be demonstrated by management to employees. According to McMahon, cited in Solomon (1997), if employers trust the people they work with, it creates a healthier environment and enhances productivity. Adding to this issue is Shechtman (1999), who points out that if employers demonstrate faith in the employees' ability to get the job done and giving them the latitude to do so, companies make their value system clear.

In order to be an employer of choice Ulrich (1997), argues that organizations need to involve employees in decisions that affect them and by doing so generally this means sharing with them the context and the rationale for a decision. It is further pointed out that employees who participate more fully in the decision-making process by framing the decision, collecting information, generating alternatives, making recommendations, implementing and acting upon the decision become more engaged and committed to the outcome. The involvement of employees can therefore reduce their sense of being controlled and increase their sense of commitment.

For an example, employees who participate in the dialogue about new strategies become more committed to making them happen.

Finally, Ulrich (1997) points out that for an organization to become an employer of choice, management must demonstrate to employees the confidence and trust of ministers, the sensitivity of psychologists, the creativity of artists and the discipline of pilots. By doing this,

they develop credibility with employees by listening, respecting their confidence, and being trust-worthy. Equally important is the role of line managers whereby they should pay attention to employees' needs and ensure employee contributions in the following way:

- ◆ Articulating a new employee contract for all employees within the business.
- ◆ Setting stretch goals but supplying the resources that make it possible to reach those goals and,
- ◆ Re-investing in employee contribution.

On the other hand, the human resources management must complement the role of line managers by doing the following:

- ◆ Being the employees' voice in management discussions.
- ◆ Assuring employees that their concerns are being heard and,
- ◆ Defining and providing resources that help employees meet the demands made on them.

The above-mentioned approach consolidates the argument that for an organization to become an employer of choice it needs a holistic approach and by doing so the organization is making a reputation for itself of being a loyalty-builder.

## **2.7 Communication**

Communication is an important human resource tool which is valuable in retaining employees. As argued by Harkins (1998b) and Kiger (2000), companies need to create clear communication systems because employees hate to learn important information secondhand. It becomes important for managers to ensure that every key employee is tied into what they need to know at the right time.

Therefore, important information about what is happening in the company must be promptly communicated to employees so that employees can realize that they are valued. Another form of communication would be a two way communication, whereby employers engage employees regularly in asking them about their needs (for example, training and development).

Adding to this point of the importance of communication is Solomon (1993), who indicates that communication and information sharing can empower employees and it can make the difference. The starting point in this regard is that management needs to talk about what it is trying to communicate first. In this respect communication tools such as newsletters, video conferencing and internal publications are useful for communicating the organization's way of conducting business. Therefore if employees understand why something is being done, they will more readily accept what is expected. For an example, Ulrich (1997) argues that employers have the tendency to focus on what and not why certain changes are made in organizations. As a result of this, employees are exposed to such changes but not to the principles behind the changes and with inefficiency and resentment the results. It is further pointed out that employees, who are able to communicate business goals to external stakeholders, see communication and information as resources and become committed to the change.

## **2.8 Opportunities for continuous learning and training**

Today's employees need to be rewarded with monetary and non-monetary rewards. It is for this reason that Roberts (2001) and Williams and Sunderland (1999), point out that if employers provide employees with a learning environment and opportunities for career growth, they would stay. Money on its own is no longer enough to keep employees at companies.

## **2.9 Opportunities for career growth and development**

The above-mentioned factor follows closely to the above point. It has been documented in the retention literature that employees want more than pay perks, they want to grow as individuals. Companies must therefore give workers personal skills for life like decision-making, conflict management and communication skills. Withers (2001), add to this by pointing out that employees have little job security and lives in the era of personal growth. It is further mentioned that mentoring is becoming more popular given that 70% of

employee knowledge is obtained informally on the job. As a result of higher turnover due to lack of learning opportunities, companies are providing employees with financial aid to study further, personal coaching and career counseling.

In order for an organization to have a competitive edge and retain its employees, Ulrich (1997) suggests various types of development activities that organizations can engage in such as:

- ◆ Structure developmental experiences through which employees can acquire necessary skills such as job assignments, task forces, apprenticeships and job rotation. It is argued that these developmental assignments are based on the assumption that individuals learn from doing and that employees who are given new work challenges will learn from this experience.
- ◆ Employees may acquire competence through action learning training activities. This occurs when intact teams attend training activities focused on a real business problem.
- ◆ Lastly, employees who need to work in teams may enhance their competencies by discussing not only business projects at hand but also the nature and mechanics of team work.

## **2.10 Work-Life Balance**

Today's tight labour market, which operates in a globalized economy that is characterized by stiff competition among companies, has resulted in people spending more time at work at the expense of their lives outside the workplace due to the challenges of operating in a 24 hour a day work world (Verespej, 1999).

As a result of this, employees are finding it difficult to balance their life and work. The retention of black managers has been identified as the problem in this study and the issue of balancing work and life is critical for the retention of such employees. In addressing this issue, Gabel Medard (cited in Verspej 1999), argues that the introduction of work-life programs can assist to reconfigure the family and the work organization to adapt to the globalization of the economy so as to be able to better organize how work is done.

Given the stiff competition for talent in today's labour market, it is important for organizations to know what they want to accomplish and why is important for business to review its way of organizing work. According to Ziegler (1998), the challenge for organizations is "how to motivate and retain people who combine commitment to work with love of things other than work?" This is a challenge because of the following reasons cited by Terez (1998):

- ◆ People at all levels of the organization respect the fact that there is life beyond work.
- ◆ Employees can take work home if they want to, but they don't feel guilty if they choose otherwise.
- ◆ It is understood and accepted that employees often bring a part of home to the workplace, and
- ◆ People feel that their work lives and personal lives are in balance.

These challenges, together with the ever changing values of employees have created unprecedented demands for flexible, diverse benefits and policies. To this end, Vincola (1998) points out that to truly impact the work and personal lives of employees, organizations must stop viewing work-life benefits as an accommodation. Rather, they should look at benefits as strategic business initiatives that drive culture change throughout the organization. It is further argued that a work-life strategy will be successful only when it is embedded in the culture of the company. It must be integrated into work practices and must be supported by a commitment from top management and training for managers. The essence of this argument is that any approach to work-life balance will fail without strong commitment from management and a culture that supports it.

### **2.10.1 Creating a Work-Life Strategy**

The design and implementation of an effective work-life strategy cannot happen overnight. Rather, change must be approached as a journey that evolves over time, instead of a one time occurrence. Vincola (1998), point to the following factors that must be taken into account when developing a work-life strategy:

- ◆ It must be achieved in stages.

- ◆ It involves long-range planning.
- ◆ It requires a change in attitudes and management style.
- ◆ It must relate to corporate goals, and
- ◆ It must be fully integrated with other aspects of the organization's human resources programs.

Furthermore, it is argued that senior managers' support for the work-life initiatives will be reflected when they draw the link between the programs and the business strategy. This would entail things like soliciting inputs from employees, sets the tone for open commentary and putting work-life concerns on the table as legitimate issues for discussion. Finally, in order to gain support for work-life initiatives, it is critical to objectively highlight the impact that creating a people friendly work environment has on the bottom line. In this respect, the following issues are looked at:

### **2.10.2 Effect on recruitment and retention**

- ◆ Cost per hire – a decrease in costs per hire signifies a decrease in recruiting costs and training time.
- ◆ Customer defections – a decrease in the number of customers leaving the organization to a competition, and
- ◆ Lost intellectual capital – turn-over rates in excess of 10 percent and low retention rates indicate that the organization isn't properly managing needed knowledge, skills and behavior

### **2.10.3 Impact on productivity**

- ◆ Pay-back – the measuring of the pay-back of various initiatives in terms of rand value, such as dependent care programs, employee time saved or tardiness, and
- ◆ Return on investment – an increase in the return on investment indicates that the program is making a positive contribution to the company's bottom line.

#### **2.10.4 Benefits of Work-Life Balance Programs**

The survey conducted by Bright Horizons Family Solutions / Mercer Inc. 1998 reveals that the return on investment can be significant, particularly considering improved employee attitudes and how that impacts customer retention. The following examples are cited:

- ◆ First Tennessee Bank found that branch offices where employees rated supervisors as supportive of work-family balance retained employees twice as long and kept 7% more retail customers.
- ◆ Royal Bank Financial Group, Toronto, calculates that 40% of the customer experience can be traced to employee behaviours. As such, it estimates that its flexible work arrangements which include job-sharing, flextime, compressed work-weeks and work at home arrangements added \$130 million to its bottom line in 1997.
- ◆ Aetna Life & Casualty Company decreased its rate of resignations among new mothers in half when it extended its unpaid parental leave to six months a few years ago.

Equally important is the conclusion reached by Fandray (2000), who argues that work-life programs are a powerful tool to motivate people and encourage commitment to achieve business objectives. This is supported by the study conducted in 1997 by Hoechst Celanese (cited in Fandray, 2000) which revealed that employees who were aware of the work-life programs were 39 percent more likely to expect to stay with the company for the next three years than other employees.

Faced with the problem of stopping the exodus of talented employees was Ernst and Young and it injected a healthy balance between job and home into its high-powered corporate culture. In addressing this problem, the company opened the Office of Retention to drive its retention programs. The company introduced Flexible Work Arrangements (FWA) and Telecommuting Work Arrangement which was managed by flex time policies.

The studies cited in this paper show that retention of employees is very critical as it eventually affect the bottom line. It is indicated by Sunoo (1998), that companies must provide opportunities for employees to have a life outside of work and have a challenging job at work. Addressing personal issues faced by employees go as far as the creation of fitness clubs, subsidized lunch programs, employee care programs and counseling programs, child-care assistance, elder-care programs, flexible scheduling arrangements, (for example, flex-time, job sharing, telecommuting and compressed work weeks), and on-site conveniences such as banking services, travel services, and dry cleaners.

## **2.11 Compensation**

The above-mentioned factors are indicative of the fact that one factor alone is not sufficient to retain employees. Therefore companies need to compensate their employees competitively to complement non-monetary rewards. An interesting aspect is that the compensation factor no longer rated highly by employees as the main reason for leaving companies. On this point Williams and Sunderland (1999), argue that in order for compensation to be an effective part of a retention strategy it must move beyond the reactionary method for keeping people. Rather reward systems must be designed to align employee performance with business performance.

Adding to the importance of this variable is Thompson, et al (2001) who argues that in order for organizations to get employees' sustained energetic commitment, management has to be resourceful in designing and using motivational incentives and they should consider both monetary and non-monetary incentives. Therefore, decisions on salary increases, incentive compensation, promotions, key assignments, and the ways and the means of awarding praise and recognition are potent attention-getting and commitment-generating devices.

## **2.12 Cost of Losing Employees**

Various authors have shown that losing employees can cost companies money that can run into millions. It is for this reason that Fitzenz (1997) divides these costs into internal cost of turnover and losing employees and finding new ones. The internal cost of turnover consists of salary costs of employees, customer retention (customer going with an employee to a new company) and expenditure incurred in marketing and sales to win a new customer.

On the other hand, losing employees and finding new ones costs more than internal turnover costs because of the following factors;

### **2.12.1 Termination**

There are costs incurred when employees leave due to the processing thereof and interviewing costs. Managers could even spend more than a few hours counter-offering and trying to persuade an employee to stay.

### **2.12.2 Hiring and Training**

Costs are incurred when hiring new employees as well as the money spend to train this person. Linked to this is time based costs due to time taken by the new employee to be competent in the new job.

### **2.12.3 Vacancy**

Filling of posts also incurs high costs due to the fact that companies may have to contract out, or outsource work. This would also entail the time taken to appoint a new person and money that will be incurred for advertising the position.

#### **2.12.4 Productivity Loss**

The new hire will take some time to reach a standard level of productivity and to match revenue that will be brought by the new hire in relation to productivity does not balance.

Finally, this section demonstrated that there is a lot to lose if companies do not design a retention strategy and this has a direct impact on the bottom line.

## **CHAPTER THREE RESEARCH DESIGN AND METHODOLOGY**

**3.1 Research Design and Methodology**

**3.2 Target Population**

**3.3 Sampling Method**

**3.4 Data Collection**

**3.5 Data Analysis**

**3.6 Hypothesis Testing**

### **3.1 Research Design and Methodology**

### **3.2 Target Population**

The purpose of this research is to understand the reasons why Black professionals are not staying at Sasol and what the company must do to keep them. Given Sasol's commitment to the identification and management development capacity of this population group, the sampling frame was already available due to the ALDP. Therefore, the sampling population consisted of eight (8) graduates of ALDP who were taken from different disciplines both inside and outside Sasol Limited, three (3) Senior Line Managers of three major business units and three (3) Senior Human Resources Managers who represented three major business units where most of the ALDP graduates were working. All in all, the sample population consisted of fourteen (14) senior managers.

### **3.3 Sampling Method**

Owing to the fact that the number of previously disadvantaged professionals holding management positions is small, it is appropriate to deal with the already identified group who had undergone training for preparation to hold management positions. Given that the sample size is small (14 in total), it was appropriate that judgment (purposive) sampling was chosen. The advantage of this method is that it allowed the researcher to better understand the respondents' own experiences and their views as to how the issue of retention should be handled and what kind of retention interventions should be considered for this purpose. Equally important is that this group is the first intake that has graduated out of ALDP.

As it is indicated by Byrne (2001), qualitative research seeks to represent holism and to provide contextual knowledge of the phenomenon being studied. Hence one of its goals is to increase understanding of a phenomenon as opposed to generalizing data extrapolated from the sample to the population at large. One couldn't agree with this latter statement more because having used purposeful sampling one wanted to understand the underlying

reasons why senior black managers are not staying and what Sasol must do to retain them, rather than attempting to make generalizations as to why such managers leave or stay. Therefore, rather than having a quantitative research outcome of generalized findings, one had an onus of richly describing the findings so that they can be transferred to other situations.

However, the disadvantage is that this method does not allow the results to be generalized to all Black professionals working for Sasol as this group represents a certain level, which is Paterson D4 level nor does it allow generalization into other parallel contexts.

### **3.4 Data Collection**

The topic of turnover and retention of senior black managers within the Sasol context is sensitive and confidential. This is reflected in the fact that Sasol as a group is in the process of finishing the Group Employment Equity Policy as it is currently in the draft format or status. To enable the researcher to have an in-depth understanding of the subject being studied, seven formal in-depth interviews with ALDP graduates were conducted and additional one (1) was on an informal basis. Prior to the interviews, the questionnaire was piloted with three professional staff members and it was then sent to the respondents as part of their preparation for the interview. The interviews lasted between forty five to sixty minutes and it was interesting to note that one had to change the sequence of questions as some of the respondents would touch on certain issues before they could be asked to do so. Over and above the ALDP graduates, in-depth interviews which lasted between thirty (30) minutes and forty five (45) minutes were conducted with three (3) senior line managers and three senior human resources managers (3). This was done to get another angle to the subject with respect to understanding what role has the two functions (line management and human resources) played given that the ALDP graduates might have aspirations but without coordination with these two functions they wouldn't realize them.

It was interesting to note that respondents were able to open up after the researcher made introductions telephonically and explained properly why they have been chosen and what benefits this study will have.

### **3.5 Data Analysis**

It stands to reason that analysis of data is primarily qualitative because the study is exploring what needs to be done to resolve the problem and it is a new area for Sasol Limited to have trained Black professionals to assume management roles. Equally important is that analysis of data includes secondary sources such as company documents, diversity workshop notes held with the new intake of ALDP participants which was held in April 2003. The mentioned documents were examined in order to identify the facts of the situation that Sasol is in and to understand the meanings embedded in the practices and images created. As a result the report is written in an essay format.

### **3.6 Hypothesis Testing**

Given the fact that this study is exploratory, qualitative cross sectional case study, one has avoided making assumptions and thereby making wrong conclusions as to why senior black managers do not stay at Sasol and as such no hypothesis was tested.

## **CHAPTER FOUR RESULTS AND FINDINGS**

### **4.1 Results and Findings**

**4.1.1 Sasol Corporate Culture**

**4.1.2 Management Style**

**4.1.3 Language**

**4.1.4 Senior Mannekrag Beplanning Kamer (SMBK)**

**4.1.5 Challenging Work Assignments and Recognition**

**4.1.6 Opportunities for Career Development and Growth**

**4.1.7 Work Environment**

**4.1.8 Remuneration and Benefits**

## **4.1 Results and Findings**

The continued growth of Sasol and its gradual globalization has put more pressure on her to retain her skills in order to survive in the stiff economic environment in which she operates. As a truly South African company, the socio, economic and political changes that took place in 1994 have a direct impact on how she conducts her business. It also goes without saying that the markets are now diversifying and previously disadvantaged people are also beginning to amass wealth and this changes the market outlook.

Owing to the fact that Sasol is a product of the old apartheid South African government, where it served the interests of the white minority with respect to employment of this group, it has a gap to fill with regard to bringing and retaining non-white people into her ranks. The challenge that faces Sasol is to attract and retain senior black managers to enable her to draw the expertise of a diverse workforce that is reflective of the demographics of the new South Africa. To help to understand what would make Sasol an employer of choice; a group of senior black managers who graduated from the Accelerated Leadership Development Program were asked questions as to what must be done to keep them. This was complemented by a set of questions which were asked to both the human resources function, represented by senior human resources managers and to the line function, represented by senior line managers in their respective business units to establish their role in this matter. The results of this study are informed by their responses to a set of questions and this informed their perspectives as to what Sasol must do to retain them. The respondents suggested a number of issues which are Sasol specific that need to be looked at in order for them to commit to Sasol. Here are the most common reasons respondents gave for wanting to stay at Sasol:

- ◆ Sasol Corporate Culture.
- ◆ Senior Mannekrag Beplanning Kamer (SMBK).
- ◆ Challenging Work Assignments and Recognition.
- ◆ Opportunities for Career Development and Growth.
- ◆ Work Environment and
- ◆ Remuneration.

#### **4.1.1 Sasol Corporate Culture**

According to Stieber (cited in Roberts 2001), worker loyalty is a key to retention and loyalty is directly tied to culture. In an effort to understand what Sasol must do to keep them, the respondents pointed out that the management needs to change the current corporate culture, as it is not conducive for non-Afrikaans speaking people to stay in the company. The way the respondents defined Sasol Corporate Culture differed with some line and human resources function respondents but on the whole there is commonality in the way it is defined. Sasol's corporate culture has been defined as follows by Respondent 07:

“The corporate culture is bureaucratic, conservative and Calvinistic. The company does not take risks and if it does it is a low risk, for example, Merisol and Sasol Synfuels International appointments. The culture is traditional white Afrikaner, rigid and paternalistic. It is where white people think they know what is good for black people. Blacks are given stereotype positions, that is, positions which do not add to the bottom line, for example, government relations and corporate communications”.

This strong statement triggered the author to ask for further clarity from the respondent and it was revealed that Merisol and Sasol Synfuels International are very small business units of Sasol Limited and they are headed by black people. At the same breath, the Government Relations and Corporate Communications are also headed by black people and not seen to be adding value as they are not generating revenue, hence they are seen as stereotype positions. These revelations pose challenges to decision-makers within the company to begin to thoroughly look at the appointments that they make as this might be interpreted as ‘window dressing’.

The conservativeness of Sasol culture is associated with Afrikaner culture which has developed over years and it is entrenched in the company. In elaborating on the issue of being associated with Afrikaner culture, the following statement by Respondent 07 reflects on this:

“Sasol is a successful Afrikaner company but it got things on the platter as it was supported and protected by the then South African government. It is the last pillar of engineering apartheid where coal is turned into petrol. It is a symbol of the vision of the previous government to fight sanctions without provision for business. For example, oil companies are forced to buy petrol from Sasol”.

On the other hand, Respondent 01 has this to say regarding this association:

“Sasol hasn’t moved from the image of empowering Afrikaners, it is a flag ship of Afrikaner success”.

The above-mentioned statements are very strong considering that South Africa attained democracy almost ten years ago and for Sasol to be still perceived to having the old image is not good for business and hence that the respondents argue that the culture is not accommodative and in order for them to stay, it must change.

#### **4.1.2 Management Style**

The description of Sasol culture has a direct correlation to the management style as described by respondents. The management style at Sasol is defined as bureaucratic, authoritarian and above all the decision-making process takes a long time. The bureaucracy element is shared by all the respondents and is clearly captured in the following statement by Respondent 02:

“If you do something, you need to prove that it can work and it must be recommended by a senior manager who has spent twenty years in the company and it has to go through several committees for approval. It is basically characterized by centralized control and unquestioned conformance”.

This finding highlights the frustrations of the respondents as they argued that this kind of culture is not open to innovation and as such, it stifles creativity. An interesting observation is what the line and human resources function had to say, regarding Sasol's corporate culture and its management style. Two respondents from a line function were not positive in their assessment of the Sasol culture as they emphasized the importance of instilling a performance culture and argued that the current culture is regarded as bureaucratic. However, one of the line respondents pointed out that the Sasol culture is still out of touch as statements such as 'one must be happy to work for Sasol' still abound. It is further mentioned by this line respondent that not much attention is given to human relations due to tight requirements of meeting deadlines and as a consequence people are rapidly burning out. In order to correct this situation, the line respondents indicated that training has been started on effective people management.

Contrary to what these two respondents have said, a line function respondent who had less than a year with the company was very straight forward in his definition of Sasol's corporate culture which he described as follows:

“It is a performance driven culture and it looks at one side in favour of Sasol and as such it is dysfunctional, you cannot always win-win. It is top down and centrally structured and as such not conducive for people of colour to stay. In order to change this, we need to start empowering people by allowing them to make mistakes, grow and delegate things to lower levels.

This definition is supported by a human resources function respondent who indicated that Sasol's corporate culture (particularly at the head office in Rosebank) is conservative, authoritarian and that the Group Executive Committee (GEC) has extensive power. These conflicting views by senior management within Sasol highlights the importance of introducing new management practices that will be embraced by all racial groups within the company and that will avoid favouring a specific racial group.

However, in vivid contrast to the above is the fact that all the ALDP respondents defined their relationships with their managers as open, honest and the line managers themselves concurred with this assessment.

A further interesting observation about how Sasol's culture is perceived is drawn from the findings of the second ALDP Knowledge Exchange Workshop held on the 10<sup>th</sup> of April 2003 which was facilitated by Renaissance Network Close Corporation. The following issues were raised by the current ALDP candidates about elements of Sasol's culture that served as the barrier to embracing a diverse workforce:

- ◆ Diversity not visible – commitment from top management not visible.
- ◆ Cultural intolerance for non-Afrikaans people.
- ◆ Misallocation of resources for training and development towards whites.
- ◆ Lack of acceptance of black people as leaders.
- ◆ Stereotypes and generalizations.
- ◆ No mistakes allowed (tolerated) for certain groups (in terms of black people) and
- ◆ Fear of Employment Equity and Black Economic Empowerment.

The findings from this workshop highlight an important challenge for management, with respect to changing the culture to ensure that non-Afrikaans speaking people, particularly blacks are retained in the future. A thorough plan to deal with the stereotypes is needed to ease the fears of Afrikaans speaking people and sensitize both blacks and whites to understand that a diverse workforce is a business issue not a means to justify the existence of Sasol with respect for her being politically correct. It is a challenge that management must deal with head on if it wants to retain senior black managers, especially those who have recently undergone the ALDP.

### **4.1.3 Language**

Sasol Limited is a predominantly white Afrikaans speaking company, but its official business language is English. However, irrespective of English being an official business language, the majority of the ALDP respondents pointed out that the failure to enforce the official language policy amounts to subtle racism because non-Afrikaans speaking people are deliberately excluded from official company activities. Some of the examples cited regarding the use of Afrikaans relates to meetings conducted in Afrikaans and electronic mails sent in Afrikaans. This issue of Afrikaans being predominantly used even if it is not an official business language has also been raised by the current intake of ALDP candidates at their workshop held on the 10<sup>th</sup> of April 2003, who argued that it is a barrier to embracing a diverse workforce. However, the human resources function respondents indicated that they have never received complaints about the use of Afrikaans in their business units. Even though they said this, it must be pointed out that it is public knowledge within the Sasol working environment that Afrikaans is predominant and there are no clear mechanisms that are being applied to enforce the official business language.

The challenge that is facing the management in this regard is that most of the black people joining Sasol are relatively young and they are part of 1976 generation which rejected the use of Afrikaans as the medium of instruction in their schools. It is therefore, incumbent upon management to demonstrate the extent to which it is able to adapt the culture of the company to accommodate the Generation X and to ensure that Afrikaans is not an issue that makes non-white employees leave the company.

#### **4.1.4 Senior Mannekrag Beplanning Kamer (SMBK)**

The SMBK process was started in 1982 and it is where manpower planning for senior management positions (that is, from Paterson D4 and above) takes place. This forum is where promotions of individuals to senior management positions are discussed and made and its composition is made up of senior management. The issue of the SMBK has been raised by all the ALDP respondents who saw it as one of the issues that needs to be looked at if they were to commit themselves to staying at Sasol as they currently do not have faith in the process. The credibility of the SMBK process has been questioned by the respondents and the following statements by Respondent 02 and Respondent 07 captures the reservations that respondents have about it:

“It is an old boys club and it is not a right forum to promote people”.

“Few black people participate in the process and as such I don’t believe that blacks get a fair chance in the process. It is not a good system for blacks, even though they introduced the Core Business Process (CBP), but still blacks are not represented. The process is still Calvinistic because whites think that they know what is good for blacks”.

The respondents argued that due to this system they do not have influence over their growth because certain individuals decide on their behalf whether they are being promoted or not. The major dissatisfaction is around the question of the composition of the SMBK and the fact that incumbents cannot represent themselves. Given the fact that people sitting on the SMBK might not even know the incumbents except seeing their photos, makes it even more difficult for the respondents to have faith in the process.

On the other hand, the line management function respondents see it as a good concept for manpower planning but conceded that they cannot say it is hundred percent objective. In this regard, a line management function respondent has this to say:

“SMBK process is one of the best ground breaking things to happen; it was small then due to the fact that everybody knew everybody. Over time Sasol grew and grew and it became a rubber stamp as people didn’t know each other and as such people started to distrust the process”.

Equally important is the fact that the human resources function respondents see it as objective but also agree that its objectivity and credibility can be improved by getting observers involved and to get members from the designated group to participate. It goes without saying that the credibility of the SMBK process has been tainted given the views of the respondents and even the current ALDP candidates in their workshop held on the 10<sup>th</sup> of April 2003 have this to say about promotions in Sasol:

- ◆ There are different standards with regards to appointments and promotion.
- ◆ Whites are promoted on potential yet blacks must first prove themselves and
- ◆ Lack of objectivity when carrying out performance management.

These finding highlight a serious problem with regard to management practices which are perceived to be favouring a particular racial group. With respect to white employees being promoted on potential and blacks having to prove themselves, an example was cited by one of the respondents and it relates to the Merisol and Sasol Synfuels International appointments. According to this respondent, the two jobs were advertised at Sasol levels three (that is Paterson E1) and because blacks were appointed to these positions, they were appointed initially at Sasol level 4 (D4) and made to prove themselves before they were promoted to Sasol level 3 (Paterson E1). It stands to reason that the issue of consistency when dealing with promotions will continue to be questioned unless the composition of the SMBK is changed to include black people and the appointment of black people into senior management positions is accelerated.

The respondents made suggestions as to how the SMBK process' credibility and objectivity can be improved and this includes:

- ◆ Allowing incumbents to represent themselves.
- ◆ It must take a form of a peer review.
- ◆ People must be nominated on potential for promotions and
- ◆ The composition must include more black people and it must be people that a nominated person interacts with.

Finally, one other issue related to promotions that one of the respondents felt strongly about is the question of forced ranking. It is argued that this practice forced ranked an individual into a profile and this tended to put an individual at a disadvantage during promotions because management look at performance history. According to Longnecker (2003), forced ranking is the performance management process where everyone in a company, division or department, is ranked best to worst in an effort to determine how to allocate pay and/or the implementation of a reduction of force. Due to the fact that management decide upfront as to what percentage of employees will get a high ranking, middle ranking and lower ranking this argument has merit because it can influence individuals who are making assessments to comply with the mandate given. This issue has implications for human resources practitioners by suggesting that in the light of the lack of trust of those conducting assessments, is it worthwhile to continue with the practice.

Prior research on forced ranking indicates that a lot about this practice depends on how fairly the system is developed and how fair the people are who carry it out. It is for this reason that Hoffman (cited in Meisler 2003b) argues that forced ranking remains ethical as long as there are certain transparent and clearly communicated criteria that employees are aware of when and whilst they are working on the job.

The point being made here is that if forced ranking is going to be applied, employees need to be advised in advance so that they should be aware what they are getting themselves into. By so doing, conflicts and litigation will be avoided. These issues are raised because the practice of forced ranking has been seen in the United States to be biased against women, minorities, older workers and any class of workers that upper management allegedly wants to weed out (Meisler 2003a). For an example, in 2000 Ford Motor Company instituted a forced ranking system that attracted two class action law suits alleging discrimination on the basis of age, gender and race. In 2002, the suits were settled for \$10.5 million and Ford dropped forced ranking. The cited example bears testimony to the fact that this system can open the company to serious litigation if its objectives and criteria are not communicated and applied objectively and, above-all it needs a buy-in from employees.

#### **4.1.5 Challenging Work Assignments and Recognition**

This research thus far has demonstrated that retaining Senior Black Managers needs a broader view of what needs to be done and a holistic approach seems to be appropriate for the company to retain these employees. There are various variables that need to be taken into consideration in order for the company to understand what it takes to keep Black talent. In this regard, all the respondents agreed that they need to be in positions that are fulfilling and that their job profiles must fit their career aspirations. What this actually means is that their job content must be exciting and challenging, in order for their careers to be enhanced. Among the things which were cited is the whole issue of giving respondents more scope in terms of revenue generating positions. It is suggested that this can happen if top management commits itself to advancing black employees and strives towards changing the mindset and the belief that black employees cannot do certain things and cannot compete with their white counterparts. The fact that black employees are perceived to be on perpetual training results in lack of confidence in their abilities born by other management personnel and by other Senior Black Managers themselves.

Black Senior Managers need to be given space and control over their work in order for them to feel that their contribution is valued. My analysis or reading of this situation is that the respondents painted a picture that suggests that there is too much control over their work and as such they are not managing their work but instead it is infact managed by their managers.

Closely linked to the issue of a challenging job content is the question of recognition. The respondents believe that in order for them to stay at Sasol they need to know that they are making a difference or adding value to the organization and they must be recognized for their efforts through promotions. It is believed that if recognition is granted it needs to be communicated either verbally, or in writing (Newsletter) or through the delegation of exciting and exacting assignments.

#### **4.1.6 Opportunities for Career Development and Growth**

Building on the previous point regarding what Sasol must do to keep its senior black managers is the question of creating opportunities for career development and growth. This point was cited by all the respondents and it is captured clearly in the following statement by Respondent 02:

“I don’t want to be in a dead-end job, the path to grow must be made available provided one meet current targets and one must not be promoted merely because one has been here for ten years but must be based on goals achieved. Therefore, the setting of goals must be a joint thing between the employee and manager and expectations must be known and the growth path must be known too”.

It was also mentioned by respondents that affording people opportunities is very important and as such Sasol must take a chance by putting people in positions based on their performance and educational level, and at the same time recognize and believe in identifying and harnessing potential.

The provision of opportunities is seen also by one respondent in a line management function as the key to growing the skills base of the respondents (ALDP) and as such, a project that deals with a 25% Black Economic Empowerment stake in one of the Sasol companies should be led by a black person. This is seen by this line management function respondent as a way of engaging black people in projects that enhance their careers and in the process manage their performance honestly by giving them proper feedback (that is, positive and negative).

#### **4.1.7 Work Environment**

It has been shown thus far that the question of retaining employees encompasses a number of factors that need to be dealt with. A further issue that was raised by the respondents as important for them to commit themselves to staying at Sasol is the work environment. The respondents pointed out that the work environment must be made conducive to work at and it must encourage diversity, rather than value one specific approach. The environment must embrace other cultures and Senior Black employees must be made to feel that they are part and parcel of the management structure. In this respect, Respondent 04 had this to say:

“People should not feel excluded. Different races must be treated equally, for example, white employees are promoted on potential and blacks on achievement. There needs to be a meaningful change”.

It is quite clear that ALDP respondents feel strongly about the current work environment and they believe that a fundamental change has to happen. This issue was also raised during the Diversity Workshop held with the current ALDP intake on the 10<sup>th</sup> of April 2003 and it is captured in the following statements:

- ◆ Blacks are perceived to be under achievers.
- ◆ Diversity is not visible – commitment from top management not visible.
- ◆ Whites are promoted on potential yet blacks must first prove themselves.
- ◆ The work environment is not considered conducive to the survival of non-Afrikaans people.
- ◆ Double standards – recommendations by whites carry more weight.
- ◆ Labels for black people – too soft or too aggressive and
- ◆ No mistakes allowed (tolerated) for certain groups (that is of black people).

The fact that two different groups corroborate the same points (at different forums and times) with regard to the work environment at Sasol offers a serious challenge to the management to accelerate efforts to roll out diversity education in the group to avoid the current situation where employees view each other as black and white. However, it must be pointed that Sasol is lagging behind with regard to addressing the issue of diversity and this is reflected in the fact that the Sasol Group Diversity Forum was launched only on the 9<sup>th</sup> of July 2003 and the Group Diversity Manager (who established the group diversity department) was only appointed in December 2002.

Reflecting on the study made by Kaye (2000), the author argues that the line manager has more to do with creating the work environment than he or she may realize. Therefore, a manager who values retention of employees will create an environment in their own function or department or team that's nurturing and supportive. They create or at least support fun in the workplace and they support work about which employees are passionate and they partner with their people to adjust work quality if it is missing the mark.

Furthermore a human resources management respondent pointed out that Sasol culture must be conducive to accommodating a diverse workforce and understand and tolerate different racial groups more effectively.

The respondent further indicated that the company needs to create opportunities for un-forced social interaction and highlighted the fact that the diverse people that Sasol is recruiting are mostly young and have different needs structure. As a result of this, there must be a specific focus to ensure that management understands the young, that is, anybody who is under 40 years of age. This offers implications for management with respect to the extent it is prepared to deal with the needs of the young people who are sometimes referred to as Generation X. Equally important is the whole issue of un-forced socialization where ALDP respondents believe that they miss out on important company discussions because they do not attend rugby matches and because of not recognizing diversity regarding age. It was pointed out that there is a tendency to associate age with the job level (grade) and competence and as such this is perceived to be discriminating against young Black Senior Management employees.

#### **4.1.8 Remuneration and Benefits**

As much as one believes that money is an important motivation tool, this study has shown that respondents believed that if other issues which have been raised can be addressed, pay is not a top priority. The respondents put more emphasis on the other issues and interestingly enough, all of them believed that they are being compensated fairly and competitively when they compare themselves with the market. However, concerns raised relating to pay that respondents believed need to be addressed are:

- ◆ Forced ranking as it affects the pay raise directly and often negatively discriminates.
- ◆ The number of years spent on a job level (grade).
- ◆ Sasol should not reward tenure but performance and competence.
- ◆ Age should not be simply associated with job level (grade)

These concerns are valid considering that the Sasol Group Reward Strategy has not been finalized and implemented, and respondents are not conversant with the proposed reward practice of paying for performance. The lack of trust in the SMBK process also contributes to the belief that people are paid for length of service and that senior management positions are generally held by older employees, who nearly totally happen to be white. As Sasol is gradually globalizing, the need to deal with the expectations and needs of younger Black management employees (as pointed out by the human resources function respondent earlier), is critical as that would amount to embracing a diverse workforce given most of the younger management incumbents are Black.

## **CHAPTER FIVE RECOMMENDATIONS AND CONCLUSIONS**

### **5.1 Recommendations**

**5.1.1 Unhealthy Elements of Corporate Culture**

**5.1.2 Role of Human Resources**

**5.1.3 Role of Line Management**

**5.1.4 Support Structures**

**5.1.5 Exit Interviews**

**5.1.6 Revamp of ALDP**

### **5.2 Conclusion**

## **5.1 Recommendations**

### **5.1.1 Unhealthy Elements of Corporate Culture**

Prior research on corporate culture points out that unhealthy cultural characteristics can undermine a company's business performance. It is for this reason that management at Sasol must prioritize the issue of addressing the corporate culture as it is being perceived not to be conducive for the retention of Senior Black Management. The challenge in this regard is for management to move to a culture that speedily accepts and supports efforts to adapt to fundamental change rather than to attempt to remould the existing culture to accept change. Specific issues that need to be reviewed are as follows:

- ◆ Cultural Diversity – the company must demonstrate from top management that it recognizes and values a diverse workforce by introducing policies and practices which embrace people from different cultural backgrounds. This would entail including in the performance contracts of managers a key performance area, (KPA) that looks at how managers develop and retain people of colour in their divisions.
- ◆ Diversity Education – the company must embark on an extensive diversity education in the group to educate employees about cultural differences to minimize stereotypes and sensitize employees about different cultural backgrounds, values and expectations.
- ◆ Receptivity to risk-taking – the company must proactively promote a culture of risk taking by allowing employees to make mistakes and to learn from them rather than punishing employees for making mistakes. This would go a long way in ensuring that black people are given positions that add value to the bottom line of the company.
- ◆ Language Policy – the company must ensure that the official business language (English) is treated as such and that mechanisms should be put in place where non-Afrikaans speaking people would be given the right not to participate in business activities that prejudice them because of the use of Afrikaans.

- ◆ SMBK Process – Top management must review this process to ensure that it is representative of non-white employees and its activities are made transparent by educating employees about it and if it is possible, allowing incumbents who are due for promotion to represent themselves on it.

### **5.1.2 Role of Human Resources**

It goes without saying in terms of the results of this study that the human resources function does not take a leading role in retaining black senior managers, even though the researcher acknowledges that it is a line function to do so. Nevertheless human resources should play an enabler and facilitator role. The first step for the human resources is to have a planned approach for the retention of senior black managers and other critical functions in the company. In drawing up a planned approach the human resources function must do the following:

- ◆ Diagnose the gaps and design critical support structures such as mentorship and coaching programs.
- ◆ Collect and analyze all turnover and exit interviews data.
- ◆ Conduct an employee survey on identified critical positions to learn about company beliefs about retention.
- ◆ Use information obtained from turnover and exit interviews assessment to design a retention strategy.
- ◆ Take every employee with a direct reporting responsibility through a training program designed to inculcate the expected leadership skills and attitudes.

The above-mentioned activities will assist the human resources function to formulate a retention strategy. It is in this retention role that its facilitation and enabling role comes into play as it will be the role of human resources to ensure that the strategy is implemented correctly and the line function is brought up to speed as to its role.

### **5.1.3 Role of Line Management**

As indicated earlier, it is the role of line managers to ensure that they retain their critical staff and they need to be regularly assessed on how effectively they develop and retain such people. This study has indicated that the line function has not done much in owning the process of retaining their critical staff and it is for this reason that human resources needs information to diagnose gaps, identify current company realities and obstacles related to retention and then empower the line function by passing this information onto them and thereby designing retention plans/programs. The line function must assume responsibility of the retention of Black managers by doing the following:

- ◆ Taking day to day responsibility for retaining their key employees.
- ◆ Giving their employees feedback that is characterized by honesty and respect.
- ◆ Respecting differences and value diversity in their teams.
- ◆ Thinking outside of the box with respect to accommodating the needs of their employees.
- ◆ Creating an environment in their divisions that is nurturing and enjoyable.
- ◆ Supporting work about which employees are passionate.

The above-mentioned steps will ensure that line managers communicate often and honestly with their employees. It will also allow them to give their employees space in terms of allowing them to take initiatives and give them more control over their work.

### **5.1.4 Support Structures**

The establishment of support structures is important to ensure that retention programs and strategy are coordinated and support is given to those involved in these programs. Given the importance of retaining critical skills in the company, the following support structures are suggested:

- ◆ Retention Champions – individuals must be appointed in business units whose sole responsibility is to design retention programs and deal with issues related to retention and make sure that programs are implemented accordingly.
- ◆ A task force representative of various line managers and human resources must be appointed to study turnover issues as presented to them by the Retention Champion and come up with a collective approach on the direction to be taken.
- ◆ Mentorship and coaching programs must be formalized to ensure that identified individuals holding critical positions are developed and retained by the company.

The above-mentioned measures will guide the line function on how to handle the issue of retention and it will be a collective approach informed by the information gathered by the Retention Champion.

### **5.1.5 Exit Interviews**

Owing to the fact that it is costly to lose critical skills in the company, it is important for management to gain as much information as possible about why employees leave. Exit interviews are therefore critical and departing employees are often able to provide open and honest feedback about opportunities for improvement. The company must therefore, consider not allowing immediate managers or human resources to conduct exit interviews but give this responsibility to the Retention Champion or members of the retention task team to conduct in-depth exit interviews. A consistent format for conducting exit interviews must be formulated and information obtained must be placed in a database to be used by the Retention Task Team for reviewing and designing of the retention programs.

### **5.1.6 Revamp of ALDP**

The Accelerated Leadership Development Program is a useful concept as an intervention measure by Sasol management to try to fill the gap in its management structures. Based on the discussions of the author with the respondents, the credibility of the program has been tarnished due to promises that were made and never fulfilled. In particular this refers to the whole issue of creating expectations that participants in the program will be promoted to Sasol level 3 (Paterson E1) after the completion of the program. From the retention point of view, this is no good as it does not build loyalty and trust. However, the research is focused on specifically the development of the program as a retention tool which was not targeted to certain individuals in the development of the content of the program. For example, it is wasteful and unnecessary to send a Human Resources Manager on a basic diversity course if the incumbent has already attended a similar program.

Secondly, the coordinator of the program must identify which individuals have had Business School training and if they have such experience, they must be enrolled on specific courses which will allow them to acquire specific management skills. This will prevent incumbents from losing interest in the program. Thirdly, the program must be aligned with succession planning to ensure that over a certain period of time, incumbents will be appointed to management positions as per the succession plan. Finally, the program must be aligned with the current positions of incumbents to ensure that whatever is learnt from the program is translated into action through the kind of work assignments that the incumbents are given. This simply means that immediate supervisors must be made aware of training that the incumbents are given and must be held responsible for ensuring that they delegate assignments that will add value to their development and ensure in the process that they apply what they have learnt.

## 5.2 Conclusion

This study focused on what Sasol must do to retain senior black managers. It is based on the perspectives of senior black managers who recently graduated from Sasol's Accelerated Leadership Development Program (ALDP). The findings indicated that there are a number of issues which Sasol management must look at if senior black managers are to be retained. In brief, the issues which were raised include the Sasol Corporate Culture. The respondents felt that the current culture is not accommodating of non-Afrikaans speakers and as such it makes it difficult for such groups to stay in the company.

Another issue related to corporate culture is management style. The respondents felt that the management style is too conservative and bureaucratic and does not allow initiative and is not accommodating of young professionals. Equally important is the issue of language. Even though English is the official business language, Afrikaans is predominantly used and as such non-Afrikaans employees feel excluded and isolated as they cannot participate fully in business activities.

The respondents were very clear as to what the company should do as they indicated that they would stay if given challenging work assignments and recognition. The company must ensure that the work environment embraces a diverse work-force and be able to handle negative stereotypes. The respondents felt they are compensated fairly and competitively when compared with their peers in the market. However, they would like to see Sasol management addressing the following issues:

- ◆ The practice of forced ranking.
- ◆ The rewarding of performance and competence and not length of tenure.
- ◆ The tendency for age to be related to job level.

In conclusion, the results highlight the importance of having a planned approach to deal with the retention of employees. The findings indicate that the company management must involve the very people that it wants to retain by obtaining their views through interviews, focus groups, surveys and exit interviews. Finally, it is necessary for the company management to come up with a strategy to deal with the needs of young black management employees from the accelerated leadership development program.

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## **INDEXES**

### **ALDP**

#### **MBA DISSERTATION QUESTIONNAIRE PREPARATION FOR INTERVIEW**

##### **Dear Participant:**

This study has been initiated by Moeketsi Langeni as partial fulfillment for the degree of Masters of Business Administration and the project is due on the 15<sup>th</sup> of September 2003.

The questionnaire on the next page is aimed at assisting you to prepare for the interview that will revolve around talent management (**that is, retention of critical employees**).

##### **Motivation for the study:**

Sasol Group's pace of affirmative action is moving very slowly and this is reflected in the fact that in 1999 only 8% of previously disadvantaged people constituted management and about only 3% made senior management. The big problem is the retention of these employees, what must Sasol do to attract and retain these employees.

Since the identification and development of leadership is viewed as strategic issue by Sasol, I found it appropriate to use employees who are already on these levels and the ALDP graduates as a research population and sampling frame for the project.

##### **Sample Population:**

All the available graduates of 2002 ALDP who agree to participate will be interviewed as well as their line managers and their HR service providers to find out their views about retention of identified employees, that is, what Sasol must do to retain them.

##### **The objectives of the research are to:**

- ◆ Find out what the graduate's believe Sasol must do to retain them
- ◆ To use the views of graduates to contribute to the design of retention model/program for senior managers from previously disadvantaged backgrounds.
- ◆ To analyze existing documents around ALDP and check if it can be used as a retention program.

##### **Methodology of the study:**

This study will not test hypothesis because it is an exploratory and qualitative study and as such in-depth interviews and company documents relating to retention of employees will be used.

**Declaration:**

The contents of this study will be treated as confidential and no names will be mentioned, instead codes will be used.

Yours truly,

**Moeketsi Langeni**  
**082 330 8769**

**ALDP GRADUATES**

**Respondent Code:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Educational Qualification:** \_\_\_\_\_  
**Job Level:** \_\_\_\_\_  
**Date of Interview:** \_\_\_\_\_  
**Age:** \_\_\_\_\_

**RESPONDENTS QUESTIONS**

**1) What will keep you here? (Please mention specifics / issues to be looked at and elaborate)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2) What might entice you away? (Please mention specifics / issues that will make you leave)**

\_\_\_\_\_  
\_\_\_\_\_

**3) What matters most to you? (Please mention specifics / issues to be looked at and elaborate)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4) What can Sasol do to hang on to you? (Please mention specifics / issues and elaborate)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**5) What are you enjoying most about your job and why?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**6) What do you least enjoy about your job and why?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**7) Have you talked with your line manager about your career options and how did s/he feel about you moving in that direction?**

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**8) Does your work environment meet your personal and professional needs? Please expand?**

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**9) What kind of relationship do you have with your manager? Please elaborate?**

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**10) Are you compensated fairly for your contribution? If yes or no, how do you know?**

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**11) What are your long term goals with the company?**

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**12) Is your manager aware of your long term goals and does s/he actively support them? If yes how? and if no why?**

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**13) What do you think characterizes Sasol's corporate culture?**

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**14) Are there any barriers that enable you to fit in Sasol's corporate culture? If any what can be done to correct the situation?**

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**15) Do you think your contribution is valued and recognized in this organization? If yes how, if not why?**

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## **HUMAN RESOURCE MANAGEMENT FUNCTION**

### **MBA DISSERTATION QUESTIONNAIRE PREPARATION FOR INTERVIEW**

#### **Dear Participant:**

This study has been initiated by Moeketsi Langeni as partial fulfillment for the degree of Masters of Business Administration and the project is due on the 15<sup>th</sup> of September 2003.

The questionnaire on the next page is aimed at assisting you to prepare for the interview that will revolve around talent management.

#### **Motivation for the study:**

Sasol Group's pace of affirmative action is moving very slowly and this is reflected in the fact that in 1999 only 8% of previously disadvantaged people constituted management and about only 3% made senior management. The big problem is the retention of these employees, what must Sasol do to attract and retain these employees.

Since the identification and development of leadership is viewed as strategic issue by Sasol, I found it appropriate to use employees who are already on these levels and the ALDP graduates as a research population and sampling frame for the project.

#### **Sample Population:**

All the available graduates of 2002 ALDP who agree to participate will be interviewed as well as their line managers and their HR service providers to find out their views about retention of identified employees.

#### **The objectives of the research are to:**

- ◆ Find out what the graduates believe Sasol must do to retain them
- ◆ To use the views of graduates to contribute to the design of retention model/program for senior managers from previously disadvantaged backgrounds.
- ◆ To analyze existing documents around ALDP and check if it can be used as a retention program.

#### **Methodology of the study:**

This study will not test hypothesis because it is an exploratory and qualitative study and as such in-depth interviews and company documents relating to retention of employees will be used.

**Declaration:**

The contents of this study will be treated as confidential and no names will be mentioned, instead codes will be used.

Yours truly,

**Moeketsi Langeni**  
**082 330 8769**

HUMAN RESOURCES

**Respondent Code:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Educational Qualification** \_\_\_\_\_  
**Job Level** \_\_\_\_\_  
**Date of Interview:** \_\_\_\_\_  
**Age:** \_\_\_\_\_

1. **Do you know why this person works for the company and not somewhere else?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. **Have you talked with this employee & his/her line manager about several different career options and does he/she feel he/she is moving in that direction?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. **Do you know this person's #1 career concern and are you working with him or her & line manager to address it?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. **Do you know how valuable this person's skills are in the competitive market?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Do you remain vigilant for any sign of fatigue or overwork, and do you take prompt supportive action to correct it? If yes how? \_\_\_\_\_

\_\_\_\_\_

6. Do you encourage an open, trusting, respectful relationship between this person and the line manager? If yes how, if not why? \_\_\_\_\_

\_\_\_\_\_

7. Does this employee know that he or she is fairly compensated for his or her contributions? If yes how does s/he know, if not why? \_\_\_\_\_

\_\_\_\_\_

8. Do you know what the employee's long-term goals are and are you doing to ensure that the line manager actively supporting him or her?

\_\_\_\_\_

\_\_\_\_\_

9. Does this person's work environment meet the employee's personal and professional needs? How do you know? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. Has this person's mood, and physical health, been stable in the past six months? How do you know? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**11. Do this employee's values fit the company culture?**

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**12. Is this person's profession and expertise critical to the organization? What are you doing to hand on to him/her?**

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**13. Does this person have enthusiasm and passion for the work he or she is doing? How do you know?**

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**14. Does this employee seem satisfied with his or her work situation—projects, colleagues, reputation, learning, etc.? Provide evidence**

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**15. Does this employee know you will actively promote his or her development via training, challenging projects and learning opportunities? How does s/he know?**

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**16. What is your view about the SMBK process?**

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**17. How objective and transparent is the SMBK process?**

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**18. Have you received any complaints about the use of Afrikaans in meetings and on e-mails?** \_\_\_\_\_

\_\_\_\_\_

**19. What is HR doing to ensure that the official business language is adhered to?** \_\_\_\_\_

\_\_\_\_\_

**20. How does HR communicate policies to the employees?** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **LINE MANAGEMENT FUNCTION**

### **MBA DISSERTATION QUESTIONNAIRE PREPARATION FOR INTERVIEW**

#### **Dear Participant:**

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The questionnaire on the next page is aimed at assisting you to prepare for the interview that will revolve around talent management.

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Sasol Group's pace of affirmative action is moving very slowly and this is reflected in the fact that in 1999 only 8% of previously disadvantaged people constituted management and about only 3% made senior management. The big problem is the retention of these employees, what must Sasol do to attract and retain these employees.

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#### **Sample Population:**

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#### **The objectives of the research are to:**

- ◆ Find out what the graduates believe Sasol must do to retain them
- ◆ To use the views of graduates to contribute to the design of a retention model/program for senior managers from previously disadvantaged backgrounds.
- ◆ To analyze existing documents around ALDP and check if it can be used as a retention program.

#### **Methodology of the study:**

This study will not test hypothesis because it is an exploratory and qualitative study and as such in-depth interviews and company documents relating to retention of employees will be used.

#### **Declaration:**

The contents of this study will be treated as confidential and no names will be mentioned, instead codes will be used.

Yours truly,

**Moeketsi Langeni**  
**082 330 8769**

**LINE MANAGERS**

**Respondent Code:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Educational Qualification** \_\_\_\_\_  
**Job Level** \_\_\_\_\_  
**Date of Interview:** \_\_\_\_\_  
**Age:** \_\_\_\_\_

- 1. Do you know why this person works for the company and not somewhere else?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 2. Have you talked with this employee about several different career options and does he/she feel he/she is moving in that direction?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 3. Do you know this person's #1 career concern and are you working with him or her to address it?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 4. Do you know how valuable this person's skills are in the competitive market?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 5. Do you remain vigilant for any sign of fatigue or overwork, and do you take prompt supportive action to correct it?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**6. Do you have an open, trusting, respectful relationship with this person?**

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**7. Does this employee know that he or she is fairly compensated for his or her contributions?**

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**8. Do you know what the employee's long-term goals are and are you actively supporting him or her?**

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**9. Does this person's work environment meet the employee's personal and professional needs?**

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**10. Has this person's mood, physical health, and overall disposition been stable in the past six months?**

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**11. Do this employee's values fit the corporate culture?**

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**12. Is this person's profession and expertise critical to the organization?**

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**13. Does this person have enthusiasm and passion for the work he or she is doing?**

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**14. Does this employee seem satisfied with his or her work situation—projects, colleagues, reputation, learning, etc.?**

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**15. Does this employee know you will actively promote his or her development via training, challenging projects and learning opportunities?**

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