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**Gordon Institute
of Business Science**
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**The role that senior management, organisational
structure and policies play in the success of retention
strategies and the reduction of retention rates**

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A research project submitted to the Gordon Institute
of Business Science, University of Pretoria, in
partial fulfilment of the requirements for the degree
of Master of Business Administration.

11 November 2013

I. Abstract

The retention of employees, especially talented ones, is a topic that is mainly discussed between HR practitioners, but is also a cause for conversation around the boardroom table. Researchers have recommended numerous policies and best practices that should be implemented to reduce employee turnover and improve employee morale. This study was conducted to find if a relationship exists between numerous independent variables and retention rate.

A quantitative study was conducted via a self-administered survey questionnaire that was sent to 6 802 HR managers, owners, senior managers and executives. Constructs identified in the literature were used to design the questionnaire survey, and data were analysed from 247 completed survey questionnaires.

A positive relationship exists when HR reports to senior management and where HR has the autonomy to spend on training. The presence of an HR department, the existence of retention strategies, and the involvement of senior managers in the implementation and management of retention strategies, does not have an influence on a high retention rate.

Keywords : retention rate, retention strategy, turnover rate, Human Resources, HR strategies, talent management, CEO, senior management, reporting structure

II. Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

LM Spence

Signature

11 November 2013

Date

III.Dedication

I dedicate this research paper to my God, my Fiancé and my family.

To God, thank you for giving me the strength during the past two years.

To Carl-Hein, for his everlasting support and understanding.

To my parents, Delene and Claude, who were always willing to lend an ear when I was stressed, tired and excited.

To my old and new friends, for understanding and for giving me support during this two year journey.

IV. Acknowledgements

I wish to give special thanks for my supervisor, Albert Wocke, Thank you for the assistance given in completing the research.

To my employer, especially my CEO, Brendan Sayers, Thank you for allowing me this opportunity and for the support given during the past two years; I will be forever grateful.

To my statistician, Adam, thank you for your assistance.

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Chapter 1 - Introduction

1.1 What is retention?

Retention is any organisation's "more general approach" to talent management, which is defined as "the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilising people with the required skills and aptitude to meet current and future business needs" (Hausknecht, Rodda, & Howard, 2008, p. 4).

Organisations will demand talent while the supply of talent will decrease, due to the workforce rapidly ageing and the fact that fewer young people with the necessary skills are entering the workforce (Govaerts, Kyndt, Dochy, & Baert, 2011). As a result, companies will have no choice other than to nurture their talent, therefore a war to retain the top talent will emerge (Ready, Hill, & Conger, 2008).

A contributor to an organisation's stability and growth is employee retention; low employee turnover has a direct effect on a business' health and success. Sales, customers and co-worker satisfaction are increased through retaining existing employees. Co-workers watch closely as employees exit the business and this negatively affects the morale of the employees who remain (Agarwal, 2013).

1.2 Definition of employee retention

The retention of employees is a practice whereby employers implement efforts to ensure a working environment is maintained that is supportive of staff remaining in the employ of the company. The aim of retention policies are to enhance employee job satisfaction and to reduce the costs involved in recruiting new staff and training new recruits (Business Dictionary, 2013).

1.3 Definition of employee turnover

The calculation of the ratio of employees that leave a company through attrition, dismissals, or resignations during a period of twelve months, to the total amount of employees employed in the organisation during the same period, is called 'employee turnover' (Business Dictionary, 2013).

1.4 The effect of low retention on businesses

A great deal of time and money is invested by an organisation to recruit the right individual who is suitable for a vacant position (Karsan, 2007).

A study of 40 global companies found that virtually all of them identified a lack of sufficient talent pipeline to fill strategic positions within the organisation, which considerably constrained their ability to grow their business (Ready & Conger, 2007).

High staff turnover has numerous intangible effects on businesses and the employees who remain with the organisation. According to James and Mathew (2012), "it affects organisations as organisations invest immensely in recruiting and developing their staff" (James & Mathew, 2012, p. 79). An organisation with high staff turnover is negatively affected due to tangible effects affecting the business' bottom line profits, as the cost of employees leaving an organisation can equate to as much as 30% of an employee's annual salary. For those individuals who have a scarce skill or whose skills are in demand, the cost suffered by a business when that individual leaves can be as much as 66% of their annual salary (Dibble, 1999).

According to Nkoma and Thwala (2009), costs include:

- ❖ "Leaving costs – payroll costs and personnel administration of leavers
- ❖ Direct cost of recruiting replacements (advertising, interviewing, testing)

- ❖ Opportunity cost of time spent by HR and line managers in recruitment
- ❖ Direct cost of introducing replacements (induction courses, cost of induction manual)
- ❖ Opportunity cost of time spent by HR and managers in introducing new starters
- ❖ Direct cost of training replacements in the necessary skills
- ❖ Opportunity cost of time spent by line managers and other staff in providing training
- ❖ Loss of input from those leaving before they are replaced in terms of contribution, output, sales, customer satisfaction and support
- ❖ Loss arising from reduced input from new starters until they are fully trained” (Nkomo & Thwala, 2009, pp. 123-124).

High employee turnover has numerous effects on an organisation; it has a direct effect on the performance on a company (Felps, Mitchell, Hekman, Lee, Holtom, Harman, 2009), it has a negative effect on an organisation’s day-to-day operations (Haines, Jalette, & Larose, 2010), management time is wasted on these repercussions, and the workforce is directly affected due to added pressures (James & Mathew, 2012).

The most damaging consequence of employees leaving organisations is that they take with them the intellectual property and relationships that they have built with the organisation’s customers (Ratna & Chawla, 2012).

As mentioned by Nkoma and Thwala. (2009), “high rates of attrition can destabilise a business and demotivate those who attempt to maintain levels of service and output against a background of vacant posts, inexperienced staff and general discontent” (Nkomo & Thwala, 2009, p. 122).

Employee turnover not only has a negative impact on the organisation, but it also affects the individual who decides to move on to greener pastures. A substantial amount of energy is used to find a new position and to adjust to new situations and surroundings. It is also very stressful to get used to new routines and to build relationships with new colleagues (Boswell, Boudreau, & Dunford, 2004).

1.5 The HR department

The role of the Human Resources department has changed significantly over the years. HR departments are “expected to operate as a business within a business rather than as a disconnected and isolated set of HR practices” (Ulrich, Younger, & Brockbank, 2008, p. 829). Today’s HR department in an organisation is responsible for serving a strategic role rather than an administrative one (Brandl & Pohler, 2010).

According to Ulrich (1998), “Senior executives who recognize the economic value and the benefit to their customers of intellectual capital and organizational capability need to demand more of the HR function. They need to invest in HR as if it were a business” (Ulrich, 1998, p. 6).

Cappelli (2001) explained that “the old goal of HR management - minimise overall employee turnover – needs to be replaced by a new goal: to influence who leaves and when” (Cappelli, 2001, p. 104).

1.6 Reporting structure of HR

Ulrich (1998) stated that the role of HR should be a partnership with senior and line managers in strategy execution, but that in reality HR is disconnected from the levels in the organisation where strategies are discussed and executed. “In fact, the primary responsibility for transforming the role of HR belongs to the CEO and to every line manager who must achieve business goals. Line managers have ultimate responsibility for both the processes and the outcomes of the company” (Ulrich, 1998, p. 1).

1.7 Implementation of HR policies and retention strategies

In today's fast changing, rapidly moving and highly competitive market organisations compete in, they find themselves confronted with numerous employment challenges. It is necessary to implement strategies with specific focus to retain the right talent, at the right cost, in the right department, with tenure that will assist the firm to achieve its long-term and short-term goals (Schuler & Jackson, 2010)

It is even more important for companies today to implement structured corporate retention policies, which are "Characterised on the one end by global economic jitters, the banking crisis and rising inflation and interest rates and, on the other, by a crippling shortage of skills" (Wordon, 2013, p. ar. 2).

To successfully address the challenges of retaining the best talent, it is important that organisations implement some or all of the wide variety of HR policies and practices that are available (Schuler, Jackson, & Tarique, 2010), however, it has been found that organisations and HR practitioners fail to adopt and implement effective HR strategies. This could be due to the fact that, as found by Rynes, Colbert and Brown (2002), HR practitioners do not commonly read academic journals in the field of Human Resources (Rynes, Colbert, & Brown, 2002).

However as found by Deloitte's *Best Companies to Work for in South Africa* survey, more than 80% of companies have a form of employee retention strategy, but only 22% of companies have structured formal plans that are implemented. More than 50% of the companies surveyed mentioned that the retention of employees is an important business priority and 66% of these companies are aware that high staff turnover negatively affects the company's competitive advantage. Considering the low retention rates experience by South African companies, it is clear that the retention strategies that are implemented, are failing. (Wordon, 2013).

1.8 Involvement of senior managers in the implementation of HR policies and retention strategies

HR professionals must accept the role of strategic partner in the organisation, should collaborate with line managers, must share their knowledge about the business, use their role as change agents, be employee champions and encourage employee development. HR professionals should also collaborate with line managers to reach the organisation's goals (Ulrich, 2013).

Research conducted at a major drinks multi-national, Diageo, showed how important it is that HR build relationships and commitment with top management (Farndale, Scullion, & Sparrow, 2010).

A qualitative study conducted by Brandl and Pohler (2010), who interviewed CEOs about their perception of the roles of their HR Departments, found that CEOs have different opinions about the role HR departments should play. One indicated that it is very important that HR is involved in the business; the HR Director must be present during management meetings and must "take on an entrepreneurial co-responsibility, engage in proactive thinking, and support management with new ideas about how and what can be done. That they not only execute processes on demand but create and optimise processes" (Brandl & Pohler, 2010, pp. 1030-1031). Contrary to the above, other CEOs interviewed in the same study were of the opinion that they are comfortable with their HR department if the payroll administration is carried out correctly and when expert input is delivered on their expertise, namely employment policy and outsourcing, when requested (Brandl & Pohler, 2010).

1.9 Spending time and money on employees as a retention tool

It has been found in numerous studies that spending time and money on learning and the development of employees has a positive effect on an employee's decision to stay with an organisation and is an important retention tool (Govaerts, Kyndt, Dochy, & Baert, 2011). This was confirmed by Rodriguez (2008), who found that when employees feel they are not being trained they are less competitive than their

peers. This could negatively affect their opportunities for promotions and therefore employees might look externally (Rodrigues & Hudson-Martin, 2013).

1.10 Relevance to SA business

Skills shortages in organisations are a prevalent occurrence in many South African businesses. Due to the shortage of skills, competition between organisations is increasing to attract, recruit and retain talented individuals. The ability to retain talented individuals has become as important to a business as other business operations, such as capital, strategies and research and development. It is therefore critical that organisations must rethink their Human Resource strategies in how they attract and retain their most talented individuals (Ngozwana & Rugimbana, 2011).

The quality and stability of the workforce has a direct positive effect on the productivity and sustainability of a business (Chiboiwa, Samuel, & Chipunza, 2010). For this reason, retention is of the utmost importance as talented employees that leave an organisation could have a negative effect on its productivity and profitability (Samuel & Chipunza, 2009).

South African companies had an average staff turnover of 12.6% in 2007, according to the National Remuneration Guide Survey conducted by Deloitte in February 2007 (Deloitte, 2007).

During 2011-2012, 66 employees left the Department of the Premier of the Western Cape. Of the 66 employees, 26% were African women and 24% were coloured woman. The reasons why the employees left were either for reasons of career promotion or for better salaries. Ms Zille, the Premier of the Western Cape is strongly of the opinion that the provincial government is in a predicament and faces a challenge to retain talent and skills (Phakathi, 2013).

After ABSA Investments CEO, Alan Miller, joined six other senior employees who left ABSA, one of South Africa's largest banks, questions were raised about ABSA's retention strategies and if they were effective (Ndzabela, 2013).

According to Fasset CEO, Cheryl James, “the retention of skills is one of the biggest challenges the finance, accounting, management consulting and other financial services sectors face. While the sector goes to great lengths to attract graduates, it is viewed as a training ground for other sectors and, as a result, qualified accountants and graduates working at small practices are being poached by other industries. The big four accounting firms - PricewaterhouseCoopers, KPMG, Deloitte and Ernst & Young - reported a net shortage of around 1 700 trainees this year” (Temkin, 2013).

According to Fasset, greater urgency must be placed on the need to come up with solutions and strategies to retain talent, as the necessary number of trainees is not currently forthcoming into the financial services sector. South Africa did experience a downturn in the economy, but should the economy grow, the demand for skills such as accounting will grow, which will again increase the skills retention challenges currently being faced. By utilising the workplace skills plan as a strategic tool, it can assist organisations to identify individuals who should be developed and promoted at every level in the organisation. During this process, the individuals who have been identified must be engaged and their career development and succession plans discussed. This is important to ensure that the individuals who organisations wish to retain see that they have a future with them. Organisations that want to be viewed as an Employer of Choice have to be seen as valuing their employees and that their employees are their greatest asset. By implementing these strategies, companies will be far less susceptible to high staff turnover (Temkin, 2013).

It was found by the Adcorp Employment Index of April 2013, a monthly survey conducted by the JSE-listed human capital management group, that there are 829 800 unfilled positions for high-skilled workers available across a wide range of occupations in South Africa.

“Adcorp’s research reveals that the highly-skilled categories suffering the greatest skilled shortages are:

- ❖ senior management
- ❖ the professions – medicine, engineering, accounting and the law
- ❖ technical occupations – specialised technicians and artisans
- ❖ agriculture” (ADCORP, 2013, p. ar. 10).

When the numbers are broken down by occupation, they show that there is a skills shortage of 432 100 technicians, 216 200 managers, and 178 400 professionals. On the other hand, the numbers show that there is an excess of 967 600 elementary workers, as well as 247 400 domestic workers.

A result of the above figures is that the shortage of skills suffered by the nation will have a negative effect on the country’s economic growth (ADCORP, 2013).

1.11 The solution

Businesses need to find solutions to curb employee turnover. Numerous studies have been conducted to reduce turnover, but as per Deloitte’s National Remuneration Guide Survey, South African companies only had an average retention rate of 82.4% and in 2006 88.4% in 2005 (Deloitte, 2007).

Organisations need to be structured to reduce turnover, strategies must be implemented, and buy-in achieved from all employees on every level in the organisation, including senior managers and executives, to ensure an average retention rate of >90% is achieved.

Chapter 2 - Literature review

2.1 Why is retention important?

According to Samuel and Chipunza (2009), “the main purpose of retention is to prevent the loss of competent employees from leaving the organisation as this could have adverse effects on productivity and profitability” (Samuel & Chipunza, 2009, p. 411). As per Nkomo and Thwala (2009), employees who remain with the firm have their morale affected when employees leave, as the employees who stay behind are not certain about their job security and their possibilities in the firm.

Holton, Mitchell, Lee and Eberly (2008) found that “given the development of new managerial approaches to retention, labour market dynamism, and evolution in research methodology and technology, it is not surprising that turnover continues to be a vibrant field of research despite more than 1 500 academic studies addressing the topic” (Holtom, Mitchell, Lee, & Eberly, 2008, p. 232).

2.2 Calculation of turnover rate

To calculate an annual turnover rate of an organisation, one uses the ratio of the total number of employees who have left the organisation over the average number of employees employed in the organisation during the same period. The number of employees who have left the organisation includes both voluntary and involuntary employee terminations, including retirements, resignations, dismissals and retrenchments.

Use the sum of the number of employees employed for the preceding 12 months and divide that number by 12. This is the average monthly employment.

The total number of separations for the past 12 months must be determined by adding the number of employees who have left the organisation using the same period (12 months). The numbers may be skewed due to variations in seasonal employees and employees who were terminated because of retrenchments.

The calculation of the annual employee turnover rate is the ratio of the number of employees who have left the organisation over the past year over the average number of employees employed in the organisation for the same period. This number is expressed as a percentage (Chron, 2013).

The calculation of retention rate is one minus the turnover rate calculated above.

It is of utmost importance to identify and indicate the terminations (voluntary or involuntary) that are used to calculate the retention or turnover rate of an organisation. It is also important to use the same calculation throughout. As indicated above, in some cases using both voluntary and involuntary terminations may skew the percentage (McConnell, 1999).

2.3 Cost of turnover

A recurring topic among HR managers is retention (Kulik, Treuren, & Bordia, 2012). To recruit and train a replacement can cost an organisation as much as 150% of the salary that was paid to the employee that left (Cascio & Boudreau, 2008). Costs that cannot be seen on a company's income statement are also associated with high turnover, as when employees leave organisations, the organisation loses both generic and company specific knowledge (Somaya & Williamson, 2008).

2.4 Measures to reduce quit rates

Turnover has tangible and intangible effects on organisations. Because of this, business leaders should design programmes that include generous employee benefits, opportunities to agree to more flexible work arrangements, opportunities for career succession and other initiatives, with the goal of reducing employee turnover (Haines, Jalette, & Larose, 2010). Time, money and resources must be devoted by companies if they are to understand and implement diverse employee retention strategies (Nkomo & Thwala, 2009).

It was found by Deery (2008) that in order to retain good staff, organisations must assist in balancing work and family life. Creating a work life balance will decrease employee turnover causes such as stress, work overload, and insufficient job satisfaction (Deery, 2008).

Govaerts, Kyndt, Dochy and Baert (2011) argued that “an appreciative learning and working climate has a predictive value in terms of retention” (Govaerts, Kyndt, Dochy, & Baert, 2011, p. 47). James and Mathew (2012) found in their research that implementing retention strategies would have an impact on an employee’s intention to stay, such as career development, financial strategies, flexi work and regular appraisals (James & Mathew, 2012), therefore employers who provide training, offer lateral transfers and promote internally may decrease their turnover rate (Haines, Jalette, & Larose, 2010). Joy and Radhakrishnan (2012) found that “retaining good staff starts with the recruitment phase” - the goal is to attract a top performer who will stay with the company for as long as possible (Joy & Radhakrishnan, 2012, p. 68).

Hausknecht, Rodda and Howard (2009) found “twelve content related factors that are partially responsible for an employee’s decision to stay:

- ❖ Advancement opportunities
- ❖ Constituent attachments
- ❖ Extrinsic rewards
- ❖ Flexible work arrangements
- ❖ Investments
- ❖ Job satisfaction
- ❖ Lack of alternatives
- ❖ Location
- ❖ Non-work influences
- ❖ Organizational commitment

- ❖ Organizational justice
- ❖ Organizational prestige” (Hausknecht, Rodda, & Howard, 2009, p. 282).

2.5 Why employees leave organisations

Employees leave organisations for various reasons. On the micro-economic side, employees leave organisations voluntarily due to job satisfaction and organisational commitment (Felps, et al., 2009), and when employees feel that they are not growing with the organisation they look externally (Govaerts, Kyndt, Dochy, & Baert, 2011). Job related stress, lack of commitment in the organisation and job dissatisfaction adds to an employee’s decision to quit (James & Mathew, 2012).

2.6 Talent management

According to Heathfield (2013) and Stahl et al. (2007), talent management is an organisation’s commitment to recruit, attract, select, retain and develop the most talented employees that are available to them (Heathfield, 2013); (Stahl, et al., 2007).

2.7 HR department, HR practices and policies

Dobre (2012) said an organisation’s overall performance might be improved through its employees by human resource management. “Therefore, if the right human resource policies are implemented, the human resource management will have a direct and significant impact on the organizational performance” (Dobre, 2012, p. 37).

Welbourne and Andrews (1996) found that companies who viewed Human Resources as valuable was more likely to survive as a company, compared to companies that viewed HR as not valuable (Welbourne & Andrews, 1996).

HR professionals should formulate and manage HR policies and practices, including recruiting, selecting, training, performance appraisal and compensation.

These are important activities to manage day-to-day human resources. In order to effectively manage talent, there must be a link between the organisation's internal strategies and goals, and the strategy the organisation has implemented to retain talent (Michaels, Handfield-Jones, & Axelrod, 2001).

The HR department is an integral part of the organisation as it is called upon to assist the organisation with new ideas and strategies to attract the best talent, to retain key talent and to assist with the implementation of enhanced workforce diversity (Ryan & Tippins, 2004).

Results of research by Allen, Shore and Griffeth (2003) stated that "Two independent samples indicated that perceptions of supportive HR practices (participation in decision making, growth opportunities, and fairness of rewards/recognition) were consistently positively related to Perceived Organisational Support (POS)" (Allen, Shore, & Griffeth, 2003).

According to Schuler, Jackson and Tarique (2010), "HR professionals contribute more when the HR policies and practises are closely aligned with the firm through a thorough understanding of the strategy and directions of the firm" (Schuler, Jackson, & Tarique, 2010, p. 513).

Guthridge et al. (2008) argued that the only specialists in an organisation that can translate a business strategy into a talent strategy are the Human Resources practitioners, as they are able to forecast the amount of employees the company would require to execute the business strategy, in which department these individuals are required, and the type of skills that the organisation requires (Guthridge, Komm, & Lawson, 2008).

Schuler et al. (2010) were of the opinion that "specific aspects of some HR policies and practices that can be systematically selected and coordinated by multinational firms in their global talent management initiatives include:

- ❖ Location planning and relocation management

- ❖ HR planning and forecasting
- ❖ Staffing
- ❖ Attraction and selection
- ❖ Retention
- ❖ Reduction
- ❖ Removal
- ❖ Training and development
- ❖ Performance assessment, and
- ❖ Compensation” (Schuler, Jackson, & Tarique, 2010, p. 510).

Further, as per Stahl et al. (2007), “the three sets of practices that encompass most talent management activities are:

- ❖ Recruitment, staffing and succession planning
- ❖ Training and development
- ❖ Retention management” (Stahl, et al., 2007, p. 10).

Considering the role the HR department plays in an organisation, it can be assumed that the existence of an HR department within an organisation will have a positive effect on the retention of employees, this leads to the first Hypothesis (H₁).

2.8 HR reporting structure and alignment of goals

It is becoming expected that HR departments will function as a business unit within the business, rather than merely playing a supporting role to the rest of the organisation. HR business units must have their own vision and strategy; they must define where they are heading as a business and they must define their goals and the resources that will be required to carry out their vision (Ulrich, Younger, & Brockbank, 2008).

Schuler and Jackson (2005) stated that “two guiding assumptions of strategic human resource management are that effective human resource management requires an understanding of and integration with an organization’s strategic objectives and effective human resource management leads to improved organizational performance” (Schuler & Jackson, 2005, p. 3). For human resource management to be effective, discussions of strategic HR matters must be held at senior level in the organisation (Storey, 1992).

Stakeholders whose involvement is important for future investments in Human Resource management are senior executives (Guest & Conway, 2011). It is important for HR to have a direct report to senior executives as individuals at the highest level can assist with the development and implementation of HR strategies and policies, using their strategic oversight of the business as a whole (Wright, McMahan, Snell, & Gerhart, 2001).

In a study conducted by Andersen and Minbaeva (2013), it was found that it is very important for an HR practitioner to have good relationships with their colleagues who are also on the corporate leadership team, but it is more important to have a relationship with the CEO. The results of the study found that by implementing an HR strategy that is collaborative, employee commitment increases (Andersen & Minbaeva, 2013).

HR professionals who perform corporate HR roles are important in an organisation as they address important areas. The important areas as per Ulrich et al. (2008) are;

- ❖ “They create a consistent firm wide culture face and identity that has a direct influence on the recruitment of new employees
- ❖ They shape the programs that implement the CEO’s agenda
- ❖ They ensure that all HR work done within the corporation is aligned to business goals

- ❖ They arbitrate disputes between centres of expertise and embedded HR
- ❖ They take primary responsibility for nurturing corporate-level employees that in turn has a positive effect as a result of succession planning
- ❖ They ensure HR professional development” (Ulrich, Younger, & Brockbank, 2008, p. 839).

It has been found that a relationship exists between who HR report to in an organisation and employee’s commitment, therefore it can be derived that the reporting structure of the HR practitioner will influence employee’s retention positively. This lead to the formulation of the second Hypothesis (H2).

2.9 Development of strategies for retention

As stated by Bordia, Restubog, Jimmieson and Irmer (2011), as well as Allen et al. (2003), there is interest among practitioners and academics to develop strategies that can be implemented in organisations, and organisations in turn can use these strategies to reduce employee turnover (Bordia, Restubog, Jimmieson, & Irmer, 2011); (Allen, Shore, & Griffeth, 2003).

The message is therefore that “organizational leaders must develop clear strategies for attracting and retaining good employees” (Holtom, Mitchell, Lee, & Inderrieden, 2005, p. 337). Chiboiwa, Samuel and Chipunza (2010) concluded, “When managers perfectly understand why employees want to leave, it is then that a workable retention strategy can be devised to arrest such intention. There is also the need for organisations to properly align retention practises with the needs and values of employees” (Chiboiwa, Samuel, & Chipunza, 2010, p. 2108).

As mentioned above and supported by Hausknecht et al. (2008), “retention is a critical element of an organisation’s more general approach to talent management” (Hausknecht, Rodda, & Howard, 2008, p. 4).

Kyndt, Dochy, Michielsens and Moeyart (2009) said that companies should be made aware that their key talent is at risk of leaving the organisation if policies that are implemented are not future orientated and strategic. “Companies may develop practices to identify, select, develop, and retain promising employees in order to ensure the presence of necessary skilled workers who can secure the quality and quantity of goods or services they provide and who can maintain their competitive advantage” (Kyndt, Dochy, Michielsens, & Moeyaert, 2009, p. 2).

Shuler and Jackson (2010) found there is a wide variety of Human Resource policies and practices that companies of all sizes must take advantage of to address their current turnover challenges and concerns. They stated that “Talent management refers to the systematic use of specific HR policies and practices to manage the several talent challenges that a firm confronts”. Specific HR policies and practices that are related to certain factors include: “location and relocation management, planning and forecasting, staffing (to include attracting, selecting, retaining, reducing and removing), training and developing, and evaluating employees consistent with a firms strategic direction while taking into account the evolving concerns of the workforce and regulatory requirements” (Schuler & Jackson, 2010, p. 3).

Beechler and Woodward (2009) were of the opinion that “due in part to the existence of many forces and shapers of the global talent challenges, there are many possible HR policies and practices that firms can use in their global talent management initiatives” (Schuler & Jackson, 2010, p. 7) ; (Beechler & Woodward, 2009).

As found by Mowday (1984), a dominant concern for researchers is the formulation of strategies to increase employee retention. “Organisations need to consider alternative approaches to dealing with turnover, including strategies that may allow the organisation to operate effectively even though turnover rates remain high” (Mowday, 1984, p. 379).

Given that turnover rates are likely to increase and remain high in the future, it may be more a matter of necessity than choice to implement retention strategies, as employee turnover will be an even more important problem going forward (Mowday, 1984) .

It is therefore important to make a thorough and rigorous analysis of the problem, examining the reasons why employees leave (Felps et al., 2009; Govaerts et al. 2011; James & Mathew, 2012) and gathering data on the impact of their decisions on organisational effectiveness (Felps et al., 2009; Haines et al. 2010; James & Mathew, 2012; Ratna & Chawla, 2012). It is also important to have a good indication of the cost of employee turnover (Cascio & Boudreau, 2008; Somaya & Williamson, 2008; James & Mathew, 2012; Dibble, 1999); (Mowday, 1984).

Time, money and resources must be given up by companies to understand and implement diverse employee retention strategies (Nkomo & Thwala, 2009), as “retention strategies have an impact on intention to stay” (James & Mathew, 2012, p. 84).

Organisations who develop and implement retention strategies will lower their turnover rate. Therefore, the third Hypothesis (H₃) was concluded.

2.10 Involvement of business leaders and senior management

Lockwood (2006) claimed that “In today’s global economy, companies must continually invest in human capital. In the role of business partner, HR leaders work closely with senior management to attract, hire, develop and retain talent”. Factors like organisational culture, employee engagement and leadership development have a significant impact on the retention of talent. “An integrated approach to talent management offers a pathway toward sustaining outstanding business results” (Lockwood, 2006, p. 2). It was found by Andersen and Minbaeva (2013) that in an organisation where HR forms part of the divisional management teams and part of all strategic conversations that employee commitment is high, which therefore has a positive effect on retention (Andersen & Minbaeva, 2013).

Judging from two McKinsey Quarterly global surveys, business leaders are deeply concerned about their ability to attract and retain talent. In 2006 it was found that finding talented people is likely to be the single most important managerial preoccupation for the rest of this coming decade, and in November 2007 it was found that half of the respondents expected intensifying competition for talent to have a major effect on their companies over the next five years (Guthridge, Komm, & Lawson, 2008).

Reflecting these concerns, PriceWaterhouseCoopers' 11th Annual Global Survey showed that 89% of CEOs surveyed put the 'people's agenda' as one of their top priorities. 58% of CEOs were strongly in agreement that one of their personal priorities is people. "A smaller but still significant number of CEOs (67%) 'agree' or 'agree strongly' that their own time is best spent on people. Slightly fewer (60%) believe that their management spends adequate time on people issues during periods of strategic change" (PriceWaterHouseCoopers, 2013, p. 35).

A deep concern for CEOs is the competition for talent and the competence of their own HR departments. Two thirds of CEOs surveyed were of the opinion that their organisations needed to find new ways to recruit, train and retain employees. However, only 43% trusted that their internal Human Resource functions had the ability to meet these goals. In order for HR practitioners to retain talent and reach the targets agreed to, HR must be aligned to their organisation's vision and goals. The right people in the right position are a very important aspect in this fast changing, highly competitive market; employees determine their organisation's agility and competitiveness (PriceWaterHouseCoopers, 2013).

Further findings from a survey of CEOs of 114 leading companies across diverse sectors found that 80% of the participants felt that human resource issues correlate positively to the success of the organisations. People challenges are being discussed more often around the boardroom due to the threat of inadequate supply of talented employees. The right people are required to execute strategies, which is why talented employees are the biggest differentiator between successful and

unsuccessful companies. It is for this reason that CEOs are playing the role of Chief Talent Officers; it is as important for the CEO to recruit, train and retain talent as it is a key performance indicator for HR practitioners (The Economic Times, 2013).

A typical example was provided by Axelrod, Hanfield-Jones and Michaels (2001): a CEO leading a struggling company realises that talent is the key to growth and staffs the organisation with high quality personnel. The company's performance improves dramatically over the following three years, profits grow and the company's stock price almost doubles. It was said, "Talent was not the only lever but was the most important thing. It was said that without talent, most of the other actions would not have been successful" (Axelrod, Handfield-Jones, & Michaels, 2001, p. 54).

Axelrod et al. (2001) further found that "the first thing leaders need to understand is that better talent management does not come from having better HR processes or a better HR department. It comes mostly from having leaders and managers at all levels who embrace a talent mind-set" (Axelrod, Handfield-Jones, & Michaels, 2001, p. 54).

Senior executives are frustrated as expensive talent management efforts have failed. Vast sums have been invested in HR systems and processes, but talent issues are being discussed more regularly at boardroom tables. Talent strategies cannot only focus on top performance; a blanket approach to retention cannot be adopted as people from different cultures and age groups want different things. It is also important that all senior managers realise that HR requires capabilities and encouragement to develop effective solutions. By focusing on these strategies, talent management will have a positive influence on the business strategy (Guthridge, Komm, & Lawson, 2008).

Guthridge et al. (2008) found that failure to pay attention to talent management and retention has been acknowledged by senior managers and line managers. "It has been found that executives face certain obstacles; short term mind-set, minimal

collaboration and talent sharing among business units, ineffective line management, and confusion about the role of HR professionals” (Guthridge, Komm, & Lawson, 2008, p. 50).

Khilji and Wang (2006) believed that when HR practices do not work properly it can be attributed to certain factors such as poor quality, the lack of communication of the intended HR practices, lack of support for implementation from senior line managers, a ‘weak’ HR system, incompetence, and the reluctance of senior managers to implement HR strategies. The key factor affecting HR implementation is the assumption of senior managers that the HR practices are not effective, thus there is no buy-in from them (Khilji & Wang, 2007).

Considering the above, there is a clear message for all organisational leaders that they must be involved in the development and the implementation of coherent strategies if they are to have a positive effect on the retention of talent (Holtom, Mitchell, Lee, & Inderrieden, 2005).

It is important that senior and line managers are involved with the development, implementation and the management of retention strategies and policies. It can therefore be assumed that with management’s involvement, employee retention will increase and the fourth Hypothesis was derived (H4).

2.11 Spending on training as a retention tool

Govaerts et al. (2011) found that “learning and development can be considered as important retention-enhancing strategies” (Govaerts, Kyndt, Dochy, & Baert, 2011, p. 38), which correlates with the findings from Haines et al. (2010) that “there exists a strong positive association between employer-provided training and voluntary turnover rates” (Haines, Jalette, & Larose, 2010, p. 241).

It was confirmed by Ng and Butts (2009) that employers who provide training, offer lateral transfers and promote internally may decrease their turnover rate. In their study they found that providing learning in an organisation had a positive effect on an employee’s intention to stay (Ng & Butts, 2009). It was confirmed by Andersen

and Minbaeva (2013) that employee commitment is increased when an organisation ensures that they focus on employee development through training, as per the results of a study undertaken (Andersen & Minbaeva, 2013).

As per the above, organisations that spend time and money on the training and development of employees will increase their retention rate therefore Hypothesis five (H5) was derived.

2.12 Conclusion

High employee turnover has numerous intangible and tangible effects on organisations, therefore, as found by Holton et al. (2008), more than 1 500 academic studies have been conducted addressing the topic. To recruit and train a replacement can cost an organisation as much as 150% of the departing employee's salary, as claimed by Cascio and Boudreau (2008).

Haines et al. (2010) suggested that programmes should be designed and implemented to address turnover, while researchers such as Deery (2008), Govaerts et al. (2011), and James and Mathew (2012) suggested many monetary and non-monetary factors that should be implemented to increase retention rates. This was further confirmed by the twelve content related factors of employee retention found by Hausknecht et al. (2009).

Retention of talented and key employees is an important agenda point for HR and business leaders, but with the studies conducted and the research findings available, retention remains a business problem.

Dobre (2012) found that an organisation's overall performance might be improved through its employees by Human Resource management. The role of HR has changed from a cost centre that merely deals with re-active employee related issues, to a business unit within the business as found by Ulrich et al. (2008). The implementation and management of successful Human Resource policies and achievement of the goals of the organisation can only be achieved when

discussions of strategic HR matters are held at a senior level in the organisation (Storey, 1992).

HR must have relationships with individuals at all levels of the organisation, but as found by Andersen and Minbaeva (2013), it is more important to have a relationship with the CEO. It is therefore clear that leaders in the organisation must be involved with HR in the development and implementation of retention strategies to attract and retain talented employees (Holtom, Mitchell, Lee, & Inderrieden, 2005).

The implementation of retention strategies and HR policies are not enough; the strategies will only be effective when leaders and managers at all levels embrace a talent mind-set (Axelrod, Handfield-Jones, & Michaels, 2001).

Khilji and Wang (2006) believed that when HR practices do not work properly it can be attributed to certain factors such as poor quality, the lack of communication of the intended HR practices, lack of support for implementation from senior line managers, a 'weak' HR system, incompetence and the reluctance of senior managers to implement HR strategies.

Once the retention strategies are implemented and supported by senior management, resources must also be spent to increase retention rates, as Govaerts et al. (2011) explained that spending time and money on learning and the development of employees has a positive effect on an employee's decision to stay with an organisation and is thus an important retention tool.

Chapter 3 - Hypotheses

The objective of this research is to find out if certain organisational structures, such as reporting structures and the implementation of retention strategies, have a positive effect on an organisation's retention rate. Prior to conducting a statistical test it is necessary to establish what is known as a null hypothesis. A null hypothesis is set up which the statistical test, the Fisher's Exact Test, challenges (Riley, Wood, Clark, Wilie, & Szivas, 2000, p. 200).

3.1 Hypothesis 1

H₁₀: The proportion of companies where retention rate is 90%+ is independent of the existence of an HR Department.

H_{1a}: The proportion of companies where retention rate is 90%+ is dependent on the existence of an HR Department.

3.2 Hypothesis 2

H₂₀: The proportion of companies where retention rate is 90%+ is independent of who HR reports to at Head Office.

H_{2a}: The proportion of companies where retention rate is 90%+ is dependent on who HR reports to at Head Office.

3.3 Hypothesis 3

H₃₀: The proportion of companies where retention rate is 90%+ is independent of the fact that a company has a retention strategy.

H_{3a}: The proportion of companies where retention rate is 90%+ is dependent on the fact that a company has a retention strategy.

3.4 Hypothesis 4

H₄₀: The proportion of companies where retention rate is 90%+ is independent of if senior management is responsible for retention strategies.

H_{4a}: The proportion of companies where retention rate is 90%+ is dependent on if senior management is responsible for retention strategies

3.5 Hypothesis 5

H₅₀: The proportion of companies where retention rate is 90%+ is independent of the existence of a budget for training.

H_{5a}: The proportion of companies where retention rate is 90%+ is dependent on the existence of a budget for training.

Chapter 4 - Research methodology and design

4.1 Research design methods

The glue that holds the research project together is the research design. This was used to structure the research and to show how the most important aspects of the research worked together to address the research question. “The aspects included the samples or groups, measures, treatments and methods” (Coldwell & Herbst, 2004, pp. 35-36).

The research design used was a descriptive study, a descriptive research is designed to produce an accurate representation of persons, events or situations. The research method involved the collection of measurable, quantifiable data through questionnaire surveys. “Descriptive research can tell us a lot about the world around us”. (Saunders & Lewis, 2012, pp. 111-112).

The questionnaire was designed to find answers from respondents to test the hypotheses derived from the literature, as well as to test other independent variables that were not part of the literature review.

4.2 Population

“A population is the complete set of group members” (Saunders & Lewis, 2012, p. 132).

A sample was studied to generalise about a population and is representative of the population. There are many possible samples for each population. To gain information about a corresponding population parameter, a sample statistic is used (Easton & McColl, 2013).

The population for this research were all businesses that were members of Company X, a South African-based HR consulting firm with approximately 4 000 national clients.

This population was chosen as it was a well-represented population. The population consisted of large and small companies, representing most of the different sectors and industries in South Africa.

The survey was sent out to 6 802 email addresses that were captured from Company X's internal Client Relationship Management system.

4.3 Sampling

Coldwell and Herbst (2004) found that sampling is the act, process or the technique of selecting a part of a population that are representative to determine the parameters or characteristics of the entire population (Nzimande, 2012).

Coldwell et al. (2004: 73) defined the sampling frame as a "list of people from which the sample is taken, it should be comprehensive and up-to-date" (Coldwell & Herbst, 2004, p. 73). The sampling frame used was a list of all clients of Company X that were loaded on the Client Relationship Management system.

According to Saunders and Lewis (2012), "convenience sampling is a type of non-probability sampling in which the sample the researcher uses is those who are easy to obtain" (Saunders & Lewis, 2012, p. 140). This method of sampling was used due to the large sample frame. The survey questionnaire was sent out via Survey Monkey and the respondents were given from the 22nd of July 2013 until the 2nd of August 2013 to complete the survey.

4.4 Data collection tool

The process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes, is called data collection. The emphasis is on ensuring that accurate and honest data is collected during research (Faculty Development and Instructional Design Center, 2013).

When inaccurate data is collected the results of the research will be negatively impacted which will lead to invalid results, therefore data collection is an important aspect of any type of research study (Wisconsin, 2013).

Zikmund, Babin, Carr and Griffin (2013) suggested “Surveys provide a quick, inexpensive, efficient, and accurate means of assessing information about a population” (Zikmund, Babin, Carr, & Griffin, 2013, p. 186). Surveys are used when data is collected from a sizeable population in a structured manner. Due to the large population and sampling frame, the use of survey questionnaires were the most appropriate method for the research.

The use of web-based questionnaires are a new and growing methodology; these involve receiving an e-mail in which one can click on an address that would go to a secure web site to fill in a questionnaire. This type of research is often quicker.

A disadvantage of using an email survey is the possibility of excluding people who do not have access to a computer or the internet. A further disadvantage is that the validity is questionable as people might rush through the survey due to time constraints, and might not give accurate responses (Wisconsin, 2013).

The use of web based questionnaires, as a data collection method was an appropriate tool as almost every business owner, HR practitioner and senior manager have access to the internet. Survey Monkey was used to send the survey questionnaire to the email addresses captured from Company X’s system. The email addresses were loaded when the company became a client of Company X, or when work was done for the company.

4.5 Questionnaire design

Structured questions were asked in the survey questionnaire to ensure limits were imposed on the allowable responses (Zikmund, Babin, Carr, & Griffin, 2010). The questions were designed based on the literature review to find data to answer the hypotheses. Other variables were also included in the questionnaire that were not in the literature review, but which could be used for future research.

The questionnaire were designed to find personal information (question 1) but mainly organisational information including demographics (question 3 and 4), organisation reporting structure and the implementation and management of organisational Human Resource strategies. The questionnaire is as per Appendix B - .

The questions were asked to gather data to answer the hypotheses. Data were gathered regarding a dependent variable and various independent variables.

❖ Dependent variable

- Retention; questions 24 and 25

❖ Independent variables

- The existence of an HR department; question 5
- The internal reporting structure of HR; questions 8, 11, 13, 14
- The existence of a retention strategy; question 15
- The involvement of management of strategies; question 16
- The existence of an HR budget; question 23

Questions were further asked to gather data of numerous independent variables that could assist with future research for example:

- ❖ The use of external HR and IR consultants and practises; questions 17 to 22.

4.6 Pre-testing and validation

Riley, Wood, Clark, Wilkie and Szicas (2000) wrote that, in order to test whether the articulation of the selected method is adequate, a pilot study should be conducted. "Piloting is notably useful in clarifying the effectiveness and relevance of questions in a questionnaire. Piloting can be achieved by using a group of individuals who possess similar characteristics to the intended sample" (Riley, Wood, Clark, Wilie, & Szivas, 2000, p. 43).

A pilot survey was sent to three HR practitioners and two business owners. The respondents were asked to complete the survey and were then contacted to comment on the questions asked and the flow of the survey. It was discovered that the questions regarding the company's retention rate should be asked at the end of the questionnaire, and that the respondents should be informed that certain specific information would be required. Further, the pilot survey respondents commented that the company name should not form part of the questionnaire as it is not relevant. This was deleted from the questionnaire.

4.7 Data collection

The survey was sent out at 11:00 on Monday the 22nd of July 2013 to 6 802 email addresses. 1 019 emails were undelivered and 67 opted out and decided not to partake in the survey. A reminder email was sent on the 29th of July 2013.

On the 2nd of August 2013, 283 fully completed surveys were received. The survey was closed, as the number of responses was deemed relevant for the research.

It was found that 36 of the 283 surveys received were completed incorrectly. A rule was consistently applied that any surveys that were incorrectly completed were deleted from the sample.

The following surveys were deleted:

- ❖ Surveys where the respondents indicated that they had a retention rate of greater than 100%
- ❖ Surveys where the respondents indicated that they employ more employees in HR than the total staff complement

After the 36 surveys were deleted from the sample, the total sample consisted of 247 completed surveys.

4.8 Quantitative design

In order to determine the relationship between two variables (independent variable and a dependent variable) in a population, quantitative research is used. The design used in this quantitative research was descriptive (subjects usually measured once), as a descriptive study establishes associations between variables.

Weiers (2008) mentioned that “descriptive statistics summarises and describes the data collected whereby inferential statistics arrive at inferences regarding the phenomenon for which sample data were obtained” (Weiers, 2008, p. 5).

The characteristics of a descriptive study are that the data is gathered using structured research instruments; the results are based on sample sizes that are representative of the population; due to reliability the research can be repeated; a clearly defined research question or hypothesis is answered; and the data that are collected are analysed in number format (UCS Libraries, 2013).

The quantitative data collection method was used as it relies on a random sampling method and structured data collection tools. Results are produced that the researcher can easily analyse and compare. The research tested hypotheses derived from theory (Wisconsin, 2013).

A quantitative research approach was used for this research as Coldwell and Herbst (2004) indicated that “quantitative research involves the collection of primary data from large numbers of individual units with the intention of projecting the results to a wider population. The collection of data numbers and their classification provide the data. Essentially the quantitative approach describes, infers and resolves problems using numbers” (Coldwell & Herbst, 2004, p. 15).

4.9 Measurement method

A covering letter explaining the objectives of the research, with a consent paragraph and assuring confidentiality, was sent via email using Survey Monkey as a tool to the sample (Nzimande, 2012).

4.10 Data analysis

Riley et al. (2000) explained that, “The purpose of statistical tests is to enable the researcher to make some deduction about the data set. Statistical tests are devised contrived by mathematicians which permit analysts to determine whether or not some observed phenomenon is likely to be true” (Riley, Wood, Clark, Wilie, & Szivas, 2000, p. 198).

Measures of location were used to describe the stats (Weiers, 2008, p. 120). These measures indicated key points around which a data set was located. Riley et al. (2000) wrote that “The arithmetic mean is the sum of all values in the data set divided by the total number of observations in that set” (Riley, Wood, Clark, Wilie, & Szivas, 2000, p. 77).

Riley et al. (2000) further wrote that “the median is the value of the observation in a data set that divides that data set in half” (Riley, Wood, Clark, Wilie, & Szivas, 2000, p. 181).

“The observation that was found most in a data set is called the mode” (Riley, Wood, Clark, Wilie, & Szivas, 2000, p. 183). Descriptive statistics simply describe what the data are showing. They provide the researcher with a ‘bird’s eye’ view of how the data looks. The descriptive statistics discussed below were used in the analysis.

The Mean was calculated by summing the values of a variable for all observations and then dividing by the number of observations (Norusis, 2005). This describes the central tendency of the data.

The Median is considered to be another measure of central tendency. It is the middle value when observations are ordered from the smallest to the largest (Norusis, 2005).

Cross tabulation - also known as contingency tables - is a cross tabulation of two non-metric or categorical variables in which the entries are the frequencies of responses that fall into each cell of the matrix (Hair, Babin, & Anderson, *Multivariate Data Analysis*, 2010).

Norusis (2005) further added that when a table has counts of the number of cases with particular combinations of values of the two variables, the table is known as a cross tabulation (or simply crosstab). The observed counts and percentages in a cross tabulation describe the relationship between the two variables in the sample. However, additional steps must be taken should the researcher want to draw conclusions about the relationship of the variables in the population. The chi-square test is primarily used to test the null hypothesis that the two categorical variables are independent.

The simplest form of cross tabulation is the 2 by 2 table, where two variables are “crossed” and each variable has only two distinct values. For 2×2 tables, Fisher's exact test is computed when a table that does not result from missing rows or columns in a larger table has a cell with an expected frequency of less than 5 (Basic Statistics, 2013).

The statistical significance of a result is the probability that the observed relationship (e.g. between variables) or a difference (e.g. between means) in a sample occurred by pure chance (“luck of the draw”), and that in the population from which the sample was drawn, no such relationship or differences exist. Using less technical terms, one could say that the statistical significance of a result tells us something about the degree to which the result is “true” (in the sense of being “representative of the population”) (Van Steen, 2013).

More technically, the value of the p-value represents a decreasing index of the reliability of a result. The higher the p-value, the less it can be believed that the observed relationship between variables in the sample is a reliable indicator of the relationship between the respective variables in the population. Specifically, the p-value represents the probability of error that is involved in accepting the observed result as valid, that is, as “representative of the population”. In many areas of research, the p-value of 0.05* is customarily treated as a "border-line acceptable" error level (Elementary Concepts in Statistics, 2013).

Norusis (2005) highlighted that if the p-value is small enough (usually less than 0.05), one should reject the null hypothesis. Traditionally, 0.05 is used as the threshold for “small enough,” although a more stringent criterion of 0.01 is also used. These criteria are called the significance levels or alpha levels for a statistical significance test. If the p-value is less than 0.05, then the results are said to be “statistically significant” at the 5% level. For this research analysis a p-value of 0.05* was used to reject or accept the null hypotheses.

In order to test the hypotheses, said Saunders et al. (2012) “if the probability is small, less than 0.05 then the relationship is statistically significant. Rejecting the null hypothesis and accepting the alternate hypotheses” (Saunders & Lewis, 2012, p. 183).

4.11 Reliability and validity

In order to establish the reliability and validity of each research instrument, it is necessary first to clarify these concepts, and secondly to relate them to the research in question.

According to Hair et al. (2006), reliability is considered an assessment of the degree of consistency between multiple measurements of a variable. It is a measurement concept that represents the consistency with which an instrument measures a given performance or behaviour (Hair, Black, Babin, Anderson, & Tatham, 2006). A measurement instrument that is reliable will provide consistent

results when a given individual is measured repeatedly under near-identical conditions.

Validity, on the other hand, is a measurement concept that is concerned with the degree to which a measurement instrument actually measures what it purports to. Hair et al. (2006) showed that validity is present in many forms, the five most widely accepted being convergent, discriminant, non-mological, content, and construct validity, which are discussed below.

- ❖ Convergent validity assesses the degree to which two measures of the same concept are correlated. This will be determined through a factor analysis for each instrument.
- ❖ Discriminant validity is the degree to which two conceptually similar concepts are distinct. This was argued both in the previous and current Chapter, thus the researcher was satisfied with the level of discriminant validity of the three constructs.
- ❖ Non-mological validity refers to the degree that the summated scales of each construct make accurate predictions of the other concepts in a theoretically based model. Theoretical relationships were established in the previous Chapter, and these were tested on a practical level as described in the following Chapter.
- ❖ Content validity (or face validity) subjectively assesses the correspondence between the individual items and the concept. The objective is to ensure that the selection of scale items extends past merely empirical issues to include also theoretical and practical considerations. All measurement instruments have already been constructed and subsequently tested based on these terms, thus the researcher was satisfied with the level of content validity.
- ❖ Construct validity is the extent to which a set of measured variables actually represent the theoretical latent constructs they

are designed to measure. This was investigated by means of factor analysis. Factor analysis is a particularly useful as a tool for examining the validity of tests or the measurement characteristic of attitude scales. It will now be discussed further under the statistical analyses to be carried out (Hair, Black, Babin, Anderson, & Tatham, 2006).

4.12 Ethical consideration

Ethics are the standards of behaviour that guide the moral choices we make which govern our behaviour and our relationships with others. Since the research used primary data which involved our relationships with others, this is something that cannot be ignored. Ethical areas that may not be ignored are obtaining consent from the respondent, giving the respondent the opportunity to withdraw from the survey without penalty, informing the respondent of same and ensuring the information obtained will be kept confidential (Saunders & Lewis, 2012, pp. 75-76).

Ethical approval was obtained from the GIBS Research Ethics Committee prior to sending out the pilot survey as well as the final survey which was sent to 6802 email addresses.

4.13 Confidentiality

Preserving the privacy and anonymity of the respondents is one of the prime responsibilities of the research professional. The name and/or address of the respondents should not be disclosed to the sponsor of the research, unless prior agreement with the respondents has been reached on this matter.

The research reports that are compiled about a client's business matters should not be dispersed to any third parties or clients, as the people making use of research results also have rights and obligations. It should not be forgotten that their primary right is to expect objective and accurate data from the research professional. It is also crucial that they check to make sure that their instructions pertaining to confidentiality have been obeyed (Coldwell & Herbst, 2004, p. 19).

The communication details of the participants were not disclosed to anyone and the participants were informed about the issues of privacy. The participants' information was treated with the highest confidentiality to minimise any breach of agreement and jeopardy from participating in the survey (Nzimande, 2012).

The data were further aggregated to ensure confidentiality.

4.14 Limitations

A limitation could have been that the respondents were rushed while completing the questionnaire due to work pressures, that email addresses were no longer in use, that emails were sent to people that did not have the information, or the respondents did not wish to share company information.

Another limitation could have been that some of the recipients were employed by the same company, as more than one email address in some instances was loaded or branches could be loaded. The email addresses were filtered before they were sent but there is a probability that some were missed.

4.15 Consistency matrix

Table 1: Consistency matrix is a summary of the hypotheses derived from the literature review in Chapter 2. The question asked in the survey questionnaire shown for each hypotheses and the results found through the Fisher's Exact Test.

Table 1: Consistency matrix

HYPOTHESES	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
H ₁₀ : The proportion of companies where retention rate is 90%+ is independent of the existence of a HR Department.	Chew (2005) Ryan and Tippins (2004)	Question 5 in Questionnaire	Cross Tabulation / Contingency table and Fisher's Exact Test p-value of 0.442 not rejecting the null hypothesis.
H _{1a} : The proportion of companies where retention rate is 90%+ is dependent	Guthridge et al. (2008)		

HYPOTHESES	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
of the existence of a HR Department.			
H ₂₀ : The proportion of companies where retention rate is 90%+ is independent of who HR report to at Head Office. H _{2a} : The proportion of companies where retention rate is 90%+ is dependent of who HR report to at Head Office.	Storey (1992) Guest and Conway (2011) Andersen and Minbaeva (2013)	Question 13 in Questionnaire	Cross Tabulation / Contingency table and Fisher's Exact Test p-value of 0.016 rejecting of the null hypothesis, therefore inferring the alternative hypothesis
H ₃₀ : The proportion of companies where retention rate is 90%+ is independent of the fact that a company has retention strategy. H _{3a} : The proportion of companies where retention rate is 90%+ is dependent of the fact that a company has retention strategy.	James and Mathew (2012) Holtom et al. (2005) Kyndt et al. (2009)	Question 15 in Questionnaire	Cross Tabulation / Contingency table and Fisher's Exact Test p-value of 0.256 not rejecting the null hypothesis.
H ₄₀ : The proportion of companies where retention rate is 90%+ is independent of if senior management is responsible for retention strategies H _{4a} : The proportion of companies where retention rate is 90%+ is dependent of if senior management is responsible for retention strategies	Axelrod et al. (2001) Guthridge et al. (2008) Andersen and Minbaeva (2013) Khilji and Wang (2007)	Question 16 in Questionnaire	Cross Tabulation / Contingency table and Fisher's Exact Test p-value of 0.443 not rejecting the null hypothesis.
H ₅₀ : The proportion of companies where retention rate is 90%+ is independent of the existence of a budget for training.	Ng and Butts (2009) Haines et al. (2010)	Question 23 in Questionnaire	Cross Tabulation / Contingency tables and Fisher's Exact Test

HYPOTHESES	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
<p>H_{5a}: The proportion of companies where retention rate is 90%+ is dependent of the existence of a budget for training.</p>	<p>Andersen and Minbaeva (2013)</p> <p>Govaerts et al. (2012)</p>		<p>p-value of 0.048 rejecting the null hypothesis, therefore inferring the alternative hypothesis</p>

Chapter 5 - Results

This Chapter is a representation of the results received from the survey questionnaire that was sent to the sample population discussed in Chapter 4. A non-probability sampling technique was used.

A quantitative study was conducted to discover if a relationship existed between retention rate (dependent variable) and numerous other factors (independent variable), such as the existence of an HR department, the HR reporting structure, if there is a budget in the HR department, the existence of a retention strategy and who is responsible for the strategy. The study was conducted to find predictors that would influence retention rates in organisations.

5.1 Responses

The survey was sent to 6 802 email addresses. 1 019 emails were returned as undelivered, 67 opted out and decided not to partake in the survey, and 283 completed surveys were received. The survey was closed as the number of responses was deemed sufficient and relevant for the research conducted. The response rate was 4,89% ($6802 - 1019 = 5\ 783$).

5.2 Considerations

The calculation of employee retention was based on the number of employees who had left the organisation voluntarily over the past twelve months and the average number of employees employed over a period of twelve months. A period of twelve months was used as it is a reasonable time period to use to calculate average employee retention.

The reason only voluntary terminations were used in the calculation was due to the turbulent economic conditions in the South African labour environment and the

number of employees who had been terminated in South African companies due to retrenchments.

It was found that 36 of the 283 surveys received were completed incorrectly. A rule was consistently applied that any survey that was completed incorrectly was deleted from the sample.

The following surveys were deleted:

- ❖ Surveys where the respondents indicated that they had a retention rate of greater than 100%
- ❖ Surveys where the respondents indicated that they employ more employees in HR than their total staff complement

After the 36 surveys were deleted from the sample, the total sample consisted of 247 completed surveys. The response rate for this research was 4,27%.

Due to the different categories, a decision was made to recode some of the data sets. The recoding principle was used throughout the data analysis.

5.3 Derived variables created

Variables were recoded to make the data easier to use. The following variables were recoded into two categories to simplify the data.

The retention rate was categorised as retention rates >90% and retention rates of <=90%. For the purposes of evaluating the results a retention rate of >90% was deemed to be a good retention rate.

Table 2: Retention rate

Retention Rate	Frequency	%
<= 90%	106	42.9
90%+	141	57.1
Total	247	100.0

The sizes of the companies were also recoded for ease of reference into two categories; Large and Small. Companies with a staff complement of >60 employees were categorised as Large, and companies with a staff complement of <=60 employees were categorised as Small.

Table 3: Company size

Company Size	Frequency	%
1) Size < 5	9	3.6
2) 5 < Size < 10	14	5.7
3) 10 < Size < 30	64	25.9
4) 30 < Size < 60	44	17.8
5) 60 < Size < 100	33	13.4
6) 100 < Size < 200	21	8.5
7) 200 < Size < 500	28	11.3
8) 500 < Size	34	13.8
Total	247	100.0

116 of the 247 respondents came from large companies with a staff complement of >60 and 53% of the respondents represented small companies (<=60 employees)

Table 4: Size code

Size	Frequency	%
Large	116	47.0
Small	131	53.0
Total	247	100.0

5.4 Results – survey questionnaire

The following section is a representation and summary of the respondents that completed the questionnaire.

As seen in Appendix C – Positions of respondents, 32% of the respondents were on Director or Executive level, 33.2% were owners of their own businesses, and 38.5% were in managerial positions. This implies that more than two thirds of the respondents were on a senior level in their respective organisations.

Appendix D - covered a wide variety of the different types of industries in South Africa. Respondents representing 121 different industries completed the survey questionnaire. The sample was therefore a good representation of South African industries.

The industries were categorised into two categories, namely Blue Collar and White Collar industries. The categorisation was done based on the type of industry. White Collar industries employ knowledge workers and Blue Collar industries uses medium to unskilled workers to bring their products or services to the market. 59.1% of the sample represented Blue Collar industries. The categorization was not used to analyse the variables but was done to be used in future research.

Table 5: Industry classification

Industry Classification	Frequency	%
Blue Collar	146	59.1
White Collar	101	40.9
Total	247	100.0

24.3% of the industries which completed the survey were international companies with branches or subsidiary companies outside of South Africa's borders, as shown in Table 6: Type of organisation.

Table 6: Type of organisation

Type of organisation	Frequency	%
International	60	24.3
National	187	75.7
Total	247	100.0

As a result of the categorisation, 53% of the sample represented "small" companies and 47% represented "large" companies. A summary of the categories are shown in Table 7: Size category below.

Table 7: Size category

	Frequency	%
Large	116	47.0

	Frequency	%
Small	131	53.0
Total	247	100.0

34 of the respondents in the sample employed more than 500 employees, as per Table 8: Company sizes below.

Table 8: Company sizes

	Frequency	%
1) Size < 5	9	3.6
2) 5 < Size < 10	14	5.7
3) 10 < Size < 30	64	25.9
4) 30 < Size < 60	44	17.8
5) 60 < Size < 100	33	13.4
6) 100 < Size < 200	21	8.5
7) 200 < Size < 500	28	11.3
8) 500 < Size	34	13.8
Total	247	100.0

As summarised in Tables 9 – 14, the respondents utilised some external HR consulting services and benchmarking activities.

Of the 247 respondents, 56.7% utilised HR consultants.

Table 9: External HR consultants

	Frequency	%
No	107	43.3
Yes	140	56.7
Total	247	100.0

57% used IR consultants in their organisations.

Table 10: External IR consultants

	Frequency	%
No	106	42.9
Yes	141	57.1
Total	247	100.0

58% used external recruitment consultants to assist with their talent management requirements.

Table 11: External recruitment consultants

	Frequency	%
No	103	41.7
Yes	144	58.3
Total	247	100.0

Only 21.9% were members of HR associations and 20.2% subscribed to HR magazines to ensure they are up to date with the latest industry developments.

Table 12: Member of an HR association

	Frequency	%
No	193	78.1
Yes	54	21.9
Total	247	100.0

Table 13: Subscribe to an HR magazine

	Frequency	%
No	197	79.8
Yes	50	20.2
Total	247	100.0

55% of the respondents utilised benchmarking to ensure they paid competitive salaries.

Table 14: Utilise benchmarking

	Frequency	%
No	111	44.9
Yes	136	55.1
Total	247	100.0

Table 15: Number of branches describes the total number of branches of the organisations that responded. The average number of branches in the sample was 14 and one respondent had a total of 700 branches.

Table 15: Number of branches

	247
	0
Mean	14.09
Median	2.00
Std. Deviation	55.083
Minimum	0
Maximum	700

5.5 Descriptive statistics - Hypotheses

To ensure a summary is provided of the sample population, descriptive statistics will be discussed.

The average number of employees in the sample of respondents that answered the question was 6.82.

The maximum number of employees employed in the HR department was 120. This result could be due to companies which had numerous branches and a big staff complement.

Table 16: Number of employees employed in HR department

Statistics - Number of employees employed in HR Department		
N	Valid	124
	Missing	123
Mean		6.82
Median		2.50
Std. Deviation		13.989
Minimum		1
Maximum		120

As per Table 17: Dedicated HR department below, of the 247 respondents, 50.2% had a dedicated Human Resources department as part of their organisation.

Table 17: Dedicated HR department

Dedicated HR Department	Frequency	%
No	123	49.8
Yes	124	50.2
Total	247	100.0

44% of the respondents that could answer the question said that HR reports to the CEO or MD in their organisations, 6% said to the CFO and 10.9% said to other Directorship level. Of the sample, 60.9% of the organisations had HR departments that report to senior management.

Table 18: HR reporting structure

	%
CEO/MD	44.1
CFO	6.1
Line Management	5.7
N/A	30.8
No-one	2.4
Other Directorship	10.9
Total	100.0

The average retention rate of the respondents was 87.3%. There were outliers, however, as the lowest retention rate was 6.25%. The company with a retention rate of 6.25% was in Financial Services, an industry known for its high turnover as per Temkin (2013).

Table 19: Turnover and retention rate

	N	Mean	Median	Minimum	Maximum
	Valid				
Turn Over Rate	247	12.69%	7.92%	0.00%	93.75%
Retention Rate	247	87.30%	92.07%	6.25%	100.00%

Only 27.7% of the respondents had a formal retention strategy implemented in their organisations. 247 respondents answered the question.

Table 20: Formal retention strategy

	Frequency	%
No	176	71.3
Yes	71	28.7
Total	247	100.0

Of the respondents who could answer the question, 14.6% stated that the CEO or MD was responsible for the retention strategy in the organisation, 6.8% of the respondents submitted that the CFO and other directors were responsible, and 7.3% said that HR had been allocated that responsibility.

Table 21: Responsible for retention strategy

	Frequency	%
CEO/MD	36	14.6
CFO	1	.4
HR	18	7.3
Line Management	8	3.2
N/A	1	.4
Other Directorship	7	2.8
Total	71	28.7
System	176	71.3
Total	247	100.0

The average number of employees who had left the employ of a company was 33. The maximum number of employees who had left the employ of an organisation during the past 12 months was 766. This company was an IT company that employed 4800 employees. Their retention rate was 84%.

The average staff complement for the preceding 12 months of the respondents that represented their companies was 333. The company that employed the most people had 10 000 employees.

Table 22: Number of resignations and average staff complement

	N	Mean	Median	Minimum	Maximum
	Valid				

	N	Mean	Median	Minimum	Maximum
Number of employees who left the company voluntary (resignations) during the last 12 months	247	33.66	4.00	0	766
Average staff complement during the past 12 months	247	332.57	50.00	1	10000

55.9% of the respondents that had an internal HR department had a budget in the department to spend on training.

Table 23: Budget in the HR department

	Frequency	%
N/A	44	17.8
No	65	26.3
Yes	138	55.9
Total	247	100.0

5.6 Hypotheses testing

All the hypotheses were tested using Fisher's Exact Test due to all cross tabulations conforming to the 2x2 matrix. Where a p-value of $< 0.05^*$ was found, the researcher felt comfortable to dismiss the chance / explanation, meaning the Null Hypotheses was rejected (Thisted, 1998).

All five hypotheses were addressed in the same sequence as the respective answers appeared in the questionnaire survey.

5.7 Hypothesis 1

H₁₀: The proportion of companies where retention rate is 90%+ is independent of the existence of a HR Department.

H_{1a}: The proportion of companies where retention rate is 90%+ is dependent on the existence of a HR Department.

The hypothesis was derived from the literature review and question 5 of the survey questionnaire was used as the data collection tool to gather the data to test the hypothesis.

Question 5: Does your company have a dedicated HR Department?

Table 24: Dedicated HR department - cross tabulation

Retention rate		No	Yes	Total
<= 90%	Sample size	56	50	106
	% of sample	52.8%	47.2%	100.0%
> 90%	Sample size	67	74	141
	% of sample	47.5%	52.5%	100.0%
Total	Sample size	123	124	247
	% of sample	49.8%	50.2%	100.0%

Table 25: Fisher's Exact Test

P-value	Comments
0.442	0 cells (.0%) have expected count less than 5. The minimum expected count is 52.79

After conducting the Fisher's Exact Test, a p-value of 0.442 was determined thus the null hypothesis was not rejected; the existence of an HR department has no impact on the retention rate of companies.

Organisations that do not have an internal HR Department show a statistically higher proportion retention rate at <= 90%.

5.8 Hypothesis 2

H₂₀: The proportion of companies where retention rate is 90%+ is independent of who HR reports to at Head Office.

H_{2a}: The proportion of companies where retention rate is 90%+ is dependent on who HR reports to at Head Office.

The hypothesis was derived from the literature review and question 13 of the survey questionnaire was used as the data collection tool to gather the data to test the hypothesis.

Question 13: Who does HR report to at Head Office?

Table 26: HR reporting structure – cross tabulation

Retention Rate		CEO,MD, CFO, Directors	Line Manager, No-one	Total
<= 90%	Sample size	61	14	75
	% of sample	81.3%	18.7%	100.0%
> 90%	Sample size	90	6	96
	% of sample	93.8%	6.3%	100.0%
Total	Sample size	151	20	171
	% of sample	88.3%	11.7%	100.0%

Table 27: Fisher's Exact Test

P-value	Comment
0.016	0 cells (.0%) have expected count less than 5. The minimum expected count is 8.77

After conducting a Fisher's Exact Test, a p-value of 0.016 was found resulting in the rejection of the null hypothesis, therefore inferring the alternative hypothesis.

Organisations that have a higher proportion reporting to senior management show a statistically higher retention rate.

Those with 90%+ retention have a large number reporting to senior management (94%) than those with <= 90% (81%).

5.9 Hypothesis 3

H₃₀: The proportion of companies where retention rate is 90%+ is independent of the fact that a company has a retention strategy.

H_{3a}: The proportion of companies where retention rate is 90%+ is dependent on the fact that a company has a retention strategy.

The hypothesis was derived from the literature review and question 15 of the survey questionnaire was used as the data collection tool to gather the data to test the hypothesis.

Question 15: Does your organisation have a formal retention strategy?

Table 28: Retention strategy - cross tabulation

Retention rate		No	Yes	Total
<= 90%	Sample size	80	26	106
	% of sample	75.5%	24.5%	100.0%
> 90%	Sample size	96	45	141
	% of sample	68.1%	31.9%	100.0%
Total	Sample size	176	71	247
	% of sample	71.3%	28.7%	100.0%

Table 29: Fisher's Exact Test

P-value	Comments
0.256	0 cells (.0%) have expected count less than 5. The minimum expected count is 30.47

After conducting a Fisher's Exact test a p-value of 0.256 was found, resulting in the confirmation of the null hypothesis.

Organisations that do not have a retention strategy show a statistically higher proportion at <=90% retention rate.

5.10 Hypothesis 4

H₄₀: The proportion of companies where retention rate is 90%+ is independent of if senior management is responsible for retention strategies.

H_{4a}: The proportion of companies where retention rate is 90%+ is dependent on if senior management is responsible for retention strategies.

The hypothesis was derived from the literature review and question 16 of the survey questionnaire was used as the data collection tool to gather the data to test the hypothesis.

Question 16: Who is responsible for retention strategies in your organisation?

Table 30: Senior management responsibility for retention - cross tabulation

Retention rate		CEO, MD CFO, Directors	HR, Line Manager	Total
<= 90%	Sample size	14	11	25
	% of sample	56.0%	44.0%	100.0%
> 90%	Sample size	30	15	45
	% of sample	66.7%	33.3%	100.0%
Total	Sample size	44	26	70
	% of sample	62.9%	37.1%	100.0%

Table 31: Fisher's Exact Test

P-value	Comments
0.443	0 cells (.0%) have expected count less than 5. The minimum expected count is 9.29

After conducting a Fisher's Exact test a p-value of 0.443 was found, resulting in the confirmation of the null hypothesis.

5.11 Hypothesis 5

H₅₀: The proportion of companies where retention rate is 90%+ is independent of the existence of a budget for training.

H_{5a}: The proportion of companies where retention rate is 90%+ is dependent on the existence of a budget for training.

The hypothesis was derived from the literature review and question 23 of the survey questionnaire was used as the data collection tool to gather the data to test the hypothesis.

Question 23: Does your HR department have a budget (training, consulting services, etc.)?

Table 32: Training budget – cross tabulation

Retention rate	No	Yes	Total
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Retention rate		No	Yes	Total
<= 90%	Sample size	35	53	88
	% of sample	39.8%	60.2%	100.0%
> 90%	Sample size	30	85	115
	% of sample	26.1%	73.9%	100.0%
Total	Sample size	65	138	203
	% of sample	32.0%	68.0%	100.0%

Table 33: Fisher's Exact Test

P-value	Comments
0.048	0 cells (.0%) have expected count less than 5. The minimum expected count is 28.18

After conducting a Fisher's Exact test a p-value of 0.048 was found, resulting in the rejection of the null hypothesis, therefore inferring the alternative hypothesis.

Organisations that have a higher proportion with a budget for training show a statistically higher retention rate.

Looking at the crosstabs/contingency tables above, those with 90%+ retention have a large number with a budget. 73.9% than those with <= 90% (26.1%).

5.12 Other independent variables

Questions that were not derived from the literature in Chapter 2 were also asked as part of the survey questionnaire. The independent variables were analysed using cross tabulation and a p-value was derived using Fisher's Exact Test. The results can be found in Appendix E Other independent variables and can be used for future research.

5.13 Summary

Below, Table 34: Summary of hypotheses and results is a summary of the five hypotheses stated in Chapter 3 and the results shown in Chapter 5 using the statistical measures described in Chapter 4.

Table 34: Summary of hypotheses and results

	HYPOTHESES	RESULT	REJECT / ACCEPT
H1	H ₁₀ : The proportion of companies where retention rate is 90%+ is independent of the existence of a HR Department.	p-value of 0.442	Confirm the null hypothesis
	H _{1a} : The proportion of companies where retention rate is 90%+ is dependent of the existence of a HR Department.	p-value of 0.442	Reject the alternate hypothesis
H2	H ₂₀ : The proportion of companies where retention rate is 90%+ is independent of who HR report to at Head Office.	p-value of 0.016	Reject the null hypothesis
	H _{2a} : The proportion of companies where retention rate is 90%+ is dependent of who HR report to at Head Office.	p-value of 0.016	Confirm the alternate hypothesis
H3	H ₃₀ : The proportion of companies where retention rate is 90%+ is independent of the fact that a company has retention strategy.	p-value of 0.256	Confirm the null hypothesis
	H _{3a} : The proportion of companies where retention rate is 90%+ is dependent of the fact that a company has retention strategy.	p-value of 0.256	Reject the alternate hypothesis
H4	H ₄₀ : The proportion of companies where retention rate is 90%+ is independent of if senior management is responsible for retention strategies	p-value of 0.443	Confirm the null hypothesis

	HYPOTHESES	RESULT	REJECT / ACCEPT
	H _{4a} : The proportion of companies where retention rate is 90%+ is dependent of if senior management is responsible for retention strategies	p-value of 0.443	Reject the alternate hypothesis
H5	H ₅₀ : The proportion of companies where retention rate is 90%+ is independent of the existence of a budget for training.	p-value of 0.048	Reject the null hypothesis
	H _{5a} : The proportion of companies where retention rate is 90%+ is dependent of the existence of a budget for training.	p-value of 0.048	Confirm the alternate hypothesis

Chapter 6 - Discussion of Results

This Chapter is a discussion of the results found in Chapter 5 regarding the hypotheses stated in Chapter 3, based on the review of literature found in Chapters 1 and 2.

Five hypotheses were stated and analysed; this Chapter will discuss each hypothesis based on the corresponding literature and results found. The results in Chapter 5 were found from a sample of 247 respondents who completed a survey questionnaire.

South African companies had an average staff retention of 87.4% in 2007, according to the National Remuneration Guide Survey conducted by Deloitte in February 2007 (Deloitte, 2007). The average staff retention of the 247 respondents of the sample population used in this research was 87%.

6.1 Hypothesis 1

The aim of hypothesis one was to establish if a relationship exists between the existence of an HR Department and a retention rate > 90%.

H₁₀: The proportion of companies where retention rate is 90%+ is independent of the existence of an HR Department.

H_{1a}: The proportion of companies where retention rate is 90%+ is dependent on the existence of an HR Department.

The HR department is like the backbone of the organisation (Chew, 2005), and the only specialists in an organisation that can translate a business strategy into a talent strategy are Human Resources practitioners (Guthridge, Komm, & Lawson, 2008). Ryan and Tippens (2004) were of the view that the HR department is an integral part of the organisation as they are called upon to assist the organisation

with new ideas and strategies to attract the best talent, to retain key talent and to assist with the implementation of enhanced workforce diversity.

HR is able to forecast the number of employees the company would require to execute the business strategy, in which department these individuals are required, and the type of skills that the organisation requires.

Results of the study regarding the first hypothesis led to not rejecting the null hypothesis (H_{10}). The results of the first hypothesis are shown in Table 25: Fisher's Exact Test.

This leads to the conclusion that the proportion of companies where the retention rate is 90%+ is independent of the existence of an HR Department, which shows that the existence of an HR Department in an organisation does not have any effect on the retention of employees. The study shows that it is irrelevant if an organisation has a HR Department, as the HR Department does not have any impact on higher retention.

HR departments will start showing a positive impact on employee's decisions to stay when HR departments are not seen as back office support but as part of the business and that HR has an influence on the company's triple bottom line.

6.2 Hypothesis 2

The aim of hypothesis two was to establish if a relationship exists between who HR reports to in an organisation and a retention rate > 90%.

H_{20} : The proportion of companies where the retention rate is 90%+ is independent of who HR reports to at Head Office.

H_{2a} : The proportion of companies where the retention rate is 90%+ is dependent on who HR reports to at Head Office.

It was confirmed by Guthridge et al. (2008) that talent issues are now discussed more regularly around boardroom tables.

The reporting structure of HR is an important organisational development within the business; HR departments must function as a business unit within the business and must have their own vision and strategy (Ulrich, Younger, & Brockbank, 2008). For Human Resource management to be effective, discussions of strategic HR matters must be held at senior level in the organisation (Storey, 1992).

The stakeholders whose involvement will have an important impact on the future of Human Resource management are senior executives (Guest & Conway, 2011), and as found by Wright et al. (2001), HR must have a direct report to senior executives. Andersen and Minbaeva (2013) stated that it is very important for an HR practitioner to have good relationships with their colleagues who are also on the corporate leadership team, but it is more important to have a relationship with the CEO. The results of the study found that by implementing an HR strategy that is collaborative, employee commitment increases (Andersen & Minbaeva, 2013).

Results of the analysis of the hypothesis led to the rejection of the null hypothesis, (H_{20}) therefore accepting the alternate hypothesis.

The data and the literature confirmed that the reporting structure implemented in an organisation has a positive effect on the retention of employees in the organisation.

Companies where the HR Department reports to the CEO or other Executive level has a retention rate of 90% and above, which confirms that the reporting structure in an organisation has a positive effect on employee retention. Where HR reports to senior management a retention rate of >90% is found. The results of hypothesis 2 are shown in Table 27: Fisher's Exact Test.

Company structures that are designed to ensure the business leaders are part of the discussions regarding their most talented asset, their employees, would have a positive effect on the retention of employees. This could be due to the fact that business leaders know where they are taking their business and would align the HR department and the policies and procedures to ensure employees follow same.

6.3 Hypothesis 3

The aim of hypothesis three was to establish if a relationship exists between a retention strategy that is implemented in an organisation and a retention rate > 90%.

H₃₀: The proportion of companies where retention rate is 90%+ is independent of the fact that a company has a retention strategy.

H_{3a}: The proportion of companies where retention rate is 90%+ is dependent on the fact that a company has a retention strategy.

A war to retain the top talent will emerge as companies will have no choice other than to nurture their talent (Ready, Hill, & Conger, 2008). To nurture talent, scholars are of the opinion that retention policies must aim to enhance employee job satisfaction and reduce the costs involved in recruiting new staff and training new recruits (Business Dictionary, 2013).

James and Mathew (2012) found that implementing retention strategies will have an impact on an employee's intention to stay. Mowday (1984) argued as early as 1984 that there is a need for organisations to consider alternative approaches to dealing with turnover, including strategies that may allow the organisation to operate effectively even though turnover rates remain high.

The message is therefore that "organizational leaders must develop clear strategies for attracting and retaining good employees" (Holtom, Mitchell, Lee, & Inderrieden, 2005, p. 337). Bordia et al. (2011), as well as Allen et al. (2003), showed that an interest among practitioners and academics exist to develop strategies that can be implemented in organisations to reduce turnover.

Kyndt, Dochy, Michielsens and Moeyart (2009) argued that companies should be made aware that their key talent is at risk of leaving the organisation if policies that are implemented are not future orientated and strategic.

Time, money and resources must be given up by companies to understand and implement diverse employee retention strategies (Nkomo & Thwala, 2009), as retention strategies that are implemented have a direct effect on employees' intention to stay (James & Mathew, 2012).

Results of the study of hypothesis 3 led to not rejecting the null hypothesis (H_{30}), therefore no relationship exists between the existence of a retention strategy in an organisation and a high retention rate, contrary to the research findings that were strongly of the opinion that the existence of a retention strategy implemented in organisations means that the organisation will benefit from low employee turnover. Results of the third hypothesis tested are shown in Table 29: Fisher's Exact Test.

Retention strategies will not have an impact on lowering turnover rates if the strategies that are implemented are not aligned to the business' objectives. Further, the implementation of retention strategies cannot follow a one-size-fit-all approach and must be customised to fit the industry, the size of the business and the type of employees the company employs.

6.4 Hypothesis 4

The aim of hypothesis four was to establish if a relationship exists between senior management being responsible for retention strategies and a retention rate > 90%.

H_{40} : The proportion of companies where the retention rate is 90%+ is independent of if senior management is responsible for retention strategies.

H_{4a} : The proportion of companies where retention rate is 90%+ is dependent on if senior management is responsible for retention strategies.

According to the literature by Haines et al. (2010), business leaders should develop and implement opportunities for employees to reduce their turnover due to the tangible and intangible effects on organisations, particularly as management time is wasted on the repercussions and the workforce is directly affected due to the added pressures of employee turnover (James & Mathew, 2012). In addition,

according to Chiboiwa et al. (2010), a workable retention strategy can only be devised once managers understand why employees want to leave and once they are involved in the development of clear strategies for attracting and retaining good employees (Holtom, Mitchell, Lee, & Inderrieden, 2005).

If HR forms part of the divisional management team and takes part in strategic discussions about the organisation, employee commitment is higher than when HR is deemed to be a cost centre and uninvolved in the strategic discussions of where the organisation is going (Andersen *et al.*, 2013).

Axelrod et al. (2001) and Guthridge et al. (2008) shared that all managers must embrace a talent mind-set; talent management does not come from the implementation of HR processes - management must be involved in the process and it is important that all senior managers realise that HR requires capabilities and encouragement to develop effective solutions. Lockwood (2006) agreed that HR leaders should work closely with senior management to attract, hire, develop and retain talent. Andersen and Minbaeva (2013) found that in an organisation where HR forms part of the divisional management teams and part of all strategic conversations, employee commitment is high and therefore has a positive effect on retention.

Axelrod et al. (2001) found that “the first thing leaders need to understand is that better talent management does not come from having better HR processes or a better HR department. It comes mostly from having leaders and managers at all levels who embrace a talent mind-set” (Axelrod, Handfield-Jones, & Michaels, 2001, p. 54).

Khilji and Wang (2006) believed that when HR practices do not work properly it can be attributed to certain factors such as poor quality of the intended HR practises, the lack of communication of the intended HR practises, lack of support for implementation from senior line managers, a ‘weak’ HR system, incompetence, and the reluctance of senior managers to implement HR strategies. The key factor

affecting HR implementation is the assumption of senior managers that the HR practices are not effective, thus there is no buy-in from them (Khilji & Wang, 2007).

Considering the above, there is a clear message for all organisational leaders that they must be involved in the development and the implementation of coherent strategies if they are to have a positive effect on the retention of talent (Holtom, Mitchell, Lee, & Inderrieden, 2005).

Results of the study of hypothesis 4 led to insufficient evidence supporting the alternate hypothesis, therefore the null hypothesis (H_{40}) could not be rejected. The results are shown in Table 31: Fisher's Exact Test.

Therefore management's involvement in the implementation and management of retention strategies has no effect on an employee's decision to stay with the organisation, and thus does not favourably influence employee retention rates.

The reason why the involvement of managers had no effect on the retention of employees in this study could be that managers in most companies are not evaluated based on their employees decisions to stay with the company or to leave. The retention of subordinates is not one of their Key Performance Indicators and therefore managers do not have an invested interest in the retention of their subordinates.

6.5 Hypothesis 5

The aim of hypothesis five was to establish if a relationship exists between the existence of a budget in the HR department and a retention rate > 90%.

H_{50} : The proportion of companies where the retention rate is 90%+ is independent of the existence of a budget for training.

H_{5a} : The proportion of companies where the retention rate is 90%+ is dependent on the existence of a budget for training.

Ng and Butts (2009) and Haines et al. (2010) found that when organisations provide employees with the opportunity to learn, it has a positive effect on employees' intentions to stay with an employer, thereby decreasing their turnover rate. When employers focus on employee development through training, employee commitment increases (Andersen & Minbaeva, 2013).

An important retention enhancing strategy found by Haines et al. (2010) is giving employees the opportunity for learning and development and as per Govaerts et al. (2011), a relationship exists between employer-provided training and voluntary turnover rates.

Results of the analysis of the fifth hypothesis led to the rejection of the null hypothesis (H_{50}), therefore accepting the alternate hypothesis. The results of the fifth and last hypothesis are shown in Table 33: Fisher's Exact Test.

The survey results found a relationship between companies which had a budget for training and other resources and a retention rate of >90%. It can therefore be confirmed that organisations where the HR departments have the autonomy to spend money and resources on employees, and which are given the opportunity to develop through learning and training, will have increased organisational commitment and therefore remain in the employ of the organisation. This will have a positive effect on organisational retention rates.

Employees who feel that they are valued and who see that their companies are investing in their development and their careers are more likely to think twice before looking externally. Spend on employees also influences an employee's decision to leave as training bonds are entered into which forces employees to remain in the employ of the employer for an agreed period.

6.6 Conclusion

Using the results of the data interpreted in Chapter 5, the hypotheses stated in Chapter 3 that were derived from the literature review in Chapter 2 were tested.

To decrease employee turnover organisations need to implement reporting structures and ensure that the HR department is not merely seen as a cost centre but as a business unit that has a direct effect on the profitability and success of the business. HR departments should be given the opportunity to attend board meetings and be part of the strategic discussions and business decisions. HR departments should further be given the autonomy to spend money and resources to increase employee commitment.

Chapter 7 - Conclusion

7.1 Introduction

This Chapter is a conclusion of the research conducted and will highlight the major findings that were found. Further, this Chapter will discuss the limitations of the research conducted to give future researchers guidance.

The Chapter will also supply recommendations based on the findings to managers, the business environment and academics.

7.2 Major findings

Companies continuously strive to recruit the right staff and retain their key talent to ensure the organisation remains competitive in a global economy that is fast tracked and ever changing.

High rates of turnover can destabilise a business and demotivate employees who are attempting to deliver levels of service and output (Nkoma & Thwala. 2009).

Low employee retention rates have numerous tangible and intangible associated costs that can decrease an organisations' competitive advantage.

The concern is that while information is available about best practice policies and strategies to implement in a business to increase employee retention and to assist organisations to succeed, high turnover remains a burning topic.

This study found that the mere existence of an HR department and retention strategies implemented in organisations will not have a positive influence on retention rates. Further the involvement of senior managers with retention strategies will also not decrease turnover.

It was found that organisations must implement a reporting structure where HR reports directly to senior management and executives. HR should be part of all

strategic discussions and execution and should further be allowed to spend money from their budget on employees' learning and developmental needs.

7.3 Recommendation for business

The findings of this study are not a panacea, as numerous studies have been conducted on the topic of retention and numerous findings have been published of best practice that should be implemented, yet the findings are a suggestion of the importance of senior management involvement in human capital. It is important that business owners, senior managers and executives realise that regardless of the industry, employees are an asset to the business and how employees are managed and treated can positively influence a company's competitive advantage or result in an organisation losing same.

7.4 Recommendation for managers

Managers must realise that the management of employees is not a function of the HR department. Every manager is ultimately responsible for the performance of their employees and should be held responsible for the retention of their subordinates.

Retention is not a topic to be discussed in HR journals but should be discussed continuously in every business meeting.

7.5 Recommendation for future research

The topic of retention of employees and the factors that should be implemented to reduce turnover have been studied and numerous findings have been made. The final solution has not been found yet, however, or if it has, the implementation thereof has not been mastered.

The data were collected from different industries of varying sizes that employ different types of employees (white collar and blue collar).

Researchers should focus on the different industry types, company sizes and the types of employees that are employed, as retention strategies and factors for white collar workers will differ from those for blue collar workers.

7.6 Limitations

A limitation is that the respondents were rushed while completing the questionnaire due to work pressures, that email addresses were no longer in use, that emails were sent to people who did not have the information, or the respondents did not wish to share company information.

Another limitation could have been that some of the recipients were employed by the same company, as more than one email address in some instances was loaded or branches could be loaded. The email addresses were filtered before they were sent but there is a probability that some were missed.

The sample of 247 respondents represented different industries of various sizes employing different types of employees. Due to the diversity of the industries in the sample, it follows that the internal company structures and cultures were equally diverse and should the findings be implemented, they would not necessarily be efficient.

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Appendix B - Survey Questionnaire

Question #	Question
PERSONAL DETAILS	
1	Your position in the company
ORGANISATION'S GENERAL DETAIL	
2	Type of industry
3	National / International organisation
4	How many branches?
5	Does your company have a dedicated HR Department?
6	How many employees employed in the HR Department?
7	Where is the HR Department based?
ORGANISATION'S HR REPORTING DETAILS <i>The purpose of this section is to understand how integrated your HR is with overall company management</i>	
8	Does your HR Manager (or HR representative) attend Management Committee meetings (or similar)?
9	Does HR have a standing agenda item during these meetings?
10	Is there a standing agenda item for the company's retention strategies / rate?
11	Is your HR Manager (or HR representative) on Executive / Director level?
12	If based at head office, how often does the HR department interact with the branches?
13	Who does HR report to at Head Office?
14	Who does the HR report to at branch level?
HR PRACTICES IN THE ORGANISATION	
15	Does your organisation have a formal retention strategy?

Question #	Question
16	If yes, who is responsible for retention strategies in your organisation?
17	Does the company use external HR consultants?
18	Does the company use external IR consultants?
19	Does the company use external recruitment consultants?
20	Are you or any employee a member of any HR associations?
21	Do you or any other employees subscribe to any HR magazines?
22	Do you utilise salary or other benchmarking exercises?
23	Does your HR department have a budget (training, consulting services, etc.)?
ORGANISATION'S RETENTION DETAILS	
<i>NOTE: this section is very important and requires specific retention statistics to be available. If you do not have these available you can close the survey and return to it later (by clicking the email link you received)</i>	
24	Number of employees who left the company voluntarily (resignations) during the last 12 months
25	Average staff complement during the past 12 months? (Note: approximate value is acceptable)

Appendix C - Positions of respondents

Position	Frequency	Percentage of total
CCO	1	0.40%
CEO	10	4.05%
Chief Financial Officer	1	0.40%
CHRO	1	0.40%
Co-Owner	1	0.40%
COO	1	0.40%
CTO	1	0.40%
Director	21	8.50%
Executive Director	1	0.40%
Executive Director: Human Capital and Facilities Management	1	0.40%
Financial Director	9	3.64%
Financial Manager and Associate Director	1	0.40%
Group Executive Human Capital	1	0.40%
Group Human Resources Executive	1	0.40%
Head of Finance	1	0.40%
Head of Finance and Administration	1	0.40%
Head of Human Resources	1	0.40%
Head of Sales	1	0.40%
Head: Legal Services	1	0.40%
HR Director	1	0.40%
HR Executive	2	0.81%
HRD	1	0.40%
Implementation Director	1	0.40%
Managing Director	9	3.64%
Managing Member	1	0.40%
Member	5	2.02%
Member / Owner	1	0.40%
Operations Director	3	1.21%
Regional IR Director	1	0.40%
Sole Member	1	0.40%
HR	17	6.88%
Account Manager	2	0.81%
Accountant/ HR Manager	1	0.40%

Position	Frequency	Percentage of total
Administration Manager	2	0.81%
After sales Manager	1	0.40%
Area Manager	2	0.81%
Branch Manager	1	0.40%
Business Manager	1	0.40%
CRM Manager	1	0.40%
Customer Relations Manager	1	0.40%
Divisional HR Manager	1	0.40%
Employee Relations Manager	1	0.40%
Finance Manager	21	8.50%
General Manager	12	4.86%
Group Employee Relations Manager	1	0.40%
Group HR Manager	1	0.40%
Group Quality Manager	1	0.40%
HR & Recruitment Manager	1	0.40%
HR Manager	24	9.72%
HR Manager and Finance	1	0.40%
HR Project Manager	1	0.40%
IR Manager	1	0.40%
Key Account Manager	2	0.81%
Manager	4	1.62%
Market Development Manager	1	0.40%
Office Manager	1	0.40%
Operations Manager	3	1.21%
Personnel Manger	2	0.81%
Sales Manager	1	0.40%
Snr Manager Procurement and Contracts	1	0.40%
Talent Manager	1	0.40%
Trainee HR Manager	1	0.40%
Owner	17	6.88%
Sole Member - Owner	1	0.40%
Accountant	2	0.81%
Accounts	1	0.40%
Admin	6	2.43%
Any food retailer within a 5 km. radius.	1	0.40%
Bookkeeper	4	1.62%
Bookkeeper and HR	2	0.81%
Bursar	1	0.40%
Business Partner	1	0.40%

Position	Frequency	Percentage of total
Company Secretary	1	0.40%
Consultant	1	0.40%
Content Manager	1	0.40%
Creditors clerk	1	0.40%
Internal Solutions Architect (Ops and Business Dev)	1	0.40%
Key Accounts Consultant/ Team Leader	1	0.40%
Legal Administrator	1	0.40%
Management Accountant	1	0.40%
Management Consultant (previously Snr HR)	1	0.40%
Office and Tender Administrator	1	0.40%
PA to CEO	2	0.81%
Senior Administrative Officer	1	0.40%
Shop steward	1	0.40%
Software Developer	1	0.40%
Training Co-Ordinator	1	0.40%
Trans global Cargo	1	0.40%
Total	247	100%

Appendix D - List of industries

Industry Categorisation	Frequency	%
Accounting	2	.8
Advertising	1	.4
Agency	1	.4
Agriculture	4	1.6
Air Conditioning	1	.4
Air-conditioning & Refrigeration Contractor	1	.4
Automotive	11	4.5
Branding	1	.4
Broadcasting	1	.4
Building & Construction	1	.4
Cellular	1	.4
Child and Youth Care Centre	1	.4
Child and Youth Care/ Welfare	1	.4
Church	1	.4
Civil engineering	1	.4
CLEANING SERVICES	1	.4
Compliance and risk management	1	.4
construction	1	.4
Construction	5	2.0
CONSTRUCTION	1	.4
Consulting services	11	4.5
Consulting Services	1	.4
Contract Cleaning	1	.4
Contract Packing, Warehousing & Distribution	1	.4
Customs clearance & freight forwarding	1	.4
Diamond cutting	1	.4
Diamond Polishing	1	.4
Distribution	1	.4
Earth Moving	1	.4
Economic Research	1	.4
Education	4	1.6
Electronics	3	1.2
Endodontic - Surgeon	1	.4
Energy	3	1.2
Engineering	2	.8

Industry Categorisation	Frequency	%
Engineering mostly for agricultural use	1	.4
Engineering, Air-conditioning & Refrigeration	1	.4
Enterprise Development	1	.4
Entertainment	2	.8
Events, Marketing and Branding	1	.4
Facilities Management	1	.4
Financial Services	7	2.8
FMCG	1	.4
FMCG sales and merchandising agent	1	.4
Food & Beverage	3	1.2
Food testing laboratory	1	.4
Forestry	1	.4
Gaming and Entertainment	1	.4
General construction	1	.4
HARDWARE	1	.4
Health Care	6	2.4
Home industry and Coffee Shop	1	.4
House Hold Cleaning detergents	1	.4
Human Resources	2	.8
ICT Resourcing	1	.4
Import and Distribution	1	.4
Import and Distribution of M/cycles, Outboard Motors and accessories	1	.4
Importers and Distributors of Chemical Raw Materials	1	.4
Industrial relations	1	.4
Industrial and domestic cleaning	1	.4
insurance	1	.4
Insurance	1	.4
Internet Marketing	1	.4
Investment Holding Company	1	.4
IT	21	8.5
Land Surveying	1	.4
Landscaping and rehabilitation.	1	.4
Legal	2	.8
Logistics and Supply Chain	1	.4
Luxury retail	1	.4
Management Consulting	1	.4
Manufacturing	28	11.3
Marketing	1	.4

Industry Categorisation	Frequency	%
Marketing & Retail	1	.4
Marketing, Productions and Labour Consulting	1	.4
Mechanical	1	.4
Medical	1	.4
MEDICAL DIAGNOSTICS	1	.4
Metals and Minerals Processing	1	.4
mining	1	.4
Mining	2	.8
Motion Picture Theatres	1	.4
Motor	1	.4
motor repairs	1	.4
NON-PROFIT	1	.4
Office automation	1	.4
Personal loans	1	.4
Pet Food	1	.4
Pharmaceuticals	2	.8
Photography	1	.4
plastics	1	.4
Pre shipment inspections	1	.4
Printing	4	1.6
private security	1	.4
Private Security	1	.4
Property Management Services	1	.4
Public Service	1	.4
Publishing	1	.4
real estate	1	.4
Recruitment	1	.4
RECRUITMENT	1	.4
Repair & maintenance of industrial tyres	1	.4
Restaurant and catering	1	.4
Retail & Wholesale	19	7.7
Retail & Wholesale of Bricks, pavers & Tiles	1	.4
Road Freight	1	.4
Sand Mining	1	.4
Shipping	1	.4
Short/Long Term Insurance, Accountants	1	.4
Sport and recreation	1	.4
Steel	1	.4
Telecommunications/Software	1	.4

Industry Categorisation	Frequency	%
Telecoms	2	.8
Temporary Employment Service	1	.4
Training	1	.4
Transport	1	.4
Travel and tourism	4	1.6
tyre sales & service	1	.4
Vehicle Tracking and Recovery	1	.4
Waste management and environmental services	1	.4
Workshop for the Disabled, packaging, manufacturing	1	.4
Total	247	100.0

Appendix E - Other independent variables

The results of where the HR department is based derived a p-value of 0.7 for blue collar industries and 1 for white collar industries.

Table 35: HR Department based

Categorisation	Retention rate	Sample	Both Branch	Head Office
Blue Collar	<=90%	Sample	7	15
		% of sample	31.8%	68.2%
	>90%	Sample	12	34
		% of sample	26.1%	73.9%
	Total	Sample	19	49
		% of sample	27.9%	72.1%
White Collar	<=90%	Sample	4	23
		% of sample	14.8%	85.2%
	>90%	Sample	4	19
		% of sample	17.4%	82.6%
	Total	Sample	8	42
		% of sample	16.0%	84.0%

Table 36: Fisher's Exact Test

Industry Classification	Fisher's Exact Test
Blue Collar	0.773
White Collar	1.000
Total	1.000

The level of the HR practitioner in the organisation, for blue-collar workers and for white collar workers, a p-value of 1 was found.

Table 37: The level of HR in the organisation

Industry Classification	Retention rate	Sample	Executive Director level		Total
			No	Yes	
Blue Collar	<=90%	Sample	26	20	46
		% of sample	56.5%	43.5%	100.0%

Industry Classification	Retention rate	Sample	Executive Director level		Total
	>90%	Sample	42	31	73
		% of sample	57.5%	42.5%	100.0%
	Total	Sample	68	51	119
		% of sample	57.1%	42.9%	100.0%
White Collar	<=90%	Sample	23	20	43
		% of sample	53.5%	46.5%	100.0%
	>90%	Sample	22	21	43
		% of sample	51.2%	48.8%	100.0%
	Total	Sample	45	41	86
		% of sample	52.3%	47.7%	100.0%

Table 38: Fisher's Exact Test

Industry Classification	Fisher's Exact Test
Blue Collar	1.000
White Collar	1.000
Total	1.000

To whom HR reports to in blue-collar workers, a p-value of 0.4 was found.

Table 39: HR reporting structure

Industry Classification	Retention rate	Sample	CEO/MD/CFO/ Directors	Line Manager/ No-one	
Blue Collar	<=90%	Sample	30	7	37
		% of sample	81.1%	18.9%	100.0%
	>90%	Sample	56	3	59
		% of sample	94.9%	5.1%	100.0%
	Total	Sample	86	10	96
		% of sample	89.6%	10.4%	100.0%
White Collar	<=90%	Sample	31	7	38
		% of sample	81.6%	18.4%	100.0%
	>90%	Sample	34	3	37
		% of sample	91.9%	8.1%	100.0%
	Total	Sample	151	20	171
		% of sample	88.3%	11.7%	100%

Table 40: Fisher's Exact Test

Industry Classification	Fisher's Exact Test
Blue Collar	0.042
White Collar	0.309
Total	0.016

The variable if HR had a budget for training a p-value of 0.48 was found for both white and blue-collar workers.

Table 41: HR budget

Industry Classification	Retention rate	Sample	Budget available for HR		Total
			No	Yes	
Blue Collar	<=90%	Sample	21	24	45
		% of Sample	46.7%	53.3%	100.0%
	>90%	Sample	20	55	75
		% of Sample	26.7%	73.3%	100.0%
Total	Total	Sample	41	79	120
		% of Sample	34.2%	65.8%	100.0%
White Collar	<=90%	Sample	14	29	43
		% of Sample	32.6%	67.4%	100.0%
	>90%	Sample	10	30	40
		% of Sample	25.0%	75.0%	100.0%
Total	Total	Sample	24	59	83
		% of Sample	28.9%	71.1%	100.0%

Table 42: Fisher's Exact Test

Size Category	Fisher's Exact Test
Large	0.397
Small	0.409
Total	0.048

Size categories for blue-collar workers and for the total of blue and white collar workers p-values of 0.18 and 0.29 were respectively found.

Table 43: Size category

Industry Classification	Retention rate	Sample	Size Category		Total
			Large	Small	
Blue Collar	<=90%	Sample	22	34	56
		% of Sample	39.3%	60.7%	100.0%
	>90%	Sample	54	36	90
		% of Sample	60.0%	40.0%	100.0%
	Total	Sample	76	70	146
		% of Sample	52.1%	47.9%	100.0%
White Collar	<=90%	Sample	19	31	50
		% of Sample	38.0%	62.0%	100.0%
	>90%	Sample	21	30	51
		% of Sample	41.2%	58.8%	100.0%
	Total	Sample	40	61	101
		% of Sample	39.6%	60.4%	100.0%
Total	<=90%	Sample	41	65	106
		% of Sample	38.7%	61.3%	100.0%

Table 44: Fisher's Exact Test

Industry Classification	Fisher's Exact Test
Blue Collar	0.018
White Collar	0.839
Total	0.029

The p-value found for the difference in HR per personnel for different industry (blue collar and white collar) were 0.84 and 0.36.

Table 45: HR personnel per capita

Industry Classification			<= 1.5%	>1.5%	Total
Blue Collar	<=90%	Sample	43	13	56
		% of Sample	76.8%	23.2%	100.0%
	>90%	Sample	67	23	90
		% of Sample	74.4%	25.6%	100.0%
	Total	Sample	110	36	146
		% of Sample	75.3%	24.7%	100.0%
White Collar	<=90%	Sample	29	21	50
		% of Sample	58.0%	42.0%	100.0%

Industry Classification			<= 1.5%	>1.5%	Total
	>90%	Sample	35	16	51
		% of Sample	68.6%	31.4%	100.0%
	Total	Sample	64	37	101
		% of Sample	63.4%	36.6%	100.0%

Table 46: Fisher's Exact Test

Industry Classification	Fisher's Exact Test
Blue Collar	0.844
White Collar	0.306
Total	0.483

The Fisher's Exact Test done on the size categorization and where the Head Office was based found three p-values of 0.5 for the Large, Small categories and combined.

Table 47 : HR department based - Size Category

Size Category	Retention rate	Sample	Branches	Head Office	Total
Large	<=90%	Sample	9	24	33
		% of Sample	27.3%	72.7%	100.0%
	>90%	Sample	15	39	54
		% of Sample	27.8%	72.2%	100.0%
	Total	Sample	24	63	87
		% of Sample	27.6%	72.4%	100.0%
Small	<=90%	Sample	2	14	16
		% of Sample	12.5%	87.5%	100.0%
	>90%	Sample	1	14	15
		% of Sample	6.7%	93.3%	100.0%
	Total	Sample	3	28	31
		% of Sample	9.7%	90.3%	100.0%
Total	<=90%	Sample	11	38	49
		% of Sample	22.4%	77.6%	100.0%
	>90%	Sample	16	53	69
		% of Sample	23.2%	76.8%	100.0%
	Total	Sample	27	91	118
		% of Sample	22.9%	77.1%	100.0%

Table 48: Fisher's Exact Test

Size Category	Fisher's Exact Test
Large	0.581
Small	0.525
Total	0.554

A p-value smaller than 0.05 (0.012) was found for the test conducted on the variables; combined size category and reporting structure.

Table 49: HR reporting structure

Size Category	Retention rate	Sample	CEO, MD, CFO, Directors	Line Manager No-one	Total
Large	<=90%	Sample	34	4	38
		% of Sample	89.5%	10.5%	100.0%
	>90%	Sample	61	3	64
		% of Sample	95.3%	4.7%	100.0%
	Total	Sample	95	7	102
		% of Sample	93.1%	6.9%	100.0%
Small	<=90%	Sample	27	10	37
		% of Sample	73.0%	27.0%	100.0%
	>90%	Sample	29	3	32
		% of Sample	90.6%	9.4%	100.0%
	Total	Sample	56	13	69
		% of Sample	81.2%	18.8%	100.0%
Total	<=90%	Sample	61	14	75
		% of Sample	81.3%	18.7%	100.0%
	>90%	Sample	90	6	96
		% of Sample	93.8%	6.3%	100.0%
	Total	Sample	151	20	171
		% of Sample	88.3%	11.7%	100.0%

Table 50: Fisher's Exact Test

Size Category	Fisher Exact Test
Large	0.232
Small	0.057
Total	0.012

0.011 was found as a p-value for large companies with variables; Retention rate and the use of IR consultants.

Table 51: External IR consultants

			No	Yes	Total
Large	<=90%	Sample	6	35	41
		% of Sample	14.6%	85.4%	100.0%
	>90%	Sample	27	48	75
		% of Sample	36.0%	64.0%	100.0%
	Total	Sample	33	83	116
		% of Sample	28.4%	71.6%	100.0%
Small	<=90%	Sample	37	28	65
		% of Sample	56.9%	43.1%	100.0%
	>90%	Sample	36	30	66
		% of Sample	54.5%	45.5%	100.0%
	Total	Sample	73	58	131
		% of Sample	55.7%	44.3%	100.0%
Total	<=90%	Sample	43	63	106
		% of Sample	40.6%	59.4%	100.0%
	>90%	Sample	63	78	141
		% of Sample	44.7%	55.3%	100.0%
	Total	Sample	106	141	247
		% of Sample	42.9%	57.1%	100.0%

Table 52: Fisher's Exact Test

Size Category	Fisher's Exact Test
Large	0.011
Small	0.461
Total	0.303