

Factors affecting employee retention: what do engineers think?

Much has been made of the skills shortage in South Africa. One of the main factors cited for the government's inability to get on top of the backlog in infrastructure is the lack of skills in the country. In addition to this, the skills shortage is believed to have an adverse impact on the country's growth rate.



Prof Karel Stanz is Head of the Department of Human Resource Management at the University of Pretoria.

Haffajee who quoted a study done by Dr Iraj Abedian, former Standard Bank Chief Economist and currently Managing Director of Pan-African Investment and Research Services, who estimated that a skills shortage of between 200 000 and 500 000 positions existed in South Africa.

Dr Abedian was quoted as saying that the most common obstacle that he encountered in South African boardrooms was the lack of skills.

The Department of Labour had prepared a list of scarce and critical skills to facilitate importation of these skills into the country. This was published in a Government Gazette where the number of scarce and critical skills was estimated at 55 000. Of these 41% were in engineering sectors.

Haffajee quoted a government study that highlighted skills shortages in 33 sectors of the economy. Occupational categories listed included managers, professionals, technicians and artisans. Among professionals, engineers, specifically electrical, mechanical and chemical engineers were identified as being in short supply.

The importance of employee retention

Employee retention is important for a number of reasons. Some of these are discussed below.

Strategic reasons

Kaye and Jordan-Evans point out that retention was increasingly important as a result of:

- the lack of skilled workers,
- changes in employee attitudes,
- the availability of new employment options,
- the high costs associated with hiring new talent and
- the fact that in the new economy having talented employees was a key differentiator.

Harari quoted entrepreneur, George Soros, as saying that the new global economy was charac-

terised by the free flow of goods and services, but, more importantly, by the free movement of information and ideas (knowledge). He went on to say that the companies that were going to be successful in the knowledge economy were going to be those with the best people and not necessarily with the best plans.

Based on consulting work that he had undertaken, the number one strategic challenge among leading companies was how to attract and retain the best people. He quoted Mitchell Schlimer, a radio show host who had interviewed successful entrepreneurs and leaders across all industries, who said that when you got to the heart of the successful businessmen you discovered that the secret of their success was to surround themselves with great people.

These factors resulted in competition for talented individuals, resulting in increased labour costs and made it difficult to replace employees who left.

Implications for job satisfaction and motivation

Bednar mentioned that job satisfaction and staff turnover were strongly correlated. Addressing the factors that led to increased turnover also led to improvements in job satisfaction and employee morale. This in turn led to improvements in a number of other areas including reduced absenteeism, lower work place stress, increased organisational commitment and improved performance.

Cost of employee turnover

Estimates for the cost of employee turnover cited in the literature vary widely. They range from one times an employee's annual salary to seven times the annual salary.

Johnson split turnover costs into a number of components. These costs were pre-turnover, separation, vacancy, recruiting and new hire processing.

Pre-turnover costs are as a result of an employee's slower work pace and higher absenteeism that occurs as an employee's motivation starts to fall.

Separation costs were incurred as part of the separation process. Apart from administrative costs they could include severance pay, unemployment costs and, in extreme circumstances, litigation fees.

Vacancy costs were the opportunity costs incurred as a result of not having an employee in the vacant position. These costs included lost sales as well as expenses such as overtime pay for the employees who had to be covered.

Recruiting and hiring costs included the ac-

tual costs incurred in hiring a new person such as the cost of advertisements, recruitment fees, relocation expenses and promotional material. Costs also included were the actual costs for the HR staff that administered the process together with their supporting infrastructure costs.

In a case study it was established what the factors were that led to staff retention:

- job satisfaction – 8,4,
- positive organisational perceptions – 7,6,
- growth and development – 7,4,
- egocentric reasons – 7,2,
- cultural and relationship issues – 6,8,
- external reasons – 6,7,
- average factor rating – 7,3.

The list below shows the results from the question relating to the top three reasons why people were staying in their current jobs. This had been sorted in line with the six retention factors and listed in order of the most number of mentions:

- job satisfaction – 42,
- growth and development – 12,
- egocentric reasons – 10,
- cultural and relationship issues – 9,
- external reasons – 5,
- positive organisational perceptions – 3,
- grand total – 81

From these results it appears that the most important reason for engineers' retention in the study was job satisfaction.

When prompted, positive organisational perceptions were rated very highly. In terms of the top three factors this was, however, rated rather low.

This apparent anomaly could be explained with reference to Herzberg's motivator/hygiene theory. If one considered positive organisational perception to be a hygiene factor, it could be argued that employees would have only listed this factor in the event that they were asked about factors leading to job dissatisfaction.

Excluding positive organisational perceptions, the top three factors leading to retention were job satisfaction, growth and development, and egocentric reasons.

Factors leading to job satisfaction

The questionnaire asked respondents to list the factors responsible for job satisfaction.

These responses were sorted into common themes and were:

- growth opportunities – 17,
- challenging work – 14,
- recognition/appreciation – 12,
- variety – 7,
- autonomy/independence – 6,
- pay/rewards – 6,

- interesting work – 6,
- meaningful work/making a contribution – 6,
- seeing a result from your work/project work – 5,
- feel part of a team – 5,
- ability to use acquired skills – 3,
- close to home – 2,
- feel empowered – 2,
- being creative – 1,
- feel supported – 1,
- feel trusted – 1.

According to these responses the top reasons resulting in job satisfaction were growth opportunities, challenging work and recognition/appreciation.



Factors leading to turnover

According to Flowers and Hughes the factors leading to turnover and those leading to retention, were not necessarily the same.

In interviews respondents were asked to respond to a number of statements on a four point Likert scale about items that would cause them to resign. The results of this inquiry, categorised into the six retention factors, were:

- job satisfaction – 2,86,
- growth and development – 2,85,
- external reasons – 2,85,
- egocentric reasons – 2,59,
- positive organisational perceptions – 2,46,
- cultural and relationship issues – 2,26,
- average score – 2,62.

Roughly two thirds of employees surveyed had previously resigned from a job.

Those employees were asked to provide reasons for their resigning. The reasons were initially sorted into similar groups and then categorised in line with the six retention factors previously presented.

Below is a summary of the reasons, sorted

in line with the number of mentions and categorised using the six retention factors:

- lack of growth and development opportunities – 11,
- external reasons – 8,
- lack of job satisfaction – 7,
- egocentric reasons – 5,
- cultural and relationship issues – 4,
- lack of positive organisational perceptions – 2.

Based on the respondents' subjective view of factors that would cause them to resign, the top three factors, with almost identical scores, were:

- a lack of growth and development opportunities,



- a lack of job satisfaction and
- external reasons.

This was in agreement with the finding where the same three factors actually led to resignations.

Impact of supervisor behaviour

A number of authors reviewed as part of the literature survey argued that supervisor behaviour played a key role in retaining employees. A number of questions were included in the study to test this assumption.

Furthermore respondents were asked to list the supervisor's behaviours that would lead to employee retention.

Respondents were also asked to rank factors of importance to them in terms of employee retention. Results of this relating to supervisor behaviour were:

- to have a great boss – 7,3,
- to have a great relationship with your boss – 7,2.

These ratings are below the weighted average rating for all the factors overall of 7,5.

The impact of supervisors on resignation intention when confronted with the question: I would resign from my job if I did not get along with my boss – 2,19. The average score from the above question was less than the average score for all factors (2.62).

Respondent were also asked to list the management behaviours they believed would result in employee retention.

- Manager competency:
 - fairness 13,
 - empowers employees 12,
 - honest and trustworthy 10,
 - good communication skills 8,
 - takes an interest in and care for employees 8,
 - grows/develops subordinates 7,
 - technically competent 7,
 - knows what was required and provided clear direction 7,
 - accessible 6,
 - showed leadership/takes decisions 6,
 - supportiveness 6,
 - reacted to concerns 5,
 - predictable/stable moods 4,
 - Showed respect and consideration 4,
 - open minded 3,
 - provided recognition 3,
 - looked after employees financially 3,
 - encouraged teamwork 2,
 - organised 1,
 - professional 1,
 - provided regular feedback 1,
 - allowed for independence 1,
 - provided the necessary resources 1.

For both the questions on ranking factors in terms of importance and reasons to resign below average rankings were given to factors relating to supervisor behaviour.

The implications of this were that, for the sample interviewed, management behaviour was not as important to engineers as was predicted by the literature survey.

Respondents nevertheless rated the following supervisor competencies as important when it came to retention:

- empowering of employees and
- being honest and trustworthy.

Conclusions

Factors of importance for employee retention were job satisfaction, growth and development opportunities and egocentric reasons. Positive organisational perceptions featured as an important factor when respondents were prompted with factors.

This was, however, hardly mentioned in response to the open ended question on why the

respondents stayed in their current jobs.

This apparent anomaly was explained with reference to Herzberg's motivator/hygiene theory. If one considers positive organisational perception to be a hygiene factor, it could be argued that employees would have only listed this factor in the event that they were asked about factors leading to job dissatisfaction.

For the interview respondents' factors that they rated as important for job satisfaction were growth opportunities, challenging work and recognition/appreciation.

It was found that the main reasons mentioned leading to turnover were lack of growth and development opportunities, external reasons and a lack of job satisfaction.

For the sample in question the importance of supervisor behaviour in relation to retention and turnover was not as important as predicted by the literature study.

In comparing the factors leading to turnover and the factors leading to retention, the following comments can be made:

- The factors leading to retention and turnover are not exactly the same. This is in line with the research presented by Flowers and Hughes.
 - Growth and development are seen as a very important factor. They feature both as factors enhancing employee retention and job satisfaction as well as resulting in turnover intention if not present. This is in line with results from the literature.
 - Job satisfaction features in terms of retention and, if absent, features as a factor leading to turnover.
 - Although egocentric reasons and positive organisation perceptions make employees want to stay with their employer, a lack thereof does not, for the sample in question, lead to turnover.
 - Contrary to information presented by Flowers and Hughes, the interview respondents saw external reasons as a strong predictor of turnover intention.
- For the sample interviewed the following conclusions appear to be the case:
- Growth opportunities lead to increased job satisfaction and employee retention whereas the lack thereof leads to staff turnover.
 - Job satisfaction leads to increased employee retention and the lack thereof to turnover.
 - In addition to growth opportunities, job satisfaction is increased through challenging work and recognition/appreciation.
 - Positive organisation perceptions and egocentric factors enhance retention, but their absence does not lead to turnover.
 - External factors can lead to turnover.