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Using the zone-of-tolerance to determine effective HRM practices

A South African perspective

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ABSTRACT

Background: The zone-of-tolerance (ZOT) is used in customer management to determine which customer interventions a company should focus their attention on. This research seeks to apply the ZOT to talent management in a South African context. The ZOT was used to investigate which HRM practices organisations should focus on and how the different social grouping and organisational tenure may change the focus of these HRM practices.

Results: It was found that career and performance management, communication and employee reward showed significant lower impacts on employee satisfaction when an employee was inside the ZOT across all social groups. At a detailed level though there were differences among the social groups on which aspects of each element lowered the impact on employee satisfaction when inside the ZOT.

Conclusion: Talented employees in a South African context value autonomy, training, adequate staffing and reduced job stress. These elements need to be managed regardless of whether the employee is in the ZOT or not. Career and performance management and employee reward, underpinned by clear career paths and performance based remuneration need to be monitored, as the impact of these on employee satisfaction is much lower when in the ZOT. All management interventions need to be supported by transparency and clear communication.

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.

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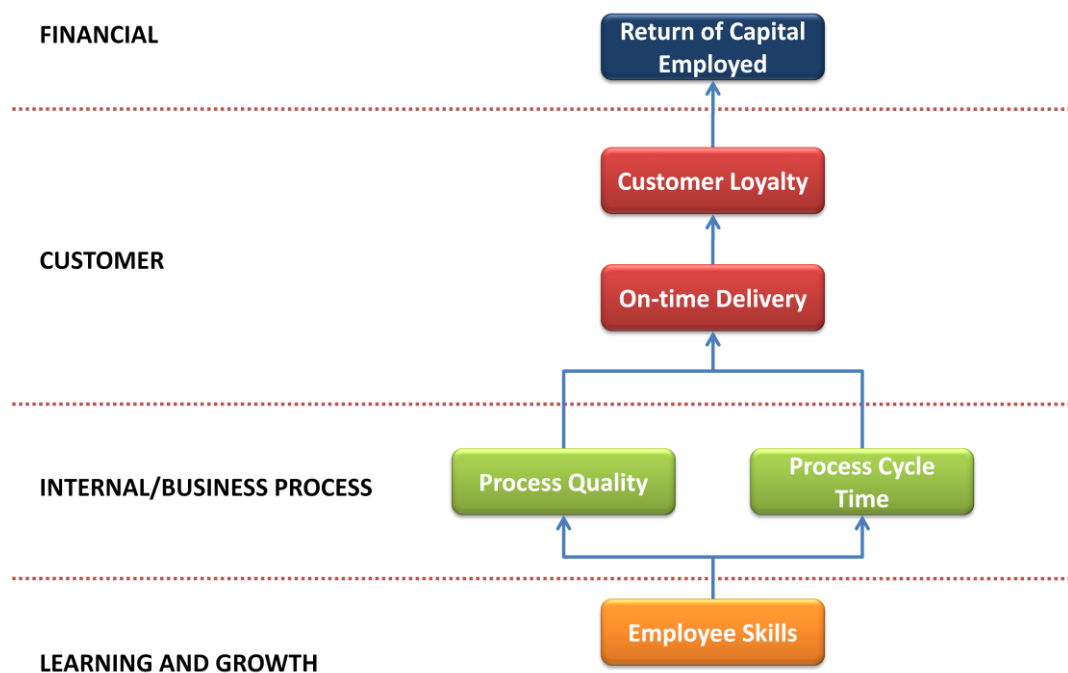
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1 INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Introduction

In his book on human capital strategy, Hall (2007) introduces the concept of Human Capital Management (HCM) as a practice guideline for improving the competitive position of companies through its influence on all other aspects of the business. Similarly, Becker, Huselid and Ulrich (2001) describe aligning people, strategy and performance through a refined balance scorecard as illustrated in Figure 1: Value Creation through Human Capital Management. The scorecard assesses four main areas: learning and growth, internal/business processes, customer, and financial, with each element building on the success of its predecessor.

Figure 1: Value Creation through Human Capital Management



At the lower level, the scorecard assesses employee skills, which lead to the outcomes of process quality and process cycle time. This in turn leads to on-time delivery to the customer, leading to customer loyalty and ultimately to return on capital employed.

As much as investing in talent and employee skills development can improve both return on capital deployed and competitive position, the premature loss of talent could cost the company in recruitment fees, training fees and the opportunity cost of replacement and retraining initiatives (Ngobeni, 2006). Ideally, new recruits should remain with the company in excess of five years in order to recoup these costs (Consumer Insight Agency, 2006). Informing the business drivers and cost initiatives behind talent management (Becker *et al.*, 2001), is the global skill shortage, which ultimately leads to an increase in attraction costs and premature loss of talent (Lenaghan and Eisner, 2005).

1.2 The Skill Shortage

Skill shortage is at the top of the global agenda. In a survey by consulting firm Deloitte (Deloitte Consulting LLP, 2008), 54% of respondents cited shortage, motivation and retention of qualified talent as their top organisational challenge.

Deloitte's report (2008) also highlighted the new role of the human resources (HR) department as business driven, with a greater emphasis on business

strategy and growth. A similar survey done by Deloitte a year earlier (Deloitte Consulting LLP, 2007), indicates that future HR transformation will be driven by the following business issues, ranked from 1 (most important) to 6:

- 1. Training next generation leaders**
- 2. Building and managing a global workforce**
3. Mergers and acquisitions
4. Entering new markets
- 5. Ageing workforce**
6. Global mobility

The business issues which have been highlighted here all refer to talent management. Thus there appears to be a general trend of renewed focus on talent management in support major business initiatives.

1.3 Talent Management as a Strategic Priority

Talent management is key in achieving the HR strategies of top companies (Deloitte Consulting LLP, 2008). By having employees stay with the organisation, the organisation would save money in recruitment and training fees and opportunity cost of replacement initiatives (Ngobeni, 2006).

A 2005 study (Towers Perrin, 2005) indicated that talent management is recognised by executives as a key focus area; however, 73% of respondents do

not have a formal talent management plan in place. However, Aselstine and Alletson (2006) report that organisational focus has shifted to workforce effectiveness, retaining talent and tailoring the employment value proposition to the employee as employees who are highly engaged are more likely to perform and stay with the organisation.

Organisations are facing a changing employment market, with more emphasis on the psychological contract, as opposed to traditional elements of the employee contract such as loyalty, as shown in Table 1: The Changing Work Environment (Aselstine and Alletson, 2006). The employer-employee relationship has shifted from loyalty to the organisation to the individual. The 21st century “new deal” has a high emphasis on performance and results and far less commitment and loyalty to the organisation.

Table 1: The Changing Work Environment (Aselstine and Alletson, 2006)

Characteristics of the 20th century “old deal”	Characteristics of the 21st century “new deal”
“Job for life”	“I’ll work ‘til I’m bored”
Life-time loyalty	“I’ll go where I can learn and grow”
“People as cost or asset”	“Individual investors of human capital”
“Aspire to become the manager”	“Aspire to build my resume”
Annual cost-of-living increases	Compensation tied to competencies
Guaranteed real salary growth through cost of living adjustments and “annual raise”	Opportunity for real salary growth through skill building and career advancement
“Holiday bonus” based on recognition and loyalty	Performance bonus based on impact and results
Executives accountable to shareholders for financial results	Executives accountable to shareholders for financial results – and for talent management
Training you need for your job	Skills you want to develop

Characteristics of the 20th century “old deal”	Characteristics of the 21st century “new deal”
Organization’s reputation for product excellence	Organization’s reputation as a good employer

In this changing environment it is important to determine what constitutes the employer-employee relationship and how that may affect the attraction, motivation, development and retention of talent. South Africa has a unique heritage that adds an additional dynamic to the employer-employee relationship.

1.4 Talent Management in a South African Context

In South Africa, labour legislation influences the psychological contract and consequently the employer-employee relationship, which in turn will have an effect on attraction, retention and motivation of social groupings of employees in labour markets that favour them (Wöcke and Sutherland, 2008).

A study by the Consumer Insight Agency (Consumer Insight Agency, 2006) suggests that African talent in South Africa is not managed according to their expectations. Although job-hopping is a world-wide phenomenon, especially amongst the younger generation, it seems to have been exasperated by the transformation efforts of South African companies as well as the scarcity of African talent (Ngobeni, 2006). The Consumer Insight Agency study (2006) cited the following as main reasons for the decision to leave amongst African talent:

Personal “Pull” Reasons

1. *Entrepreneurship*: African individuals are driven by a strong sense to give back to their communities and often work to gain the appropriate skills to start and successfully manage their own business.
2. *Challenge*: Individuals are seeking to build skills in a broad range of disciplines in order to gain the skills required to be successful in their own ventures.
3. *Networking*: Individuals also feel that they need to network to be successful and hence job-hopping is seen as an opportunity to extend their networks and business contacts.

Corporate “Push” Reasons

1. *Recognition*: Individuals would like to be recognised for a job well done.
2. *Culture clash*: Individuals feel that they do not fit in with the corporate culture.
3. *Hostility at work*: Individuals feel that co-workers from other ethnic groups resent them in the work-environment.

There is a need to understand the effect of the legislative environment on the attraction, development and retention of African talent to ensure that companies can leverage diversity and avoid non-compliance with regulatory requirements.

1.5 The Research Scope

The scope of this research is limited to the HRM practices that may be deployed to attract, motivate, develop and retain the talented employees in the workforce. The terms used in this report are defined as follows:

Talent

Talent is defined as individuals that meet one of the following criteria (Towers Perrin, 2005):

1. Senior leadership
2. Individuals with leadership potential at a mid-management level
3. Individuals with leadership potential at an entry level
4. Key contributors or technical experts that have a skill that is difficult to replace

In addition, talent includes the following characteristics (Horwitz, Heng, and Quazi, 2003):

1. High-levels of skill or education
2. High-levels of cognitive and abstract reasoning skills
3. An ability to combine and interpret data in such a way that it contributes to the knowledge base of the organisation
4. Knowledge sharing and team collaboration to optimise the future of the organisation

Holland, Sheehan and De Cieri (2007, p 249) offers the following definition:

“...characterized as having high-level specialist skills with the ability to apply these skills to issues and problems critical to organisational sustained advantage”.

Human Resource Management Practices for Talent Management

Strategic actions undertaken by HR (Horwitz *et al.*, 2003) to:

1. Attract top talent
2. Motivate individuals and teams
3. Retain talented individuals and teams thereby minimizing turnover intention

Zone-of-Tolerance (ZOT)

A service quality measure that determines the satisfaction with an element, based on the minimum and desired levels of service (Zeithaml, Berry, and Parasuraman, 1996). Interventions have a lesser impact on employees who are in the ZOT, between the minimum and desired level, than those who are outside of the ZOT, which is defined as either below the minimum or higher than the desired level.

Worker Groupings in South Africa

Workers in South Africa are divided into three distinct social groups:

1. Africans
2. White Males
3. Other Previously Disadvantaged Individuals (PDI's) (this group includes Coloureds, Indians and White Females)

1.6 The Research Motivation

The improvement of skills, in particular scarce skills, was listed as the second strategic objective in the South African Human Resource Development plan in 2001 (South African Government, 2001). Subsequent statements at a provincial level (Gauteng Provincial Government, 2007) and by Minister Naledi Pandor (Pandor, 2008) indicate the focus and commitment with which the South African government views the development of skills.

The aim with this research is to provide a perspective on which HRM Practices should be undertaken in a South African context to attract, develop and retain talented skill in the organisation.

1.7 The Research Problem

At an organisational level, the focus on talent management and the retention of key staff stems from the changing business environment and emergence of non-traditional competitors (Towers Perrin, 2005).

The retention of talent is a strategic goal in most organisations and with the global skill shortage, the fight for talent forces organisations to give talent management more focus (Horwitz *et al.*, 2003). In South Africa, employment equity legislation makes the fight for talent an even bigger challenge, with African workers showing a high propensity to seek alternative employment (Wöcke and Sutherland, 2008).

The aim of this study is to determine which HRM practices should be undertaken by assessing the impact of such an HRM practice inside and outside the ZOT of the candidate on that specific HRM practice.

Employers strive to attract and retain top talent just as companies try to attract and retain profitable customers and try to retain them. Therefore this study will

examine HRM effectiveness in light of customer satisfaction measures, in particular the ZOT. Significant funds are spent on retaining and rewarding talent in organisations; however, employers need to determine if money is well spent on individuals that are committed to the organisation in the long-term (Cappelli, 2008).

This study sets out to:

1. Prove that HRM Practices have a lesser effect on employees in the ZOT than on employees outside the ZOT.
2. Use the ZOT to determine which of these HRM practices undertaken by companies will have a significant impact on employee satisfaction and consequently on turnover intention of talented individuals.
3. Determine what the effect of tenure and social groups is on the ZOT of HRM practices in a South African context.

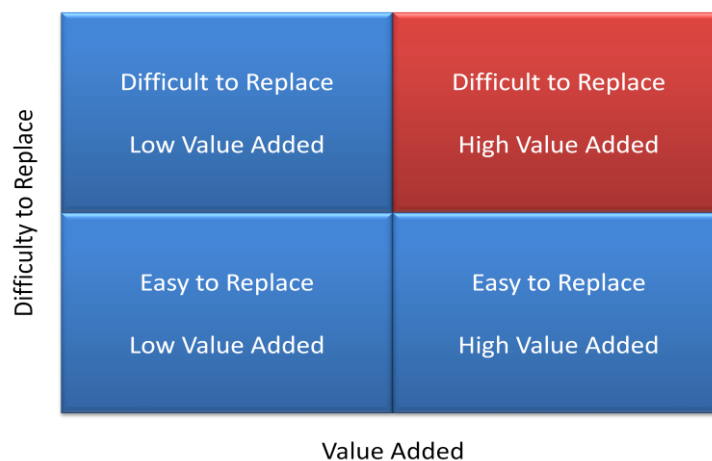
2 LITERATURE REVIEW

2.1 Talent Management

2.1.1 Definition of Talent Management

The management of talent is the attraction, motivation, development and retention of talented individuals. Talented individuals are those individuals who are considered to be difficult to replace and who are adding high value to the business. Lewis and Heckman (2006) defined a talent management quadrant to indicate where an individual lies on the talent continuum. The talent management quadrant highlights the difficulty to replace an individual against the value added by the individual (Lewis and Heckman, 2006). Talented individuals are placed in the top right quadrant and are defined to be both difficult to replace and adding high value as indicated in Figure 2.

Figure 2: Talent Management Quadrants



Horwitz *et al.* (2003) identified three key principles in talent management when dealing with talent in the organisation: attracting and recruiting talent,

motivating and retaining talent, and deploying talent. Supporting the three key principles in talent management, Lewis and Heckman (2006) suggests that five talent management components need to be considered when defining a talent management strategy: sustainable competitive advantage, strategy implications for talent, talent pool strategy, talent management systems and talent practices. The considerations for each component are highlighted in Table 2.

Table 2: Talent Management Components and Considerations

Talent Management Component	Talent Management Considerations
Sustainable Competitive Advantage	<ul style="list-style-type: none"> • What market opportunities exist? • Which organisational resources yield advantage?
Strategy Implications for Talent	<ul style="list-style-type: none"> • Where will improvements in talent quality drive strategic gains? • Where will improvements in talent fundamentally drive strategic gains?
Talent Pool Strategy	<p>How do we position various talent pools?</p> <ul style="list-style-type: none"> • What combination of performers do we need? • What compensation policy should we adopt (above/below/at market)? • Which pools should be linked in career ladders?
Talent Management Systems	<p>How do we implement talent pool strategies across the company?</p> <ul style="list-style-type: none"> • Competency architectures • Enterprise-wide data systems
Talent Practices	<p>Which practices efficiently meet our talent goals and can be captured by our systems?</p> <ul style="list-style-type: none"> • Selection • Recruiting • Performance management • Compensation administration

The organisation is therefore faced with the strategic options listed by Cappelli (2008) as a method of managing talent:

1. Develop and buy talent based on the organisation's demand
(Attraction)
2. Adapt to the uncertainty in talent demand
(Attraction/Development)
3. Improve the return on investment in employee development
(Development/Retention)
4. Preserve the investment in employee development by balancing employer and employee interests (Development/Retention)

Horwitz *et al.* (2003) rated the top 5 strategies in each of these talent management categories, shown in Table 3. Retention strategies are specifically geared towards reducing turnover intention.

Table 3: Top 5 HR Strategies in each Talent Management Category

Attraction strategies	Motivation/Development strategies	Retention strategies
1. Advertised jobs	1. Freedom to plan and work independently	1. Performance incentives/bonuses
2. Internal talent development	2. Regular contact with senior executives	2. Competitive pay package
3. Used head hunters	3. Used incentive bonuses	3. Challenging work
4. On-line recruitment	4. Challenging work	4. Freedom to plan and work independently
5. Career plans used for re-deployment and promotion	5. Top management support	5. Top management support

Attraction of talent is the first step in the process. In order to attract the top talent, organisations advertise and use head hunters as well as internal talent management and promoting from within (Horwitz *et al.*, 2003). However, to manage talent internally and promote from within, the motivation, development and retention of the individual need to be considered (Horwitz *et al.*, 2003). To assess the individual motivation, retention and development and the inter-working thereof, the psychological contract between the employer and the employee is examined.

2.2 Talent Management Strategic Components

2.2.1 The Psychological Contract

The psychological contract is formed when an employee believes that a promise has been made regarding future benefits in exchange for a contribution (Robinson and Rousseau, 1994). The understanding of the promise may not be the same for both parties. The psychological contract refers to perceived mutual obligations between an employer and employee that characterise the relationship between the two parties (Robinson and Rousseau, 1994).

The psychological contract contains both relational and transactional elements (Cavanaugh and Noe, 1999). Transactional elements are short-term based and refer to specific monetised exchanges such as a fair compensation and

compensation based on merit whereas relational elements refer to long-term obligations such as promotion and a meaningful job (Zhao, Wayne, Glibkowski, and Bravo, 2007). Rousseau (2000) categorised psychological contracts into four categories based on the elements contained in it: relational, transactional, balanced and transitional. The transitional classification does not embody a psychological contract in itself but describes the cognitive state brought on by organisation change that conflicts with the previous state of the psychological contract (Rousseau, 2000). Rousseau (2000, p.4) further subdivided each dimension into its constructs as summarised in Table 4.

Table 4: Elements of the Psychological Contract

Relational		
Element	Employee Commitment	Employer Commitment
Stability	<ul style="list-style-type: none"> • Remain with firm • Do what is required to keep job 	<ul style="list-style-type: none"> • Offer stable wages • Long-term employment
Loyalty	<ul style="list-style-type: none"> • Support firm • Commitment to the organisation's needs and interests • Be good organisational citizen 	<ul style="list-style-type: none"> • Support well-being and interest of employees and their families
Transactional		
Element	Employee Commitment	Employer Commitment
Narrow	<ul style="list-style-type: none"> • Employee is obligated to perform only a fixed or limited set of duties • Do only what is paid to do 	<ul style="list-style-type: none"> • Offer employee limited involvement in organisation • Little or no training or other employee development offered
Short Term	<ul style="list-style-type: none"> • No obligations to remain with firm • Committed to work only for a limited time 	<ul style="list-style-type: none"> • Offers employment for a specific or limited time only • No future employment obligations

Balanced		
Element	Employee Commitment	Employer Commitment
External Employability	<ul style="list-style-type: none"> Develop marketable skills 	<ul style="list-style-type: none"> Enhance employee's long-term employability internal and external to the organisation
Internal Advancement	<ul style="list-style-type: none"> Develop skills valued by current employer 	<ul style="list-style-type: none"> Create career opportunities inside the firm
Dynamic Performance	<ul style="list-style-type: none"> Continuously perform more demanding goals to help the firm remain competitive 	<ul style="list-style-type: none"> Promote continuous learning Assist employee in achieving escalated performance requirements

Transitional		
Element	Employee Perception	Employer Actions
Mistrust	<ul style="list-style-type: none"> Firm sends mixed signals regarding its intentions Mistrusts firm 	<ul style="list-style-type: none"> Mistrust employee
Uncertainty	<ul style="list-style-type: none"> Uncertain regarding nature of obligations to the firm 	<ul style="list-style-type: none"> Measure employee level of uncertainty regarding future commitments to the employee
Erosion	<ul style="list-style-type: none"> Employee expects to receive diminishing returns for contributions to the firm 	<ul style="list-style-type: none"> Institute changes that erode employee benefits Eroding quality of work life

2.2.2 Psychological Contract Breach

A breach in the psychological contract has a significant negative impact on job satisfaction, trust and affective commitment (Bal, De Lange, Jansen, and Van Der Velde, 2008). Both organisational commitment and trust were found to decrease less for older workers than for younger workers, however, younger workers' job satisfaction was less affected by psychological contract breach than that of older workers (Bal *et al.*, 2008).

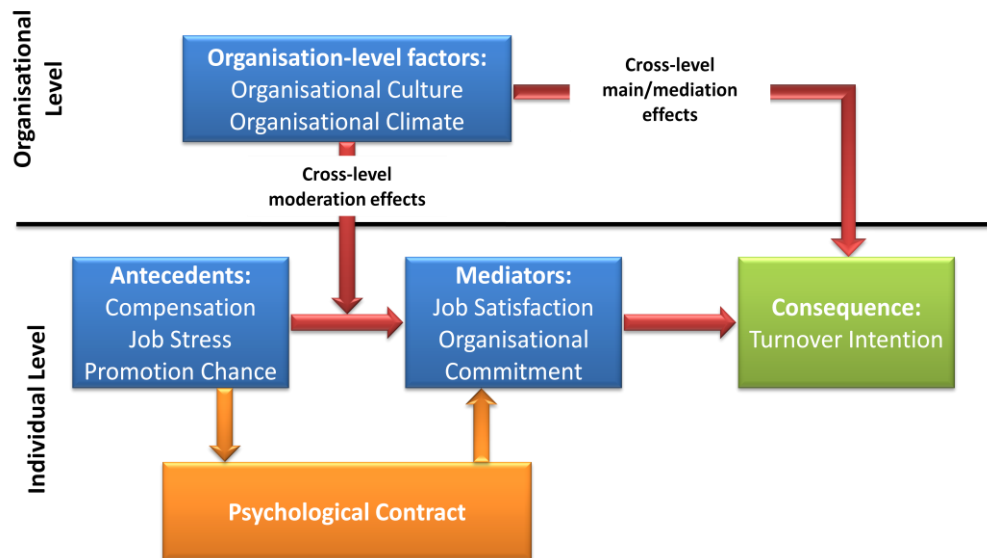
Breach of the psychological contract could increase turnover intent and decreases professional commitment (Suazo, Turnley, and Mai-Dalton, 2005). Suazo *et al.* (2005) determined that psychological contract breach negatively impacts in-job performance and willingness to assist others. However, not all breaches in the psychological contract have the same degree of negative impact on employees (Suazo *et al.*, 2005). Actual turnover is not necessarily a consequence of psychological contract breach (Zhao *et al.*, 2007). This may be attributed to the high cost involved in changing jobs, even in a job market with high mobility (Rousseau, 2000). In contrast, in a job market with a shortage of skills where companies differentiate themselves based on the talented individuals they recruit (Horwitz *et al.*, 2003); actual turnover may be observed to be higher in this market.

2.2.3 Turnover Intention

Employee turnover intentions are influenced on two levels: organisational and individual level (Yang, Xin, and Congwei, 2007). At an organisational level, the organisational culture and climate is at work. Compensation, job stress and promotion chance are the main antecedents at an individual level. These antecedents lead to job satisfaction and organisational commitment. The cross-level moderation and mediation affects between organisational and individual factors ultimately determine the turn-over intention (Yang *et al.*, 2007); refer to Figure 3 (Yang *et al.*, 2007). The antecedents mentioned above have an

influence on the psychological contract, where the psychological contract in turn has an influence on the mediators that, at an individual level, determine turnover intention (Yang *et al.*, 2007).

Figure 3: Multilevel Model of Turnover Intention



2.2.4 The Psychological Contract in a South African Context

Workers in South Africa are divided into three distinct social groups: Africans, White Males and other Previously Disadvantaged Individuals (PDI's). The PDI's group consists of Coloureds, Indians and White Females (Wöcke and Sutherland, 2008).

Legislative intervention is common practice in the South African labour market (Kraak, 2005) due to irregularities in legislation in the past. In less regulated labour markets there is a strong link between turnover intention and job

satisfaction as depicted in Figure 3: Multilevel Model of Turnover Intention. In the South African labour market however, the perceived link between job satisfaction and turnover intent is significantly weakened for previously disadvantaged individuals due to high labour market regulation benefiting specific groups (Wöcke and Sutherland, 2008).

2.3 Employees as Customers

Attraction, retention, motivation and development are concepts which are also associated with customer management. The goal of customer management practices is “attraction of patronage through the satisfaction of needs and wants” (Rust, Stewart, Miller, and Pielack, 1996, p. 64). This strategy lends itself to the notion of treating employees as another type of customer (Bowers and Martin, 2007). Experiences internal customers have in internal service encounters are comparable to those external customers have in external service encounters (Gremler, Bitner, and Evans, 1994). Thus, employees can be viewed as an internal market to which appeals can be made and which can be served, with products, in this case their job definitions, tailored to meet their individual needs. By having satisfied employees, companies are geared towards better financial performance, as well as to a reduction in employee absenteeism and turnover (Bowers and Martin, 2007).

Besides, employee satisfaction has also been positively correlated with organisational citizenship behaviour, the behaviour not formally tied to the employment contract but synonymous to positive attitude, and turnover intention (Rust *et al.*, 1996), (Aselstine and Alletson, 2006). As the demand for skills are increasing, and with the labour force not keeping up with the growth in demand, it becomes even more important to attract, retain and develop talented employees (Bowers and Martin, 2007). The workforce in South Africa is increasingly diverse. In a diverse workforce companies cannot assume that job roles and functions are going to be perceived as satisfactory across the workforce (Bowers and Martin, 2007).

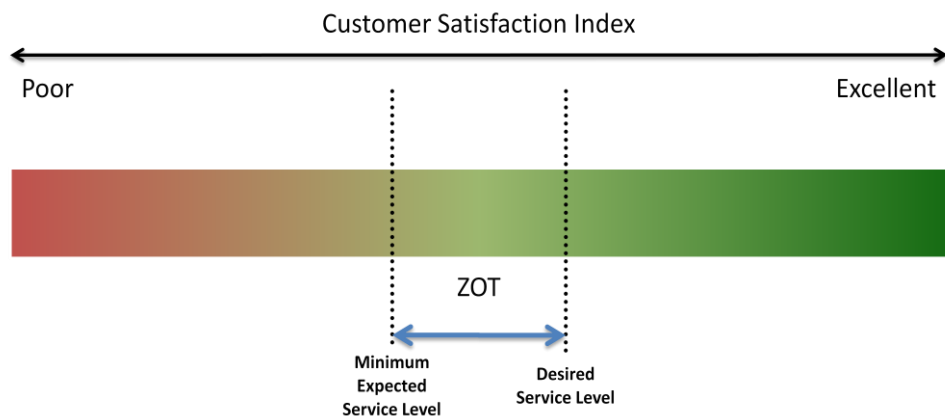
Interactions and practices may not satisfy the needs of all groups. Consequently, it is necessary to consider the target group carefully, in planning which HR interventions to use without running the risk of being perceived to be unfair (Consumer Insight Agency, 2006).

In the field of customer management, a tool was developed to prioritise service interventions to those that will have the biggest positive impact on a customer (Johnston, 1995). The tool, the zone-of-tolerance, measures the effectiveness of an intervention by comparing customers that are within the bounds of their satisfaction level with those who are not.

2.4 Zone-of-Tolerance

The zone-of-tolerance (ZOT) is a concept applied to customer service satisfaction (Zeithaml, Berry, and Parasuraman, 1996). The ZOT refers to the rating scale of customer satisfaction where the measured satisfaction level of the customer is between the minimum acceptable level and the desired level (Johnston, 1995) as shown in Figure 4: Zone-of-Tolerance for Customer Satisfaction.

Figure 4: Zone-of-Tolerance for Customer Satisfaction



This concept could also be applied to the scenario where the employee is seen as the customer and the employer as the service provider (Rust *et al.*, 1996).

As relationships are not static, the nature of relationships between customers and service providers and similarly between employees and employers will change over time based on interactions between the parties. This is referred to as relationship drift (Schurr, Hedaa, and Geersbro, 2008).

Each party's expectations from the relationship are circumscribed by norms, values and beliefs which are bound between the lower limit and the upper limit of expectation. Once a party's level of satisfaction, in this case the employee falls below the lower limit of expectation (refer to Figure 4), the employee will seek structural changes in the relationship (Schurr, Hedaa, and Geersbro, 2008). Similarly, employees who are not in breach of their psychological contracts are more likely to be retained by the organisation (Suazo *et al.*, 2005).

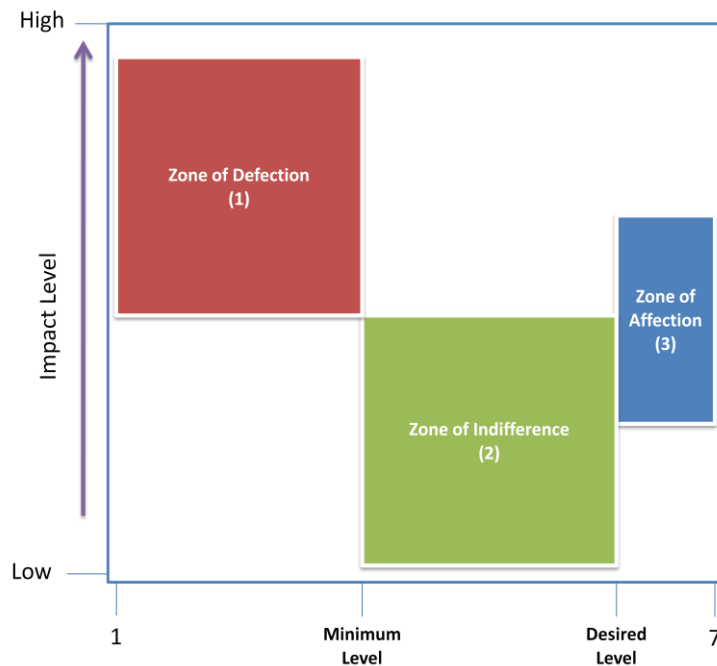
Heskett, Jones, Loveman, Sasser Jr., and Schlesinger (1994) expanded on the concept of satisfaction zones by introducing three satisfaction zones:

1. Zone of defection
2. Zone of indifference
3. Zone of affection

This is similar to the ZOT, as the zone of indifference equates to a zone where the customer is indifferent to service interventions, this could be redefined as the ZOT. The zone of defection is the zone where the customer falls below the minimum satisfaction level. Likewise the zone of affection is the zone where the satisfaction level is above the desired level. By definition Heskett *et al.* (1994) identified the zone of defection and the zone of affection to be more volatile to service encounters and hence both these zones are defined to be outside the ZOT. Figure 5: Impact Levels of the ZOT indicates the theoretical impact level for

each of the zones. As zones outside of the ZOT are more volatile, a employee or customer in the zone of affection can easily slip to the zone of defection and ultimately the decision to churn, when confronted with a less favourable encounter, should this encounter be significant to the employee or customer.

Figure 5: Impact Levels of the ZOT



HRM practices can be equated to service encounters in the employer-employee relationship and therefore have a direct influence on the psychological contract (Guest, 2004).

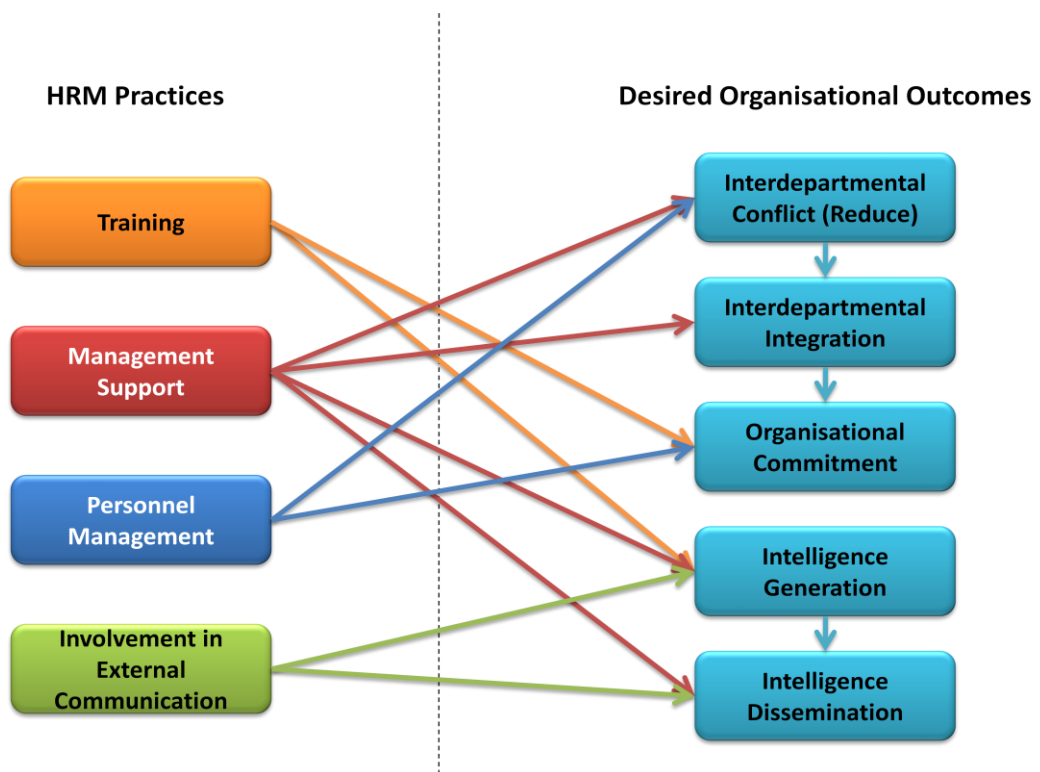
2.5 The Role of HRM Practices

HRM Practices have a direct influence on trust in management and organisational commitment (Whitener, 2001). HRM practices are pivotal in the formation and potential breach of the psychological contract (Guest, 2004).

However, not all HRM practices have the same level of influence on the psychological contract and consequently employee satisfaction (Suazo *et al.*, 2005). Employer obligations in fulfilling the psychological contract may vary with cost and ease of implementation of such obligations (Coyle-Shapiro and Kessler, 2000).

HRM practices have a significant impact on the desired outcomes that create a positive environment for talented workers (Conduit and Mavondo, 2001) as shown in Figure 6: Organisational Outcomes as a Consequence to HRM Practices.

Figure 6: Organisational Outcomes as a Consequence to HRM Practices



The management of talent is closely linked to the effective use of internal marketing (Ahmed and Rafiq, 2003). Ahmed and Rafiq (2003) further explore the relationships not just between the environment and the employees but also the interdepartmental workings to have an effect on the effectiveness and performance of the organisation.

2.5.1 Talent Management through HRM Practices

"The cost of not hiring the right people is the cost of mediocrity and failure. How much is that worth to you?"

— Charlie Wonderlic

Hiring practices should be geared towards not just hiring the best talent, but also the right candidates who fit into the desired organisational culture (Emerald Group Publishing Limited, 2007). The increasing importance of person-organisation fit is also highlighted in Holland *et al.* (2007).

Talented workers are referred to by Holland *et al.* (2007) as “gold-collar workers” due to their high-levels of transferable skills that are in high demand. These workers tend to be career focused, highly mobile and are drawn in by jobs that offer high potential for self-development. They need to be presented with many challenges in order to keep them interested (Holland *et al.*, 2007). The management of these resources therefore demand more attention.

Employment practices needs to be re-evaluated and tailored to the individual's needs in order to address the needs of these resources on a continuous basis (Holland *et al.*, 2007).

In order to keep talented employees interested, these employees need to be sure that their current firm provides both opportunities to self develop (Holland *et al.*, 2007) as well as opportunities to grow in the firm (Grigoryev, 2006). Grigoryev (2006) suggests succession planning as a key imperative to convince candidates that they have a future in the firm.

2.5.2 A South African Perspective on HRM Practices

A study done in South Africa indicated that South African talent, even those who are highly committed to both their organisations and positions are subject to market-driven turnover (Birt, Wallis, and Winternitz, 2004). Research (Birt *et al.*, 2004) suggests that the talent pool is experiencing continuance commitment as opposed to affective commitment. Affective commitment refers to an emotional attachment to the organisation. Continuance commitment proposes that an employee's intention to remain with the organisation is on:

1. The perception of available opportunities elsewhere
2. The cost of leaving the organisation

The results from the study (Birt *et al.*, 2004), summarised in Table 5, indicate that South African talent rate leadership, career and performance management, autonomy, employee reward and certain aspects of training high. Job security, work-life balance and affirmative action are rated lower.

Table 5: Importance of HRM Practices to South African Talent

Work/Development Environment		Compensation and Benefits	
Manager integrity and quality	93%	External equity	91%
Challenging and meaningful work	93%	Performance bonuses	90%
Empowerment and responsibility	90%	Share options	88%
Advancement opportunities	90%	Internal equity	87%
Development/learning opportunities	89%	Variable pay (performance related)	80%
New opportunities/challenges	89%	Retirement benefits	77%
Personal buy-in to business strategy	87%	Health benefits	74%
Personal fit with company	87%	Guaranteed base salary	74%
Performance evaluation/feedback	84%	Organisational Environment	
Recognition	84%	Fairness	87%
Autonomy/independence	82%	Open communication/transparency	86%
Cutting-edge work	79%	Company reputation	85%
Excellent co-worker quality	79%	Senior team reputation	83%
Role clarity	76%	Organisational support and commitment	82%
Teamwork	73%	Organisational change readiness	79%
Productive and friendly work relationships	73%	Competitive technology level	78%
Internal mobility	72%	Diversity	77%
Pleasant daily work experiences	70%	Formal information/knowledge sharing	75%
360-degree feedback	67%	Employment equity/affirmative action	70%
Mentoring opportunities	65%	Network opportunities	70%
Availability of team building exercises	41%	Organisational size and stability	62%
Status	36%	Job security	58%
Work-Life Balance			
Business travel and global exposure	69%		
Geographic location of work	62%		
Flexible hours	58%		
Option to work from home	45%		
Extra vacation/longer annual leave	35%		
Childcare facilities	4%		

3 RESEARCH HYPOTHESIS

The aim of this research was to examine HRM practices in the context of the psychological contract in terms of the objective to motivate and retain talented employees. As not all breaches in the psychological contract have the same impact (Suazo *et al.*, 2005) on employee satisfaction and turnover intention, the intent is to examine which HRM practices have the largest positive impact on the retention of talented employees.

Treating employees as customers as described by Bowers and Martin (2007) triggered the use of a customer management framework, the ZOT, to evaluate the effectiveness of HRM practices. ZOT literature (Yap and Sweeney, 2007) observed a smaller impact on customer satisfaction brought about by customer service interventions for customers who lie within the ZOT with regards to their satisfaction. This study will investigate whether the same tendency would be observed among talented employees, who are in the ZOT with respect their satisfaction, with the HRM practices deployed in their organisations. As not all HRM practices are expected to have the same impact, the study will use the ZOT to determine which HRM practices are sensitive to changes when satisfaction falls outside of the ZOT; hence there is a significant difference in impact between employees who fall in the ZOT versus those who fall outside of the ZOT.

In a South African context, social groupings need to be considered separately as some groups are expected to show a higher intention to leave due to more favourable employment markets for them brought about by legislation (Wöcke and Sutherland, 2008). Organisational tenure needs to be considered as this will be an indicator of the impact of market-driven turnover as described by Ngobeni (2006).

Hypothesis 1: HRM practices have a lesser impact on satisfaction for employees who are in the zone-of-tolerance than for those who are not.

Hypothesis 2: Effective HRM practices and the sensitivity of employee satisfaction to HRM interventions differ among the various social groupings in South Africa (White Males, Africans and other PDI's) in the context of the ZOT.

Hypothesis 3: Organisational tenure has an impact on the effectiveness and volatility of HRM practices in the context of the ZOT.

4 RESEARCH METHODOLOGY

4.1 The Research Method

A questionnaire was administered to a group of talented individuals. The questionnaire consisted of three main sections: demographic data, career history and HRM practices. The demographic data was collected to allow for data analysis based on demographic variables. Career histories were collected to assess the participants' longevity in organisations and to determine if tenure has an impact on the effectiveness of HRM practices.

The HRM practices section examined the zone-of-tolerance of HRM practices by posing a range of questions in the six main categories of HRM practices, as used by Conway and Monks (2008) to assess employee satisfaction. The items used in the questionnaire also corresponded to those cited as critical elements to consider when evaluating organisational commitment and work behaviour (Sturges, Conway, Guest, and Liefoghe, 2005) in relation to the psychological contract.

Each HRM practice was evaluated according to the zone-of-tolerance evaluation method (Zeithaml *et al.*, 1996). A four way evaluation per element was introduced:

1. Minimum level of focus this item should receive
2. Desired level of focus this item should receive

3. The current focus the individual believed that the item received in his or her organisation
4. The level of impact such a HRM practice would have on the individual, should it occur.

A 7-point numerical attitude scale (Zikmund, 2003), anchored by no focus/impact on the low end and extremely high focus/impact on the high end, was used to assess the respondents' attitudes towards each statement. For educated populations, such as the population of this research project, a numeric scale is considered to be as effective for measuring attitudes as a semantic scale (Zikmund, 2003).

4.2 Proposed Population and Unit of Analysis

Population is defined as a complete group of entities that share a universal set of characteristics (Zikmund, 2003). The population of this research was defined as all talented individuals who met the criteria below and who currently reside and work in South Africa. At an organisational level, the individuals met one of the following criteria:

1. Senior leadership
2. Individuals with leadership potential at a mid-management level
3. Individuals with leadership potential at an entry level

4. Key contributors or technical experts that have a skill that is difficult to replace

At an individual level, the population elements shared the following characteristics and abilities:

1. High-levels of skill or education
2. High-levels of cognitive and abstract reasoning skills
3. Ability to combine and interpret data in such a way to contribute to the knowledge of the organisation
4. Knowledge sharing and team collaboration to optimise the future of the organisation

The unit of analysis was a group of individuals that were employed in South Africa and that were considered talent by the firms that employed them.

4.3 Sampling

4.3.1 Selection and Size of Sample

The sampling method used was the nonprobability purposive sampling technique (Zikmund, 2003), as the researcher selected the sample based on the characteristics defining talented individuals as outlined in section 4.2. As MBA students typically meet the criteria as outlined in section 4.2, it was decided to administer the questionnaire to the 2008/9 first year MBA students enrolled at the Gordon Institute of Business Science (GIBS), considering that the researcher

had access to the programme managers and consequently could readily communicate with the students. Permission was obtained from the respective programme managers to administer the questionnaire to the two Johannesburg 2008/9 MBA groups as well as the Pretoria 2008/9 MBA group. The sample size was the students enrolled for the MBA 2008/9 programme in both Johannesburg and Pretoria, which was a total of 192 students.

4.3.2 Nature of the Sample

The typical MBA student has the following characteristics (GIBS, 2008):

1. Bachelors degree or non-degreded with exceptional career records
2. Work experience of five years or more with at least two years at a managerial level
3. Leadership potential
4. Post-graduate level intellectual ability
5. Career-orientated with high-levels of energy, commitment and ambition

4.4 Data

4.4.1 Data Collection

Measures focusing on obligations and reciprocal exchanges are the preferred measurements when dealing with psychological contracts (Rousseau and Tijoriwal, 1998). The instrument described by Conway and Monks (2008) was used to assess the impact of HRM interventions in relation to the elements of the psychological contract. The rating scales have been altered to include four

measures per question, as per the methodology used in ZOT instrument (Yap and Sweeney, 2007): minimum acceptable level, desired level, current level, and the impact, should this be addressed in the organisation.

MBA students at GIBS have compulsory lectures at either the Illovo or Pretoria campus regularly as part of the programme. Questionnaires were distributed by visiting the students in during their lecture time to explain the questionnaire. Students were given a paper copy or the option to complete the survey online. Paper copies were collected and captured on the same online tool. The survey was sent to a sample size of 192 students. A total of 81 students responded, equating to a response rate of 42%. From the 81 responses, 56 were deemed useful, which reduced the overall response rate to 29%.

4.4.2 Data Analysis

The data collected were used to determine the bounds of the ZOT. Each respondent's current score was evaluated to determine whether or not this candidate fell within the ZOT for a specific HRM practice (Yap and Sweeney, 2007).

A one-way ANOVA analysis (Albright, Winston, and Zappe, 2006) was used to assess the difference in impact of HRM interventions for the group that fell in

the ZOT and the group that fell outside the ZOT. For the one-way ANOVA the null hypothesis (H_{10}) states that the mean (μ_{ZOT}) of the impact rating within the ZOT is equal to the mean ($\mu_{ZOT'}$) of the impact rating that is not within the ZOT. The alternative hypothesis is labelled H_{1A} .

$$H_{10}: \mu_{ZOT} = \mu_{ZOT'}$$

$$H_{1A}: \mu_{ZOT} \neq \mu_{ZOT'}$$

One-way ANOVA tests (Albright *et al.*, 2006) were done at both a high and a detailed level to determine if the different social groups have different impact scores when inside and outside the ZOT. This hypothesis, labelled H_{2a} , was tested in two parts. The first, H_{2a1} , denoted the difference in the means of the impact scores among the social groups who were in the ZOT. Similarly, H_{2a2} denoted the difference of the means of the impact scores among the social groups who were outside of the ZOT.

$$H_{2a10}: \mu_{ZOT_A} = \mu_{ZOT_{WM}} = \mu_{ZOT_{OPDI}}$$

$$H_{2a1A}: \mu_{ZOT_A} \neq \mu_{ZOT_{WM}} \neq \mu_{ZOT_{OPDI}}$$

$$H_{2a20}: \mu_{ZOT'_A} = \mu_{ZOT'_{WM}} = \mu_{ZOT'_{OPDI}}$$

$$H_{2a2A}: \mu_{ZOT'_A} \neq \mu_{ZOT'_{WM}} \neq \mu_{ZOT'_{OPDI}}$$

Another set of one-way ANOVA tests (Albright *et al.*, 2006) were done to determine whether the impact scores were different inside and outside of the ZOT for each of the social groups separately. This test was repeated for each of

the social groups, where H_{2b0} stated that the mean of the impact score, for candidates of a particular social group, in the ZOT was equal to the mean of the impact score for candidates of the same social group that were not in the ZOT. The alternative hypothesis is denoted by H_{2bA} .

$$H_{2b0}: \mu_{SG_{ZOT}} = \mu_{SG_{\text{not ZOT}}}$$

$$H_{2bA}: \mu_{SG_{ZOT}} \neq \mu_{SG_{\text{not ZOT}}}$$

Pearson's correlation coefficient was used to assess the impact of previous tenure on current tenure. A correlation matrix using Pearson's correlation coefficient (Zikmund, 2003) was constructed to show the correlations between tenure of the candidate and the ZOT, to determine if the employees' tenure had an impact on whether they were in the ZOT or not for each of HRM practices.

A one-way ANOVA test was done to determine if the mean of current tenure differed from group to group.

$$H_{3a0}: \mu_{TA} = \mu_{T_{WM}} = \mu_{T_{OPDI}}$$

$$H_{3aA}: \mu_{TA} \neq \mu_{T_{WM}} \neq \mu_{T_{OPDI}}$$

4.4.3 Data Validity

The questionnaire was pre-tested to ensure its validity and to assess if questions and instructions were clear enough and interpreted correctly. In

addition data validity was ensured by means of criterion validity (Zikmund, 2003).

Criterion validity, according to Zikmund (2003) is the ability of one measure to correlate with other measures in the same construct. The level of the ZOT, hence the value which was selected as the minimum level, provided an indication of the validity of the impact score. If the minimum level where found to be low, but the impact high, the score have been deemed questionable. Pearson's correlation coefficient was used to determine the correlation between the impact and the minimum score of the category. It was found that there was a high positive correlation, indicating that when the minimum scoare was low, so was the impact and consequently indicating criterion validity of the data; refer to Appendix B: Data Validity, for the detailed results.

4.4.4 Data Reliability

Data reliability was addressed by properly briefing respondents on how to complete the questionnaire. As respondents were briefed in a classroom setting and thus were together in groups, there was sufficient opportunity for the researcher to explain the questionnaire to the respondents as well as what was expected from them.

4.5 Potential Research Limitations

4.5.1 Sampling Limitations

This study was subject to sampling frame error (Zikmund, 2003), as the proposed sample included only students enrolled at GIBS, and not students from any other business school. The sample also showed non-response error (Zikmund, 2003), due to respondents not attending the specific lecture where the questionnaire was discussed; respondents who were not willing to participate; and respondents that did not complete the survey in full. However, the response was greater than 30, hence this error should be negligible (Albright *et al.*, 2006).

4.5.2 Geographical Limitations

The study was geographically limited as GIBS students are concentrated in the Gauteng province.

4.5.3 Instrument Limitations

The questionnaire measured the perceived impact of a given HRM practice and not the actual impact. Ideally this study should be done before and after changes in certain HRM practices occurred to measure its impact. The cross mediation amongst the applied HRM practices was also not measured, for example, if communication is improved, it may have an impact on how performance management is perceived.

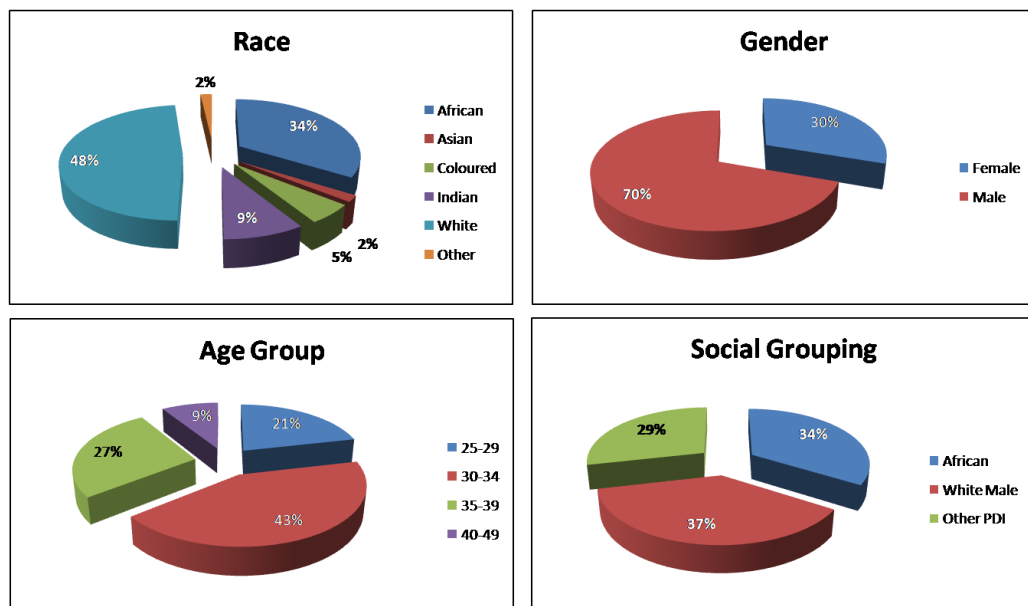
5 RESULTS

5.1 Respondent Overview

5.1.1 Demographic Overview

The collected sample data shows the respondents were predominantly White and African, with a 70:30 split male to female. When translating these details to social groupings as defined in section 2.2.4, page 19, the split is balanced fairly equally among African, White Male and Other PDI's. From an age perspective the sample is concentrated between the ages of 30 and 39. A summary of the demographic overview is shown in Figure 7.

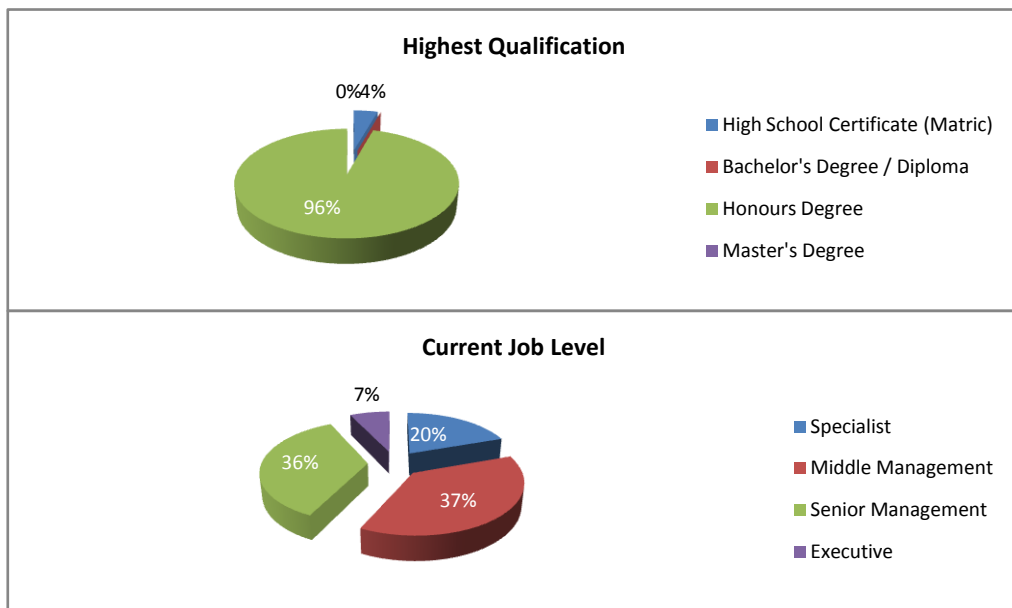
Figure 7: Respondent Demographic Overview



As shown below in Figure 8, a total of 43% of respondents had Bachelor's degrees. A further 55% completed had postgraduate studies prior to enrolling for the MBA. Predominantly respondents held positions in middle- or senior

management in their organisations at the time. No respondents were employed in junior positions and none were unemployed.

Figure 8: Respondent Qualifications and Job Level



5.1.2 Working History

The collected sample data shows fairly evenly distributed organisational tenure, from 0 to more than 10 years, with the bulk of respondents reporting between 2 and 5 years of service, as indicated in Figure 9 below. However, 21% of respondents had been with their current employer for less than one year, at the time of the survey.

Figure 9: Working History

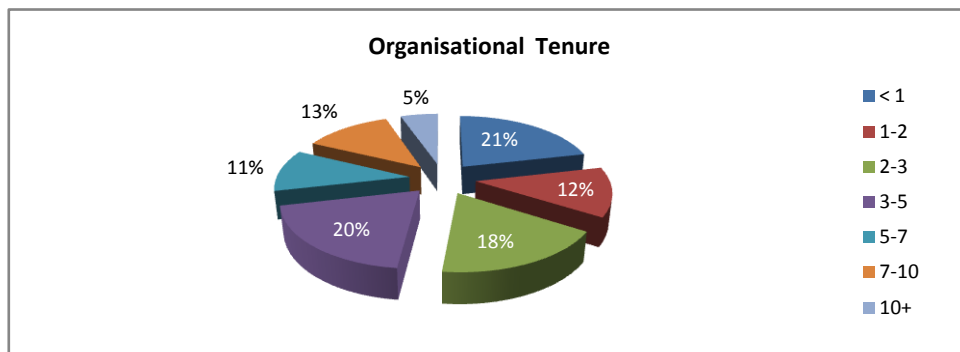
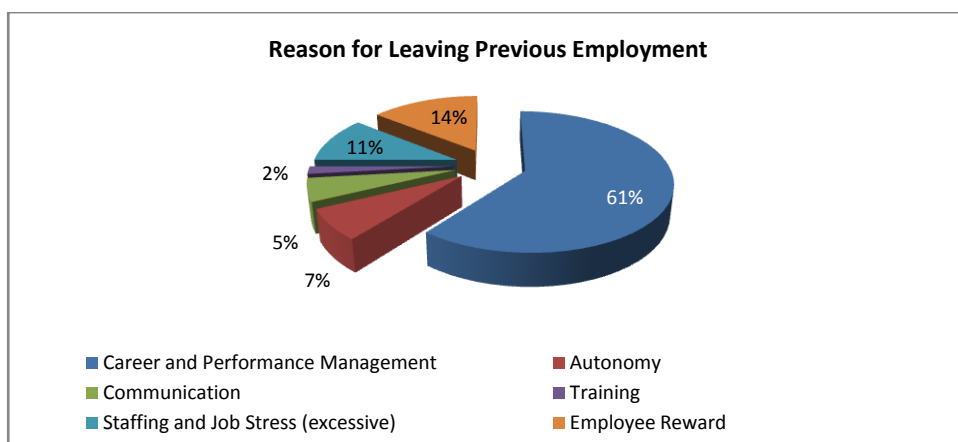


Figure 10, below, shows the bulk of the respondents (61%) cited a lack of career and performance management as their main reason for leaving their previous employment.

Figure 10: Reason for Leaving Previous Employment

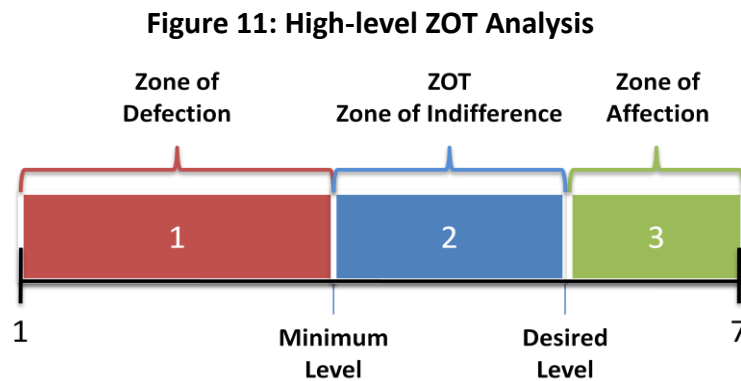


5.2 The Zone-of-Tolerance

5.2.1 Overview

To answer hypothesis 1: HRM practices have a lesser impact on satisfaction for employees who are in the zone-of-tolerance than for those who are not, two types of analysis are considered: the view of Johnston (1995) where both the

zone above the desired level, corresponding to the zone of affection, and the zone below the minimum level, corresponding to the zone of defection, are considered as outside the ZOT, see Figure 11. For purposes of this analysis, this is referred to as 2-level ZOT. The alternative view, from Heskett *et al.* (1994), considers the three zones: defection, indifference and affection as three separate entities as shown in Figure 11. This is referred to as 3-level ZOT.



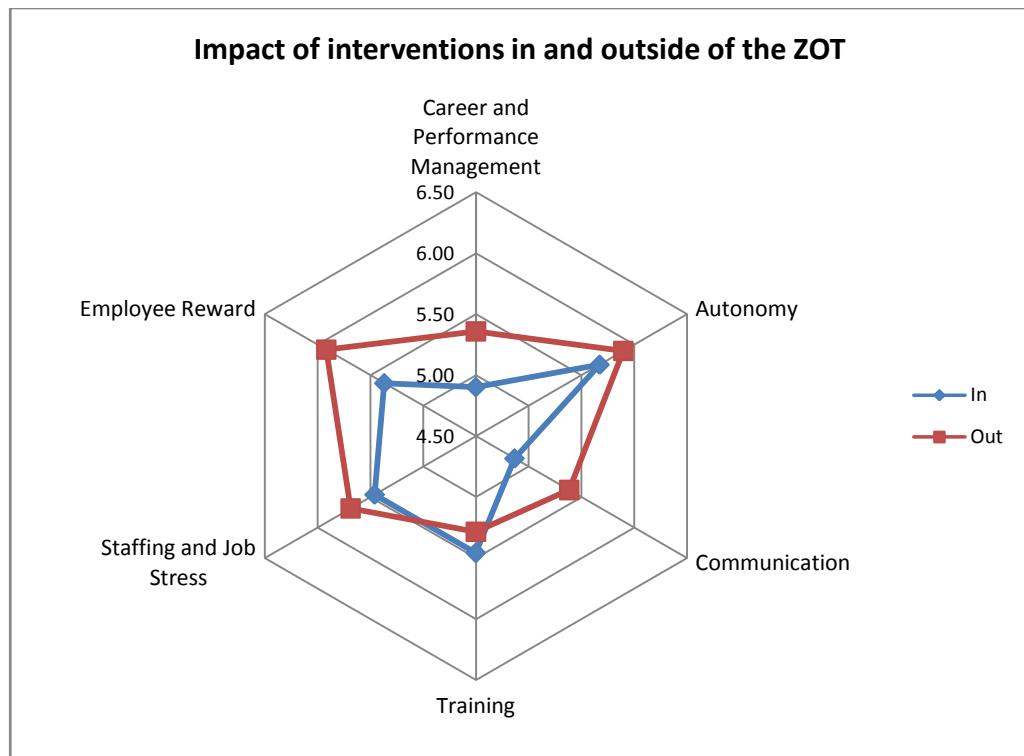
An analysis of the high-level impact scores showed no significant difference between the 2-level and 3-level ZOT. This could be attributed to the low number of respondents who were found to be in the zone of affection at the time. The number of respondents, in the zone of affection at the time, in each category is shown in Table 6.

Table 6: Number of Respondents in the Zone of Affection

Category	Number of respondents in the zone of affection
Career and Performance Management	1
Autonomy	1
Communication	2
Training	2
Staffing and Job Stress	0
Employee reward	0

The high-level graphical representation in Figure 12 shows that, in all the high-level categories apart from training, the impact was higher when the employee is outside of the ZOT.

Figure 12: Impact of Interventions In and Outside of the ZOT



In order to determine whether this difference is statistically significant, a one-way ANOVA analysis was performed on the data.

5.2.2 One-way ANOVA: High-level Categories

When examining the high-level categories, a statistical significance was found in three categories, which indicates that, for these categories, there is a significant difference between the mean of the impact scores for respondents

that fall inside the ZOT versus those who fall outside the ZOT, as summarised in Table 7.

Table 7: High-level ZOT ANOVA Analysis Results

Career and performance Management	Sum of Squares	df	Mean Square	F	Significance
Between Groups	6.249	1	6.249	5.463	0.02
Within Groups	61.775	54	1.144		
Total	68.024	55			
Autonomy	Sum of Squares	df	Mean Square	F	Significance
Between Groups	0.033	1	0.033	0.038	0.846
Within Groups	47.021	54	0.871		
Total	47.054	55			
Communication	Sum of Squares	df	Mean Square	F	Significance
Between Groups	9.242	1	9.242	5.278	0.03
Within Groups	94.560	54	1.751		
Total	103.802	55			
Training	Sum of Squares	df	Mean Square	F	Significance
Between Groups	0.006	1	0.006	0.003	0.958
Within Groups	117.359	54	2.173		
Total	117.365	55			
Staffing and job stress	Sum of Squares	df	Mean Square	F	Significance
Between Groups	1.575	1	1.575	1.491	0.227
Within Groups	57.030	54	1.056		
Total	58.605	55			
Recognition and Reward	Sum of Squares	df	Mean Square	F	Significance
Between Groups	7.687	1	7.687	4.214	0.04
Within Groups	98.507	54	1.824		
Total	106.194	55			

Where the means do not differ significantly, this can be interpreted as that the impact is not influenced by whether or not the respondent is in the ZOT. Therefore, the importance of the aspect may remain high whether or not the respondent is in the ZOT.

To clarify this, a ranking of the impacts was done to determine if these would change significantly between employees who are inside the ZOT (denoted by ZOT) compared to those who are outside the ZOT (denoted by ZOT').

Table 8: Impact Rating Comparison

Impact Ratings	Overall	Overall Rank	Inside ZOT	% Change	Rank (ZOT)	ZOT'	% Change	Rank (ZOT')
a Career and performance Management	5.15	5	4.66	-9.4%	5	5.38	4.5%	6
b Autonomy	5.71	1	5.69	-0.4%	1	5.74	0.5%	3
c Communication	5.05	6	4.64	-8.0%	6	5.46	8.0%	4
d Training	5.39	4	5.38	-0.2%	3	5.40	0.2%	5
e Staffing and job stress	5.53	3	5.40	-2.3%	2	5.75	4.1%	2
f Recognition and Reward	5.63	2	5.22	-7.3%	4	5.96	5.9%	1

A closer analysis of the impact ratings in each category is summarised in Table 8. This shows that the average impact is always high, hence it is concluded that these HRM practices are high, but not volatile to changes in the ZOT.

The areas where there is a difference in the impact scores between respondents that are in the ZOT and not in the ZOT are:

1. Career and performance management
2. Communication
3. Employee reward

As shown in Table 8, a deeper analysis of the importance rankings between the two groups indicates that, although the means of the two groups do not differ significantly statistically, the impact is always lower in the case where respondents were in the ZOT.

Although respondents cited their main reason for leaving their previous employer as career and performance management, this ranked only 5th out of 6 HRM practices. However, this category is extremely sensitive to HRM interventions as shown in the one-way ANOVA results in Table 7. There is also significant impact difference for respondents that are in the ZOT than for those that fall outside.

This suggests that although the impacts differ there is some correlation between the ZOT scores of the high-level categories.

5.2.3 Correlation between the ZOT for High-level Categories

Table 9 shows that career and performance management is positively correlated with all the other high-level elements, at a significance level of $p < 0.05$. Hence, a change in the ZOT of career and performance management will have an impact on all the other elements in the same direction, either positive or negative.

Table 9: Correlation between High-level ZOT Scores

Correlations		a	b	c	d	e	f
a	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	56					
b	Pearson Correlation	0.365	1				
	Sig. (2-tailed)	0.006					
	N	56	56				
c	Pearson Correlation	0.467	0.223	1			
	Sig. (2-tailed)	0.000	0.099				
	N	56	56	56			
d	Pearson Correlation	0.282	0.244	0.344	1		
	Sig. (2-tailed)	0.035	0.070	0.009			
	N	56	56	56	56		
e	Pearson Correlation	0.444	0.382	0.360	0.101	1	
	Sig. (2-tailed)	0.001	0.004	0.006	0.458		
	N	56	56	56	56	56	
f	Pearson Correlation	0.563	0.320	0.429	0.414	0.369	1
	Sig. (2-tailed)	0.000	0.016	0.001	0.002	0.005	
	N	56	56	56	56	56	56

Key

- a Career and Performance Management
- b Autonomy
- c Communication
- d Training
- e Staffing and Job Stress
- f Employee reward

Similarly, autonomy is correlated with staffing and job stress and employee reward in addition to career and performance management. Communication is correlated with career and performance management, training, staffing and job stress and employee reward. Training is correlated with career and performance management, communication and employee reward. Staffing and job stress has an impact on all other categories apart from training. Employee reward is correlated with all other categories.

To determine which specific activities needs to be undertaken in each category, a comparison is done between the means of those respondents that are in the ZOT and those who are not.

5.2.4 One-way ANOVA: Detail Components

For this analysis of the ZOT, two views were tested. The view of Johnston (1995), where both zone 1 and 3 are seen as outside of the ZOT, as depicted in Figure 11 and the view presented by Heskett *et al.* (1994) where the means are compared across all three zones. These views were compared to determine if other factors in the zone of affection may impact the outcome of the ZOT.

Where the ZOT is significant, respondents outside of the ZOT are more sensitive to changes in these categories. Table 10 shows which detail aspects in have a significant difference in impact where respondents are in the ZOT.

Where the statistical significance of the one-way ANOVA is significantly different between the 2-level ZOT to the 3-level ZOT, these aspects were investigated to determine if there is some other measure that may have influenced the impact.

The following aspects show a significant difference between the 2-level and 3-level ZOT tests:

1. Career and Performance Management
 - a. Your employer embraces employment equity and adequately implements it
2. Communication
 - a. Your organisation has an adequate grievance and complaints resolution system
3. Training
 - a. You receive financial support from your employer for further education and training

Table 10: Detail ANOVA Analysis uses the following key:


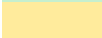

	This aspect is statistically significant at $p < 0.05$
	This aspect is statistically significant at $p < 0.1$
	This aspect shows a significant difference between 2-level and 3-level ZOT

Table 10: Detail ANOVA Analysis

a	Career and Performance Management	Significance	
		2-level	3-level
i	Your performance management system is fair and measures your job activity	0.985	0.807
ii	You have the opportunity to discuss aspects of your performance with your manager	0.962	0.877
iii	Your current job makes full use of your skills and abilities	0.776	0.812
iv	Your employer makes an effort to recruit talent from within	0.530	0.791
v	Your employer embraces employment equity and adequately implements it	0.660	0.082
vi	Information is given to you about career paths in your job and what needs to be done to reach a new position	0.003	0.006
vii	There are career opportunities for you in your current organisation	0.066	0.187
viii	Your manager discusses these opportunities with you on a regular basis	0.002	0.002
b	Autonomy		
i	You have flexibility in terms of deciding how the job needs to be done	0.262	0.523
ii	You have the opportunity to make suggestions about issues affecting your work	0.558	0.211
iii	You have the autonomy to choose your work assignments	0.578	0.793
iv	You have an influence on deciding how your work is organized	0.890	0.990
c	Communication		
i	Information concerning important initiatives at your organisation is provided to you	0.156	0.321
ii	Your organisation has an adequate grievance and complaints resolution system	0.885	0.023
iii	Your organisation communicates organisational performance to you in an appropriate format	0.115	0.139
iv	You are aware of the future plans of your organisation	0.124	0.286



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d	Training	Significance	
		2-level	3-level
i	You receive adequate training from your employer	0.301	0.488
ii	You receive financial support from your employer for further education and training	0.705	0.000
iii	You have control over which training programs you attend	0.231	0.292
iv	New staff are adequately inducted and trained	0.194	0.434
e	Staffing and Job Stress		
i	Your workload is manageable	0.763	0.646
ii	You have the materials and equipment to perform your job	0.924	0.966
iii	Your organisation is making an effort to ensure staffing levels are adequate	0.397	0.547
iv	You have flexibility in your work (e.g. flextime, leave etc.)	0.791	0.778
v	You have the opportunity to work in a team	0.275	0.425
f	Employee Reward		
i	Your benefits package is adequate for the type of role you perform	0.082	0.082
ii	Your remuneration reflects the contribution you make	0.206	0.206
iii	Your bonus is linked to your performance	0.183	0.414
iv	Your organisation provides incentive schemes for superior performance	0.042	0.104
v	You have job security in your organisation	0.629	0.838

5.2.5 Differences between 2-Level and 3-Level ZOT

Each element that showed a significant difference between the 2-level and 3-level tests was reviewed in detail to determine what influences this aspect.

5.2.5.1 Career and Performance Management

In the career and performance management category, the question *Your employer embraces employment equity and adequately implements it* has a different statistical significance between the 2-level and 3-level ZOT. It was expected that a difference in impact would be found among the social groups as such, as the question alludes to legislation that favours a particular social group. Table 11 compares the impact scores at each level of ZOT for a 3-level ZOT by social group.

Table 11: Comparison of ZOT in Relation to Social Group

		ZOT						Average	#
		Deflection		Indifference		Affection			
		Imp	#	Imp	#	Imp	#		
Social Group	African	5.70	10	5.11	9		0	5.42	19
	White Male	5.00	3	3.73	15	3.00	3	3.81	21
	Other PDI's	4.50	4	5.40	10	3.50	2	4.94	16
Total			17		34		5		56

Table 11 indicates that none of the African respondents were in the zone of affection regarding this aspect. White male impact scores were significantly lower when inside the zone of tolerance and the zone of affection. Other PDI's scored a higher impact score in the ZOT. For this measure, it can be

concluded that the ZOT does not have an effect on the impact score, as this question is biased towards specific social groups.

5.2.5.2 Communication

There was a significant difference between the one-way ANOVA results for the 2-level and 3-level ZOT for the question *Your organisation has an adequate grievance and complaints resolution system*. This suggests that something other than the ZOT is driving the impact. All demographic variables were investigated to determine which one may have an impact on this difference.

Table 12: Comparison of ZOT in Relation to Gender

		ZOT						Average	#
		Deflection		Indifference		Affection			
		Imp	#	Imp	#	Imp	#		
Gender	Male	4.44	16	4.63	19	2.25	4	4.31	39
	Female	6.14	7	4.20	10		0	5.00	17
Total			23		29		4		56

A comparison, shown in Table 12, between the average impact scores for the two genders shows a significant difference. What is particularly significant is the very high impact score outside of the ZOT for females.

5.2.5.3 Training

The question *You receive financial support from your employer for further education and training* is not significant when analysing the 2-level ZOT. It is however significant for a 3-level ZOT. Demographic variables were investigated to determine if these have an influence as shown in Table 13.

Table 13: Comparison between Demographic Variables and Training

		ZOT						Average	#
		Deflection		Indifference		Affection			
		Imp	#	Imp	#	Imp	#		
Gender	Male	5.90	10	5.50	26	6.67	3	5.69	39
	Female	3.60	5	5.83	12		0	5.18	17
Total			15		38		3		56
		ZOT						Average	#
		Deflection		Indifference		Affection			
		Imp	#	Imp	#	Imp	#		
Age	25-29	5.7	3	5.8	9		0	5.75	12
	35-39	5.1	7	5.3	7	7	1	5.33	15
	30-34	5.7	3	5.5	19	6.5	2	5.63	24
	40-49	3.5	2	6.3	3		0	5.20	5
Total			15		38		3		56
		ZOT						Average	#
		Deflection		Indifference		Affection			
		Imp	#	Imp	#	Imp	#		
Job Level	Middle Mgt	4.9	9	5.3	12		0	5.14	21
	Snr Mgt	5.5	6	6	12	6.5	2	5.90	20
	Executive		0	4.7	3	7	1	5.25	4
	Specialist		0	5.7	11		0	5.73	11
Total			15		38		3		56
		ZOT						Average	#
		Deflection		Indifference		Affection			
		Imp	#	Imp	#	Imp	#		
Social Group	B	5	6	5.9	12		1	5.63	19
	WM	5.6	5	5.1	14	7	2	5.43	21
	OPDI's	4.8	4	5.8	12		0	5.56	16
Total			15		38		3		56

Gender, age, job level and social group all have an influence on the impact score on the question around financial support for further training. The results on this aspect are inconclusive possibly because life stage (which includes age, marital status, personal wealth status and number of dependants amongst others), of the person may also have influenced the results and not all of these aspects were measured.

To assess on which HRM practices the employer should focus, the results from the one-way ANOVA was analysed by simultaneously assessing the ranking of each lower level HRM practice impact within the broader category and overall.

5.2.6 HRM Practices that Make an Impact

Each lower level HRM practice is shown in Table 14 with its overall impact score, overall rank, out of 30, and the rank within the group or broader category. Each element was then assessed on the basis of its impact score within the ZOT, its rank within the ZOT, the group rank within the ZOT, and the percentage change from the overall impact score. The same is done for elements outside of the ZOT. A heat map is used to show the relative impact of each element. The lowest impact is indicated in green and from there it scales up to the highest impact which is indicated in red.

Where the difference between the impact scores within the ZOT and outside of the ZOT is statistically significant, a deviation of more than 6% is observed. The impact scores are mostly lower for candidates in the ZOT. However in the communication category, this relationship seems to be reversed.

The following lower level HRM practices have a higher impact when employees are outside of the ZOT:

1. Career and Performance Management

- a. Information is given to you about career paths in your job and what needs to be done to reach a new position
- b. There are career opportunities for you in your current organisation
- c. Your manager discusses these opportunities with you on a regular basis

2. Employee reward

- a. Your benefits package is adequate for the type of role you perform
- b. Your organisation provides incentive schemes for superior performance

Table 14: Detail Impact Score Comparison between ZOT and ZOT'

a	Career and Performance Management	Overall	Overall Rank	Group Rank	Inside ZOT	% Change	Rank (ZOT)	Group Rank (ZOT)	ZOT'	% Change	Rank (ZOT')	Group Rank (ZOT')
i	Your performance management system is fair and measures your job activity	4.88	28	7	4.87	-0.08%	25	5	4.88	0.10%	28	7
ii	You have the opportunity to discuss aspects of your performance with your manager	5.32	21	3	5.31	-0.13%	15	2	5.33	0.22%	23	5
iii	Your current job makes full use of your skills and abilities	5.50	13	1	5.55	0.94%	8	1	5.44	-1.01%	20	4
iv	Your employer makes an effort to recruit talent from within	5.05	26	6	4.94	-2.26%	23	4	5.22	3.24%	25	6
v	Your employer embraces employment equity and adequately implements it	4.68	29	8	4.59	-1.93%	27	6	4.82	2.98%	29	8
vi	Information is given to you about career paths in your job and what needs to be done to reach a new position	5.14	23	4	4.43	-13.89%	29	7	5.86	13.89%	8	2
vii	There are career opportunities for you in your current organisation	5.50	13	1	5.13	-6.67%	21	3	5.92	7.69%	5	1
viii	Your manager discusses these opportunities with you on a regular basis	5.09	25	5	4.14	-18.60%	30	8	5.66	11.16%	13	3
b	Autonomy	Overall	Overall Rank	Group Rank	Inside ZOT	% Change	Rank (ZOT)	Group Rank (ZOT)	ZOT'	% Change	Rank (ZOT')	Group Rank (ZOT')
i	You have flexibility in terms of deciding how the job needs to be done	5.89	2	2	5.78	-1.95%	3	2	6.10	3.52%	4	1
ii	You have the opportunity to make suggestions about issues affecting your work	5.91	1	1	6.00	1.51%	1	1	5.80	-1.87%	10	2
iii	You have the autonomy to choose your work assignments	5.38	17	4	5.31	-1.25%	16	4	5.53	2.87%	16	4
iv	You have an influence on deciding how your work is organized	5.68	6	3	5.69	0.21%	5	3	5.64	-0.63%	14	3



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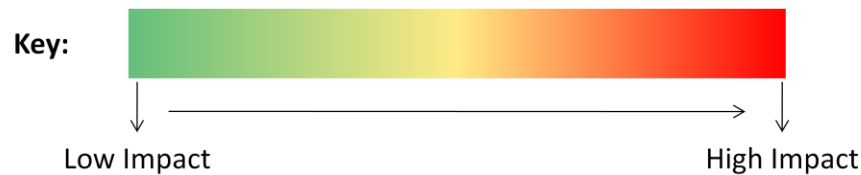
A South African perspective

c	Communication	Overall	Overall Rank	Group Rank	Inside ZOT	% Change	Rank (ZOT)	Group Rank (ZOT)	ZOT'	% Change	Rank (ZOT')	Group Rank (ZOT')
i	Information concerning important initiatives at your organisation is provided to you	5.21	22	2	4.97	-4.75%	22	2	5.50	5.48%	18	2
ii	Your organisation has an adequate grievance and complaints resolution system	4.52	30	4	4.48	-0.78%	28	4	4.56	0.83%	30	4
iii	Your organisation communicates organisational performance to you in an appropriate format	4.91	27	3	4.64	-5.54%	26	3	5.40	9.96%	21	3
iv	You are aware of the future plans of your organisation	5.55	10	1	5.26	-5.32%	17	1	5.92	6.60%	6	1
d	Training	Overall	Overall Rank	Group Rank	Inside ZOT	% Change	Rank (ZOT)	Group Rank (ZOT)	ZOT'	% Change	Rank (ZOT')	Group Rank (ZOT')
i	You receive adequate training from your employer	5.54	11	1	5.70	3.02%	4	1	5.21	-5.87%	26	3
ii	You receive financial support from your employer for further education and training	5.54	11	1	5.61	1.26%	7	2	5.39	-2.65%	22	2
iii	You have control over which training programs you attend	5.34	20	3	5.53	3.50%	9	3	4.94	-7.40%	27	4
iv	New staff are adequately inducted and trained	5.14	23	4	4.88	-5.13%	24	4	5.52	7.37%	17	1

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e	Staffing and Job Stress	Overall	Overall Rank	Group Rank	Inside ZOT	% Change	Rank (ZOT)	Group Rank (ZOT)	ZOT'	% Change	Rank (ZOT')	Group Rank (ZOT')
i	Your workload is manageable	5.38	17	4	5.33	-0.78%	13	3	5.45	1.40%	19	5
ii	You have the materials and equipment to perform your job	5.84	3	1	5.83	-0.18%	2	1	5.86	0.31%	8	1
iii	Your organisation is making an effort to ensure staffing levels are adequate	5.39	16	3	5.23	-2.96%	18	4	5.58	3.41%	15	4
iv	You have flexibility in your work (e.g. flextime, leave etc.)	5.66	7	2	5.63	-0.58%	6	2	5.77	1.92%	11	2
v	You have the opportunity to work in a team	5.36	19	5	5.23	-2.47%	19	5	5.69	6.17%	12	3
f	Employee Reward	Overall	Overall Rank	Group Rank	Inside ZOT	% Change	Rank (ZOT)	Group Rank (ZOT)	ZOT'	% Change	Rank (ZOT')	Group Rank (ZOT')
i	Your benefits package is adequate for the type of role you perform	5.70	5	2	5.35	-6.00%	12	3	6.12	7.44%	3	3
ii	Your remuneration reflects the contribution you make	5.61	9	4	5.32	-5.10%	14	4	5.89	5.10%	7	4
iii	Your bonus is linked to your performance	5.77	4	1	5.50	-4.64%	11	2	6.13	6.19%	2	2
iv	Your organisation provides incentive schemes for superior performance	5.63	8	3	5.14	-8.66%	20	5	6.15	9.30%	1	1
v	You have job security in your organisation	5.45	15	5	5.51	1.21%	10	1	5.27	-3.30%	24	5



5.3 Impact of Social Group

5.3.1 Overview

In a South African context, it is important to look at the impact of demographics on the ZOT, which evaluates the impact of a specific HRM practice on employee satisfaction. Figure 13 shows the impact scores per social group for respondents that were outside the ZOT for each aspect.

Figure 13: Comparison of HRM Impact per Social Group Outside of the ZOT

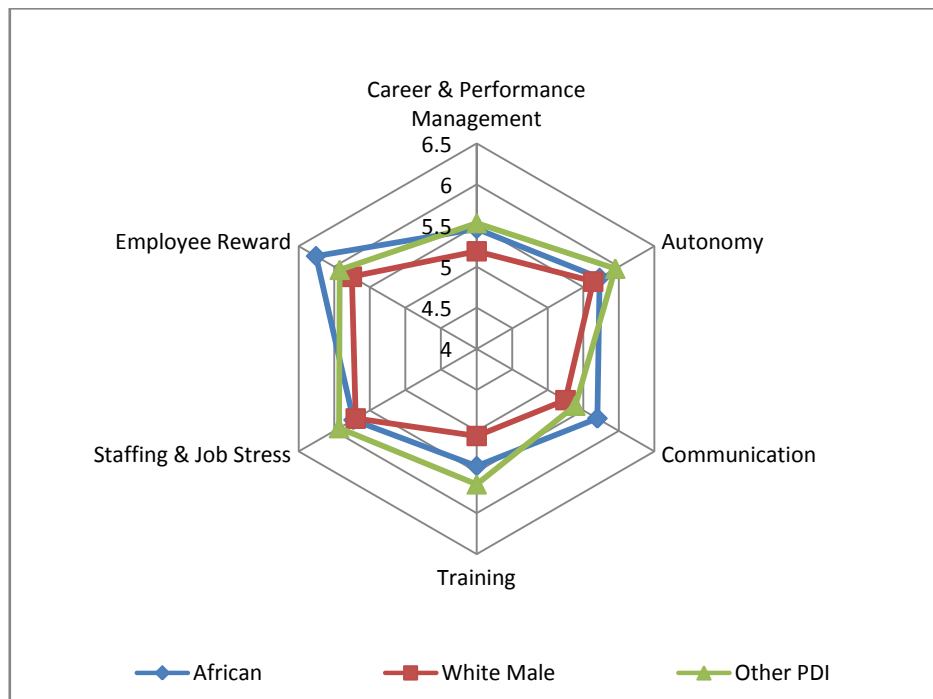


Figure 14 shows the impact scores for each high-level category per social group for those respondents who fall inside the ZOT. There seem to be a difference in the impact of the career and performance management metric amongst the social groups who are not in the ZOT. However this is not statistically significant as shown in Table 15.

Figure 14: Comparison of HRM Impact per Social Group Inside of the ZOT

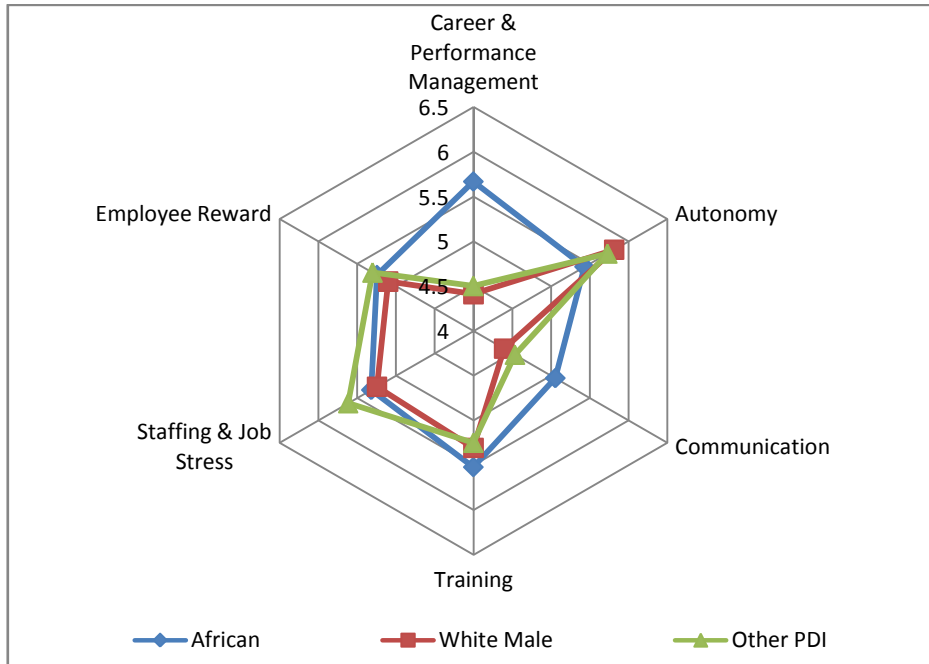
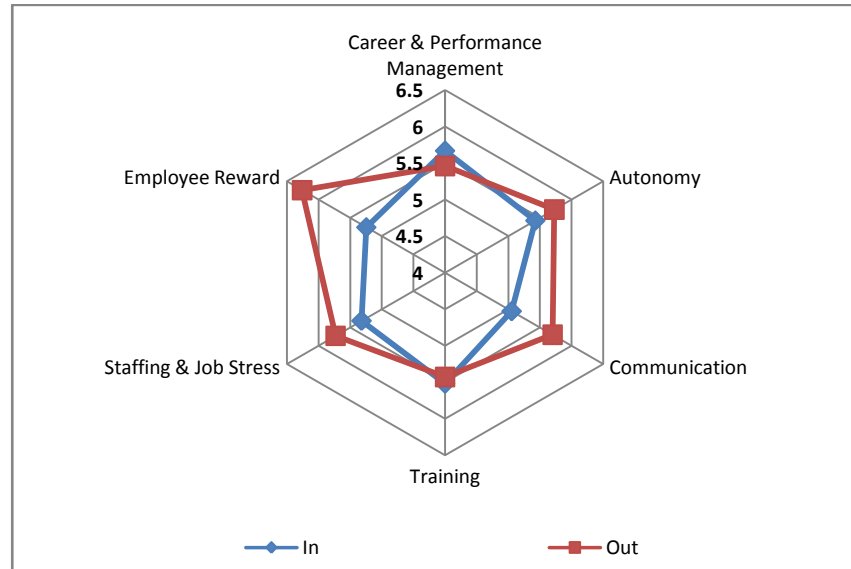


Table 15: Difference in Impact Scores for Social Groups Inside and Outside the ZOT

Significance Levels for One-way ANOVA	ZOT	
	Inside	Outside
Career and Performance Management	0.199	0.717
Autonomy	0.534	0.893
Communication	0.579	0.723
Training	0.927	0.663
Staffing and Job Stress	0.620	0.955
Employee Reward	0.963	0.649

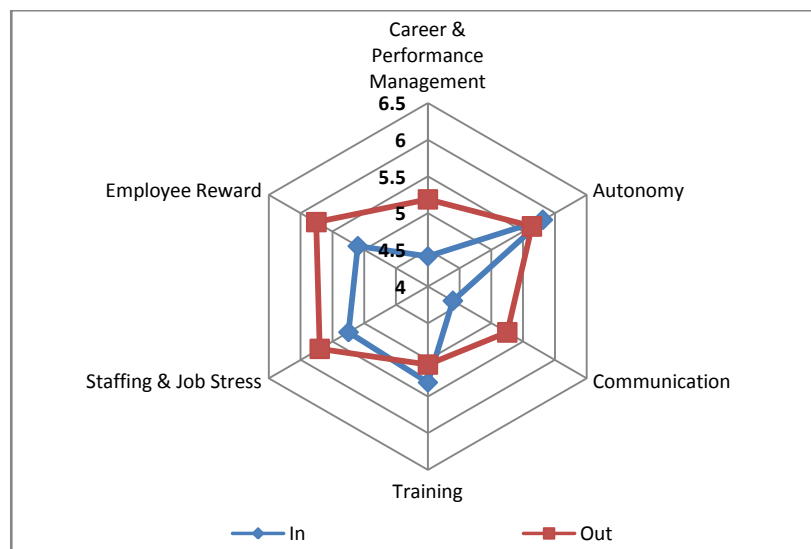
To determine if the social group influences whether an employee is inside or outside of the ZOT, each social group was analysed separately to determine this influence.

Figure 15: Difference Inside and Outside the ZOT for Africans



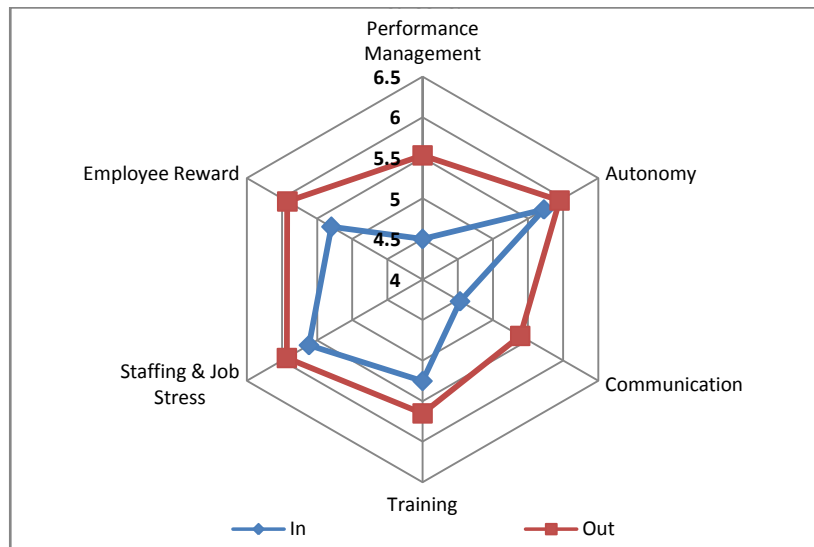
From Figure 15, it seems that employee reward has a higher impact for African employees that are not in the ZOT.

Figure 16: Difference Inside and Outside the ZOT for White Males



White males seem to be more impacted by career and performance management and communication when outside the ZOT, as shown in Figure 16.

Figure 17: Difference Inside and Outside the ZOT for Other PDI’s



The impact of all aspects seems to be less when in the ZOT for other PDI’s, as shown in Figure 17. To test the statistical significance for these aspects, a one-way ANOVA analysis was done between candidates that are in the ZOT compared with candidates who are not in the ZOT, for each social group separately. As shown in Table 16, this is only statistically significant at a level of 0.1 for other PDI employees for career and performance management.

Table 16: Difference of Impact between Employees Who are Inside and Outside the ZOT per Social Group

Significance Levels for One-way ANOVA	Social Group		
	African	White Male	Other PDI’s
Career and Performance Management	0.764	0.139	0.068
Autonomy	0.554	0.698	0.601
Communication	0.400	0.151	0.118
Training	0.902	0.744	0.553
Staffing and Job Stress	0.426	0.378	0.593

Significance Levels for One-way ANOVA	Social Group		
	African	White Male	Other PDI's
Employee Reward	0.169	0.331	0.265

To determine if there is a statistical significance at a detailed level, a one-way ANOVA analysis was done.

5.3.2 One-way ANOVA Analysis

A one-way ANOVA analysis was done to compare the means and identify HRM practices that are sensitive to change and may have a high impact on employee satisfaction. The one-way ANOVA did not yield any significant results at a high-level. However, at a detailed level, the volatile HRM practices were identified for each of the social groups, as detailed in Table 17. The results differ slightly from the detailed results for the overall sample as shown in Table 10. However, the same broad categories of career and performance management, communication and employee reward were highlighted between the groups. The autonomy category seemed volatile for White Males.

Table 17: HRM Practices that are Sensitive Outside the ZOT per Social Group

African					
I3a_ii	You have the opportunity to discuss aspects of your performance with your manager				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.843	1	4.843	3.461	0.080
Within Groups	23.789	17	1.399		
Total	28.632	18			

African					
I3a_vii	There are career opportunities for you in your current organisation				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.847	1	6.847	3.253	0.089
Within Groups	35.784	17	2.105		
Total	42.632	18			
I3f_iv	Your organisation provides incentive schemes for superior performance				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.580	1	10.580	3.498	0.079
Within Groups	51.420	17	3.025		
Total	62	18			

Other PDI's					
I3a_v	Your employer embraces employment equity and adequately implements it				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.704	1	5.704	3.165	0.097
Within Groups	25.233	14	1.802		
Total	30.938	15			

White Male					
I3a_vi	Information is given to you about career paths in your job and what needs to be done to reach a new position				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.444	1	19.444	7.030	0.016
Within Groups	52.556	19	2.766		
Total	72.000	20			

White Male					
I3a_viii	Your manager discusses these opportunities with you on a regular basis				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	23.572	1	23.572	9.285	0.007
Within Groups	48.238	19	2.539		
Total	71.810	20			
I3c_iii	Your organisation communicates organisational performance to you in an appropriate format				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.688	1	10.688	3.591	0.073
Within Groups	56.550	19	2.976		
Total	67.238	20			
I3d_iv	New staff are adequately inducted and trained				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.881	1	14.881	6.415	0.020
Within Groups	44.071	19	2.320		
Total	58.952	20			

5.4 Impact of Tenure

5.4.1 Tenure and Social Groups

Tenure was analysed to determine if there is any correlation between tenure and social grouping. A one-way ANOVA analysis was performed between social grouping and the current and previous tenure. Results indicated that there is no correlation at a 0.05 significance level between tenure and social group for this sample as shown in Table 18.

Table 18: One-way ANOVA Analysis of Tenure among Social Groups

One-way ANOVA analysis between Social Groups	
Measure	Significance
Current Tenure	0.502
Previous Tenure	0.154
Average Tenure	0.933

5.4.2 Current and Previous Tenure

Current tenure was analysed in light of previous tenure to determine if there is a clear pattern of frequent change in employer based on tenure. Pearson's correlation coefficient was used to determine the correlation between current and previous tenure. The results indicate that current tenure is negatively correlated to previous tenure at a significance level (denoted by Sig. in tabled results) of 0.05 as shown in Table 19.

Table 19: Correlation between Current and Previous Tenure

Correlation		Current Tenure
Previous Tenure	Pearson Correlation	-0.266
	Sig. (2-tailed)	0.049
	N	55

Hence, for this sample, the longer a candidate's stay in the previous position, the shorter his/her stay in the current position was expected to be. This can be interpreted in a number of ways. However, considering that 21% of the sample had moved within the last year, at the time, these results may have been distorted and no definite conclusions can be drawn from this test.

5.4.3 Tenure and the ZOT

Tenure was examined against the backdrop of the ZOT, to determine if the same HRM practices that have a significant impact outside of the ZOT, change with tenure. Pearson's correlation coefficient was used to determine if there is a correlation between the ZOT for each of the HRM practices and tenure. Tenure does not appear to have an impact on the high-level ZOT. However, on a lower level results show is a positive correlation between the variable of ZOT for question f (ii): *Your remuneration reflects the contribution you make* as shown in Table 20. It may appear that, as employees stay with an organisation for longer, their roles become clearer, and they can more accurately evaluate their remuneration in light of their contributions. On the other hand, it could signify that employees who stay with an organisation for a longer period of time may not feel that their remuneration is in line with market-related remuneration, considering the skills they have developed over their tenure.

Table 20: Correlation between Tenure and ZOT

	Correlations	Current Tenure
ZOT: Your remuneration reflects the contribution you make	Pearson Correlation	0.303
	Sig. (2-tailed)	0.023
	N	56

6 DISCUSSION AND ANALYSIS OF RESULTS

This section will discuss the results from the research as presented in Chapter 5.

6.1 Overview of the Results

The average age for an MBA student in South Africa is 34 years (MBA.co.za, 2008). In this research project, the mean respondent age bracket was found to be 30-39, which corresponded with the typical mean age range of South African MBA students. See Figure 7: Respondent Demographic Overview.

As could be expected from the selection criteria for MBA students (GIBS, 2008), respondents were found to be highly qualified, and employed mostly at middle to senior management level. Refer to Figure 8: Respondent Qualifications and Job Level.

The data indicated that the tenure of employment ranged on average between 2 to 5 years, with 71% of tenures between 0 and 5 years at the time. This data suggests that 71% of companies might not recoup their costs when investing in talent, considering that it takes on average 5 years to recoup such costs (Consumer Insight Agency, 2006).

Of the respondents, 61 % cited career and performance management as their main reason for leaving previous employment. In the current position, this factor

ranked low. However, it did come up consistently in both the overall analysis and the analysis per social group as an entity with high sensitivity to HRM interventions outside the ZOT. This could have been due to the nature of talented individuals as showing leadership potential (Towers Perrin, 2005), and therefore having the expectation as well as the ambition to progress up the corporate ladder.

6.2 Hypothesis 1: Zone-of-Tolerance

HRM practices have a lesser impact on satisfaction for employees who are in the zone-of-tolerance than for those who are not.

6.2.1 High-level Analysis

At a significance level of 0.05, the impact of career and performance management, communication, and employee reward was less for employees who were in the ZOT than for those who were not. This is illustrated in Table 7: High-level ZOT ANOVA Analysis Results. Although the impact of autonomy, training, and staffing and job stress were less when in the ZOT (refer to Figure 12), these results are not statistically significant at this level of analysis.

The ZOT theory states that when a person is in the ZOT, the impact of an intervention, whether positive or negative, would be comparatively less than when outside the ZOT (Yap and Sweeney, 2007). Hence it could be concluded

that the ZOT measures volatility of a specific HRM practice. The HRM practices that are measured in this study are related to the elements of the psychological contract (Conway and Monks, 2008). This study therefore confirms the findings by Suazo *et al.* (2005) that not all breaches in the psychological contract have the same impact.

Table 8 compares the rankings for the six categories tested, from 1 (most important) to 6 (least important). It is significant at this point to note that the impact scores ranged from 5 to 6 out of 7. This is rather high. Therefore it can be concluded that all of the six categories selected are all important to talented individuals, as the study by Conway and Monks (2008) suggested.

The ZOT was calculated for each high-level category. With regard to each category, the relative rank of each element was compared between the group in the ZOT and the group outside the ZOT. Although autonomy is ranked first in terms on importance by the group in the ZOT and third by the group not in the ZOT, this aspect is not influenced by the ZOT and is therefore extremely important to all talented individuals, irrespective of their current level of satisfaction. This is in line with the characteristics of the 21st century “new deal” (Aselstine and Alletson, 2006), which highlights the importance of the individual’s perspective as opposed to the firm’s perspective. It also confirms

the importance of challenging and meaningful work to South African talent, as shown in Table 5 (Birt *et al.*, 2004).

Staffing and job stress ranked second in terms of impact, both for the candidates inside and for those outside of the ZOT. There was no meaningful difference between the impact inside and outside of the ZOT, which suggests that this element, similar to autonomy, is extremely important to this sample of South African talent, irrespective of their satisfaction level. The same goes for training. This emphasizes that talented workers looked first and foremost for jobs in which they would have the opportunity for self-development as well as opportunities for growth in the firm (Grigoryev, 2006). These elements are always important to the individual whereas a lack in staffing and job stress management and a lack in training are likely to erode the talented individual's motivation.

Career and performance management was ranked low both inside and outside of the ZOT. However, this element was found to be extremely sensitive to HRM interventions outside the ZOT, as indicated by the one-way ANOVA results in Table 7. Career and performance management is nevertheless an attraction strategy (Horwitz *et al.*, 2003). Talented workers, who remain with the firm for longer, are likely to favour motivation, development and retention strategies, which focus more on autonomy and employee reward (Horwitz *et al.*, 2003). As

only 21% of the sample had been with their respective current employers for less than one year, this could explain the low ranking of career and performance management.

The impact of employee reward is greatly reduced when the employee is in the ZOT. This comes as no surprise, as talented individuals are mainly after personal growth and challenging work (Holland *et al.*, 2007). However, they do require their packages to be differentiated according to performance and perceived value added to the company (Birt, *et al.*, 2004). When pay was perceived to be fair, employees were a lot less vulnerable to HRM practices.

Communication was found to be sensitive to changes when the employee is outside the ZOT, albeit ranked lower, in terms of impact. This could be attributed to the impact the likely outcomes of successful communication, which is intelligence generation and intelligence dissemination (Conduit and Mavondo, 2001). Talented employees are seeking opportunities to develop themselves (Holland *et al.*, 2007). These opportunities are dependant on knowledge generation and dissemination. South Africans rated (Birt *et al.*, 2004) open communication and transparency very high (86%) and formal and informal knowledge share high (75%). It can be concluded that communication would be sensitive to HRM practices when outside the ZOT, due to its influence on other HRM practices.

Table 9 shows the cross correlation among the different HRM practices. When an employee is in the ZOT on one aspect, they are likely to be in the ZOT on the other aspects. Hence, even though autonomy, training and staffing and job stress did not show a difference in impact in terms of whether or not the employee is in the ZOT, these aspects did have an impact on whether or not the employee is in the ZOT with regard to some another aspect. For example, whether or not the employee is in the ZOT on autonomy, affects the direction and strength of the ZOT of career and performance management and employee reward. This suggests that, if the employee is in the ZOT for autonomy, they are likely to be in the ZOT for career and performance management and employee reward, which are more sensitive to HRM interventions outside the ZOT.

The case study by Coyle-Shapiro and Kessler (2000) suggests that the employer obligations in fulfilling the psychological contract may vary with the cost and ease of implementation of these obligations. Managers may want to focus on providing autonomy, as the highest ranked element, which would place the obligation of career and performance management in the hands of the employee, as it would be up to the employee to determine the pace and content of self-development.

The training ZOT was positively correlated to career and performance management, communication and employee reward. A neglected aspect of career and performance management appeared to be the clear communication

of possible career paths and what needs to be done to achieve the next level. Hence the strong correlation observed between training and communication. Training efforts are usually associated with career advancement, which comes with the expectation of higher compensation tied to competence (Aselstine and Alletson, 2006).

Similarly, the ZOT for staffing and job stress showed a positive correlation with that of career and performance management, communication, and employee reward. All of this relate to the time available for self-development, in the form of intelligence generation and dissemination. In addition, it implies the ability and availability of others to whom mundane tasks can be delegated, brought about by efficient personnel management and management support (Conduit and Mavondo, 2001). Balanced workload, adequate staffing and teamwork ensure that the talented employees can spend more time on interesting and meaningful work than on mundane tasks.

6.2.2 Detail Analysis

At a detail level, two views were considered when analysing the ZOT, the 2-level ZOT and the 3-level ZOT. The 2-level ZOT considered only the difference in impact between those who are inside the ZOT and those who are outside the ZOT, whether in the zone of deflection or in the zone of affection (Johnston, 1995). The 3-level ZOT, as defined by Heskett *et al.* (1994), looked at the

difference in impact scores across all three zones, deflection, indifference and affection. The zone of indifference corresponds to the ZOT. When comparing the 2-level and 3-level views of the ZOT, a difference in results between these two views was observed in the following instances:

1. Career and Performance Management
 - a. Your employer embraces employment equity and adequately implements it.
2. Communication
 - a. Your organisation has an adequate grievance and complaints resolution system.
3. Training
 - a. You receive financial support from your employer for further education and training.

This suggests that the number of respondents in the zone of affection were significant enough to distort the results and warranted further investigation.

6.2.2.1 *Career and Performance Management*

Table 11: Comparison of ZOT in Relation to Social Group, indicates that none of the African respondents were in the zone of affection regarding their level of satisfaction concerning the specific question *Your employer embraces employment equity and adequately implements it*. The impact scores of

White Males were significantly higher when inside the zone of deflection than when inside the zone of indifference, or the ZOT, and the zone of affection. Other PDI's had a higher impact score inside the ZOT. For this measure it can be concluded that the ZOT does not have an effect on the impact score, as this question is biased towards specific social groups.

6.2.2.2 *Communication*

A comparison of the average impact scores for the question *Your organisation has an adequate grievance and complaints resolution system* showed a marked difference between the two genders. What is particularly significant is the very high average impact score outside of the ZOT for females. Refer to Table 12. It can therefore be suggested that females for this sample, more so than males, were concerned with the adequacy of their respective organisations' grievance and complaints resolutions systems.

6.2.2.3 *Employee Reward*

Gender, age, job level and social group all appear to have an influence on the impact score regarding the question around financial support for further training as shown in Table 13. The results on this aspect are inconclusive as the respective life stage of the person and their personal wealth status may also have influenced the results.

6.2.3 Significant HRM Practices

An analysis of the impact of each detail element indicated that, for the following practices, there was a significant difference between the means of impact scores for the group outside of the ZOT (zone of defection and zone of affection, Figure 11) and the group inside the ZOT (zone of indifference):

1. Career and performance management
 - a. Information is given to you about career paths in your job and what needs to be done to reach a new position
 - b. There are career opportunities for you in your current organisation
 - c. Your manager discusses these opportunities with you on a regular basis
2. Employee reward
 - a. Your benefits package is adequate for the role your perform
 - b. Your organisation provides incentive schemes for superior performance

The aspects highlighted under career and performance management confirm the findings of Holland *et al.* (2007) and Grigoryev (2006) which suggest that, in order to keep talented employees interested, firms need to ensure that they provide opportunities for self-development as well as opportunities to grow within the firm. It also highlights the need for clear communication around

career paths in the firm and development plans for reaching the next level. Furthermore, these findings confirm the high scores found in the Birt *et al.* (2004) study, where advancement opportunities and development and learning opportunities were scored 90% and 89% respectively. In the current economic turmoil, interest rates and inflation could have an impact on the level of satisfaction with employee reward as this may not keep up with inflation and may be perceived to be reduced as a result of increased living costs (The Sunday Times, 2008). However, this was not measured.

The detail aspects around employee reward confirms the need for variable payment and payment and bonuses based on performance, as suggested in The Sunday Times (2008). These aspects scored 80% and 90% respectively in the study by Birt *et al.* (2004).

Other detail aspects did not show any statistical significance between the groups that are in the ZOT and the groups that are not. In order to assess the relative impact, a comparison was done to show the impact difference for all HRM practices, as well as a ranking of importance for all practices, in a group as well as across the entire list, as tabled in Table 14. A heat map was used to indicate the relative impact. The map scales from green (lowest impact) to red (highest impact). The aspects, where the means showed statistically significant differences between the group that was inside the ZOT and the group that was

outside the ZOT, are shaded in Table 14. For the above-mentioned aspects, it can be observed that there is a significant difference in the importance ranking of the impacts scores for these aspects. These HRM practices are therefore sensitive to interventions when employees are outside the ZOT and the impact would be significantly less if employees are inside the ZOT.

6.3 Hypothesis 2: Social Groups and the ZOT

Effective HRM practices and the sensitivity of employee satisfaction to HRM interventions differ among the various social groupings in South Africa (White Males, Africans and other PDI's) in the context of the ZOT.

Among the respondents, the social groups were split as 34% African, 37% White Male, and 29% Other PDI's. Refer to Figure 7.

In the high-level categories, there were no significant differences between the impact scores that were inside the ZOT and those that were outside the ZOT, when compared among the social groups. Refer to Table 15. There was however a difference in impact scores between other PDI employees that were in the ZOT and those that were not, which is similar to what can be found in the analysis of the entire sample. This signifies, contradictory to the findings of the study by the Consumer Insight Agency (2006), African talent, in this sample, felt no different towards the selected HRM practices than other social groups. At a detailed level

though, it was observed that, although the same broad categories were highlighted as having a higher impact when outside the ZOT, the specific actions that lead to that higher impact was different for each social group. Refer to Table 15.

6.3.1 Demographics and the Zone-of-Tolerance

The detailed aspects that led to a higher impact score when an employee was outside the ZOT is listed below for each social group:

1. African

- a. Career and Performance Management

- i. You have the opportunity to discuss aspects of your performance with your manager
 - ii. There are career opportunities for you in your current organisation

- b. Employee Reward

- i. Your organisation provides incentive schemes for superior performance

2. Other PDI's

- a. Career and performance management

- i. Your employer embraces employment equity and adequately implements it

3. White Male

a. Career and Performance Management

- i. Information is given to you about career paths in your job and what needs to be done to reach a new position
- ii. Your manager discusses these opportunities with you on a regular basis

b. Communication

- i. Your organisation communicates organisational performance to you in an appropriate format

c. Training

- i. New staff are adequately inducted and trained

Observations from the detailed results indicate that, although career and performance management is volatile outside the ZOT for all social groups, different aspects of this are important to the different social groups. Bowers and Martin (2007) highlight the fact that, in a diverse workforce, not all job roles and functions are perceived as satisfactory by all strata in the workforce. Hence, it is expected that the different social groups would highlight different aspects of importance when it comes to HRM practices.

The African group was more concerned with which career opportunities exist and how their performance is perceived. This is in line with the reasons for

turnover intention as identified by Ngobeni (2006). African employees' concern with career opportunities is in line with Ngobeni's (2006) need for challenge. African individuals may feel that they can build a broad base of skills through changing jobs frequently, and hence are always on the lookout for new opportunities. The emphasis on perceived performance by African employees is aligned to the corporate pull reason of recognition, or lack thereof, as a reason for leaving employment, as defined by Ngobeni (2006). If performance is not recognised, African individuals would strongly consider a move to another position to obtain such recognition. Since incentives based on superior performance are tied to recognition, this is also an aspect that could increase turnover intention, when outside the ZOT, for African employees.

Employees in the other PDI social group were concerned with the implementation of the employment equity plan at their current employer. Interestingly, the impact for this specific aspect of career and performance management shows a higher impact when an employee is inside the ZOT. Refer to Table 11. This could be interpreted that other PDI's perceive the employment equity plan as potentially assisting them in career advancement, if it was to be implemented correctly. When in the zone of affection, the impact was observed to be lower for other PDI's, hence the employment equity plan was perceived to be implemented fairly as was giving rise to opportunities for career advancement. When in the zone of deflection, the impact was lower.

This could be interpreted as other PDI's are giving up on this plan as a potential driver for career and performance management and may explore other avenues to achieve the desired outcomes.

Due to legislation that puts them at a disadvantage, (Wöcke and Sutherland, 2008), White Males were concerned with the need for information around career paths and organisational performance. As White Males are the least favoured for employment, they constantly need to do a health check on the available options in their company to ensure career growth and challenging work. White males are also concerned about the induction of new staff. This could be attributed to a few problems in the workplace, such as skills shortages, which may suggest that they would like to delegate some responsibilities in order to take up more challenging work in the company themselves. Challenging work may also present them with the opportunity to prove their worth in the company in order to obtain recognition and career advancement.

6.4 Hypothesis 3: Tenure and the ZOT

Organisational tenure has an impact on the effectiveness and volatility of HRM practices in the context of the ZOT.

6.4.1 Current and Previous Tenure

Contrary to the study by Ngobeni (2006), no evidence was found in this research that African or other PDI's employees have a shorter tenure than White Males. This could be due to the general skill shortage which is not just a shortage of African talent. The sample of MBA students may however be biased in this regards as many MBA students pursue these studies with the specific aim to change jobs or careers (MBA.co.za, 2008). Furthermore, a substantial number of respondents in the sample have been in their current jobs for less than 1 year (21%). In a job market with a skill shortage, actual turnover may be observed to be even higher (Horwitz *et al.*, 2003) regardless of perceived employee satisfaction. The link between job satisfaction and turnover intention is significantly weakened for all previously disadvantaged individuals due to high labour market regulation which benefits this specific group (Wöcke and Sutherland, 2008). Hence the tenure observation may be related to the combination of skill shortage and labour market forces rather than to labour market legislation alone.

Current tenure was found to be negatively correlated to previous tenure for this sample, hence the longer the previous tenure, the shorter the current tenure. Again this may be related to the number of respondents in the sample of MBA students who recently changed jobs, as well as to the general fact that

the MBA is seen as a means to an end in terms of career change (MBA.co.za, 2008).

6.4.2 The Impact of Tenure on the ZOT

Tenure has no influence on whether or not an employee is inside or outside of the ZOT on any high-level aspect. At a detail level, tenure seems to have an impact on the impact when outside of the ZOT for *Your remuneration reflects the contribution you make*. Employee reward is a category with a significant higher impact outside the ZOT, as indicated in section 6.2.2. Performance based remuneration is extremely important to talented employees (Birt *et al.*, 2004). Over time the nature of the employee-employer relationship changes. This relationship drift may cause the employee to fall below the lower limit of expectation, hence the ZOT (Schurr, Hedaa, and Geersbro, 2008). In such a case the employee may feel that the contribution made is no longer reflected in the remuneration and is likely to seek to make structural changes to the relationship (Schurr *et al.*, 2008).

6.5 Findings

The null hypothesis H_{10} , which states that the mean of the impact is equal for employees that are in the ZOT and out of the ZOT, is rejected for the categories of career and performance management, communication, and employee reward.

The null hypothesis H_{2a0} and H_{2b0} , which states that the mean of the impact for each element for the different social groups is equal, is rejected at a detail level for the detailed aspects stated in section 6.3.1. On a high level, there is no significant difference between the social groups with regards to the impact scores, whether or not they are in the ZOT.

The null hypothesis (H_{3a0}) is not rejected as there is no correlation between the tenure and the employee social group at a high level. Furthermore, there is also no correlation between the tenure and whether or not an employee would be in the ZOT on a high-level. On a detail level, the null hypothesis is only rejected for the aspect of performance based remuneration.

7 CONCLUSION

This research suggests that the ZOT can be applied to employees and provides a framework to manage talented employees as another type of customer.

7.1 Major Findings

This research found that there is a significant difference in the impact of career and performance management, communication and employee reward on employee satisfaction between employees who were inside the ZOT for these aspects and those who were not. Hence, these HRM practices are, as such, protected by the ZOT, where the influence of these aspects on employee satisfaction is greatly reduced when an employee is in the ZOT.

In addition, it was found that there is a correlation between the ZOT of the different categories. This means that, if an employee is inside the ZOT on one aspect, he/she is likely to be inside the ZOT on related aspects and vice versa. This suggests that employers should focus on monitoring the aspects for which the impact on employee satisfaction is significantly lower when inside the ZOT to ensure that employees find themselves in the ZOT. This could improve satisfaction with other aspects, not influenced by whether or not the employee is in the ZOT and ultimately increase overall employee satisfaction, consequently reducing turnover intent.

7.1.1 Career and Performance Management

Regarding career and performance management, talented employees are looking for information around career paths and what is needed to get to the next level. When in the ZOT, hence when employees felt that there was career opportunities with their current employer, they showed a significant reduction in impact on their satisfaction levels and consequently on their turnover intention. The data collected in this study showed that talented employees expected discussion around the career advancement opportunities that existed with their current employer. Communication was expected to be frequent, clear and transparent.

7.1.2 Employee Reward

The sample of talented employees that was studied indicated that, when the employees were satisfied with their reward packages, the impact of reward and recognition on employee satisfaction was greatly reduced. Specifically, the impact on employee satisfaction and ultimately on turnover intention was greatly reduced when employees felt that their reward packages were both adequate and performance based. Talented employees were looking for incentives and rewards that would recognise their superior performance.

It is suggested that employers monitor employee satisfaction with reward and recognition closely, as this is an area that, when employees are satisfied with this aspect, requires less management time.

7.1.3 The Difference between Social Groupings

Although the social groupings within the South African labour market were concerned about the same high level categories: career and performance management, communication and employee reward, this study found that the detailed actions managers could consider for managing talent differed amongst the social grouping.

Career paths were found to have a high impact on employee satisfaction outside of the ZOT for both talented African and White Male employees. At a detailed level though, African employees that were outside of the ZOT were more concerned with feedback on their performance to ensure that they are on track in terms of their career paths to ensure they are ready when the career opportunity presents itself. White Males outside of the ZOT had an immense focus on communication on every aspect. From the career and performance management side, White Males were more concerned with the information provided around career paths and having discussions around possible opportunities with their managers. In addition, White Males were

concerned with communications around organisational performance and new staff induction.

African employees specifically highlighted incentives based on superior performance as having a high impact on employee satisfaction outside the ZOT. Other PDI's were concerned about the successful implementation of employment equity programmes in the workplace. Unlike the other elements that have a higher impact on employee satisfaction outside the ZOT, this aspect this had a significantly higher impact on their satisfaction when inside the ZOT, which highlights the importance and impact of a successfully implemented employment equity plan.

7.1.4 The Impact of Tenure

It was found that tenure has no impact on the ZOT at a high level. Also, no significant difference in tenure was found among the social groups. At a detailed level, the only aspect where ZOT was found to be related to tenure was that of remuneration reflecting contribution, which suggests that employers should ensure that over time, their employee's remuneration is adequate and keeping up with market related remuneration.

7.2 Recommendations to Managers

In a labour market that is both highly regulated and hamstrung by a shortage of skills, South African managers are faced with a unique challenge when it comes to attracting, motivating, developing and retaining employees who are adding value and are difficult to replace.

The changing work environment is becoming more focused on the individual's needs than on loyalty to the organisation, with a greater emphasis on performance and results. This changing work environment affects the psychological contract between the employer and the employee, which requires different HRM practices in order to manage attraction, motivation, development and retention of talented employees.

This research highlights some aspects that managers of talented employees in a South African context, could consider in order to prolong employment of talented employees, attract the top skills in the labour market and leverage their talent pool for a competitive advantage.

Managers should consider giving attention to the aspects where there is a significant impact difference depending on whether employees are in the ZOT or not. Due to the correlation between the different ZOT categories, if employees are in the ZOT in certain categories, it increases the probability that they will

move to the ZOT in the other aspects as well, with a cumulative effect on their overall satisfaction. This suggests that employers should invest at the outset in these categories, thus ensuring that employees are satisfied. Once satisfied, less effort is required to maintain satisfaction in these categories.

Clear and transparent communication around all aspects of talent management is imperative for success, as shown in Figure 18. Talented employees have high aspirations and expectations, and therefore want to have clear and transparent communication around all aspects of talent management, including career and performance management, communication employee reward, work design and autonomy, training, staffing plans and workload across the team.

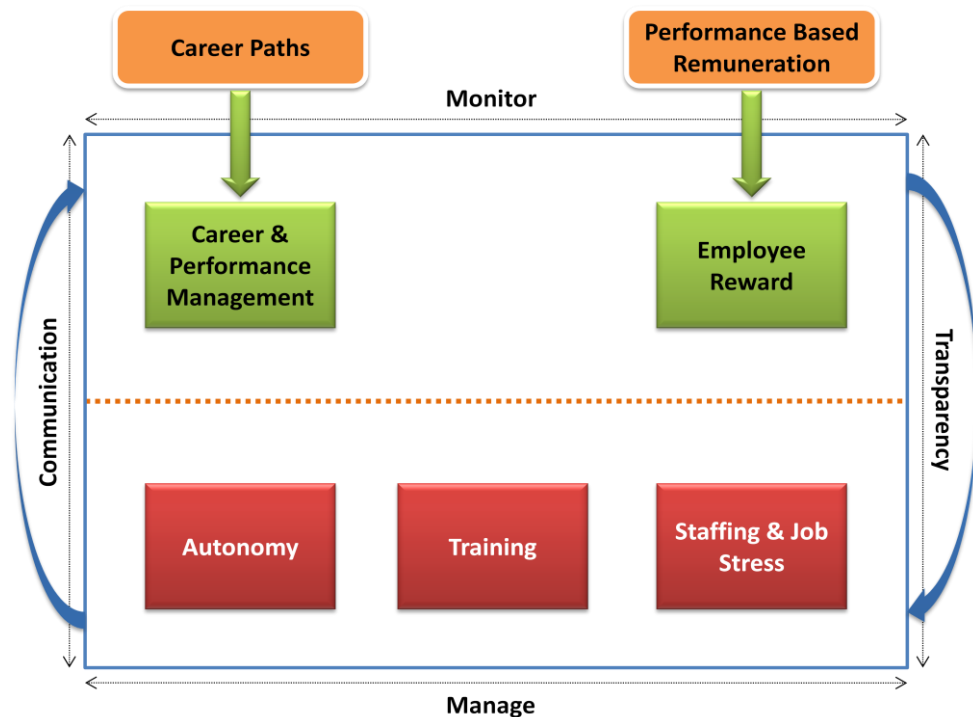
It is suggested that managers should focus on addressing big ticket items that are less volatile when in the ZOT. Specifically, career and performance management and employee reward. Career and performance management should be addressed by having clear career paths and individual development plans in place. In order to ensure that the employee stays in the ZOT, these plans need to be followed with clear milestones, periodically monitored and regularly updated.

Employee rewards should be tailored around performance based remuneration. The success of performance based remuneration hinges on clearly defined targets and clear communication when anything is changed. It is however

important to ensure that employee reward is seen as adequate and that the employee feels that over time their reward packages and incentives reflect their contribution. Over time, employee remuneration needs to be monitored to ensure that it remains market related and reflects the individual’s contribution.

Once defined, career and performance management and employee reward need only be monitored periodically to ensure that everything is on track, as shown in Figure 18.

Figure 18: Model for Managing a Talented Workforce in a South African Context



Aspects where the impact is no different whether the employee is in the ZOT or not include autonomy, training and staffing and job stress. These aspects need to

be managed more closely from day to day. Not only are these aspects critical to the turnover intention of talent, but furthermore, they are not influenced by the ZOT and therefore are not protected by the ZOT. In addition, these elements can have an impact on the ZOT of the protected elements of career and performance management and employee reward.

7.3 Future Research Ideas

This study did not take into consideration the change in importance of the different HRM practices in different economic and cultural conditions. This is especially relevant for multinational companies. Future research ideas include:

1. The influence of economic conditions such as higher inflation, unemployment and changes in interest rates on the effectiveness of HRM practices
2. The influence of national culture on HRM practices
3. The influence of personal circumstances on HRM practices (including number of children, marital status and job responsibilities)
4. The influence of work-life balance on the ZOT

7.4 Concluding Remarks

Talent management is not a clear science. However, talented individuals have certain requirements that can be managed and monitored to ensure that talent is attracted, motivated, developed and retained with the ultimate goal of

leveraging talent to enhance financial results. As the psychological contract changes over time, employers need to ensure that talented individuals remain focused and performing, as the 21st century work environment places little value on loyalty to the employer. In a South African environment it is recommended that organisations be cognisant of the difference in emphasis of the HRM practices among the social groups. In addition, the management of the talent pipeline, the development of new skills and the transfer of knowledge from one talented generation to the next should serve organisations well in a South African context.

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APPENDIX A: RESEARCH QUESTIONNAIRE

Thank you for participating in this questionnaire. Please do not enter your name on any part of this form as to ensure the anonymity of this survey. Please indicate that you give your consent for use of the data collected in this survey for research purposes.

By ticking this box I give my consent for use of this data for research purposes .

1. Demographics		
a. Race		
b. Gender		
c. Age		
d. Highest Qualification	<input type="checkbox"/> High School Certificate (Matric) <input type="checkbox"/> Bachelors Degree <input type="checkbox"/> Honours Degree <input type="checkbox"/> Masters Degree <input type="checkbox"/> Doctorate Degree	
2. Career History		
a. Current job level	<input type="checkbox"/> Specialist <input type="checkbox"/> Junior <input type="checkbox"/> Middle Management <input type="checkbox"/> Senior Management <input type="checkbox"/> Executive <input type="checkbox"/> Unemployed	
b. Time with current employer	Years	Months
c. Time with previous employer	Years	Months

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d. Reason for leaving previous employer	Inadequate: <input type="checkbox"/> Career & performance Management <input type="checkbox"/> Autonomy <input type="checkbox"/> Communication <input type="checkbox"/> Training <input type="checkbox"/> Staffing & job stress (excessive) <input type="checkbox"/> Employee Reward			
3. HRM Practices				
<p>Please rate the following HRM practices on the four different scales from 1 to 7: Minimum level: The minimum level of focus your HR department should give this item for you to be satisfied with this item where 1 is no focus and 7 is extremely high focus Desired level: The desired level of focus you believe your HR department should give this item where 1 is no focus and 7 is extremely high focus Current level: Indicate your current level of satisfaction where 1 is extremely dissatisfied and 7 is extremely satisfied Impact: Indicate the impact this type of HRM practice will have on your overall job satisfaction and decision to remain with the organisation where 1 is no impact and 7 is extremely high impact</p>				
a. Career & performance Management				
	Minimum Level	Desired Level	Current Level	Job Satisfaction Impact
i. Your performance management system is fair and measures your job activity	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
ii. You have the opportunity to discuss aspects of your performance with your manager	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iii. Your current job makes full use of your skills and abilities	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iv. Your employer makes an effort to recruit talent from within	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦



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v. Your employer embraces employment equity and adequately implements it	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
vi. Information is given to you about career paths in your job and what needs to be done to reach a new position	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
vii. There are career opportunities for you in your current organisation	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
viii. Your manager discusses these opportunities with you on a regular basis	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
b. Autonomy	Minimum Level	Desired Level	Current Level	Job Satisfaction Impact
i. You have flexibility in terms of deciding how the job needs to be done	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
ii. You have the opportunity to make suggestions about issues affecting your work	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iii. You have the autonomy to choose your work assignments	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iv. You have an influence on deciding how your work is organised	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
c. Communication				
i. Information concerning important initiatives at your organisation is provided to you	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦



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ii. Your organisation has an adequate grievance and complaints resolution system	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iii. Your organisation communicates organisational performance to you in an appropriate format	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iv. You are aware of the future plans of your organisation	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
d. Training				
i. You receive adequate training from your employer	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
ii. You receive financial support from your employer for further education and training	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iii. You have control over which training programmes you attend	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iv. New staff are adequately inducted and trained	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
e. Staffing & job stress	Minimum Level	Desired Level	Current Level	Job Satisfaction Impact
i. Your workload is manageable	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
ii. You have the materials and equipment to perform your job	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iii. Your organisation is making an effort to ensure staffing levels are adequate	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iv. You have flexibility in your work (e.g. flexitime, leave etc.)	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
v. You have the opportunity to work in a team	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦



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f. Employee Reward				
i. Your benefits package is adequate for the type of role you perform	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
ii. Your remuneration reflects the contribution you make	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iii. Your bonus is linked to your performance	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
iv. Your organisation provides incentive schemes for superior performance	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦
v. You have job security in your organisation	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦	① ② ③ ④ ⑤ ⑥ ⑦

APPENDIX B: DATA VALIDITY

Table 21: Correlation between Minimum level and Impact to ensure Data Validity

Correlations		Minimum_3a	Minimum_3b	Minimum_3c	Minimum_3d	Minimum_3e	Minimum_3f
Impact_3a	Pearson Correlation	0.59600					
	Sig. (2-tailed)	0.00000					
	N	56					
Impact_3b	Pearson Correlation		0.50640				
	Sig. (2-tailed)		0.00007				
	N		56				
Impact_3c	Pearson Correlation			0.63661			
	Sig. (2-tailed)			0.00000			
	N			56			
Impact_3d	Pearson Correlation				0.63506		
	Sig. (2-tailed)				0.00000		
	N				56		
Impact_3e	Pearson Correlation					0.48140	
	Sig. (2-tailed)					0.00017	
	N					56	
Impact_3f	Pearson Correlation						0.58468
	Sig. (2-tailed)						0.00000
	N						56