

# **High potential employees' expectations of an organisation**

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## COMMENTS

The reader is reminded of the following:

- The references as well as the editorial style used to in this mini dissertation follow the format prescribed by the Publication Manual (6<sup>th</sup> edition) of the American Psychological Association (APA).
- The mini-dissertation is submitted in the form of a research article.

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## **CHAPTER 1**

### **1 INTRODUCTION AND PROBLEM STATEMENT**

Retention is an important part of an organisation's talent management process. Talent management is defined as "the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs" (Lockwood, 2006, p.2). The latter part of the definition is important, because it suggests that talent management programmes should be customised for those who are most accountable for the organisation's success (Lockwood, 2006). Studies have shown that employees at different job levels may value different aspects of what the organisation has to offer when deciding whether or not to stay (Griffeth & Hom, 2001).

Blanket retention strategies may be to the disadvantage of the company, if they are applied to both high potential and employees with average or low skills levels, because the factors that motivate high potential employees are likely to be different from low potential employees (Griffeth & Hom, 2001). High performers are generally driven by factors such as growth and advancement opportunities; praise from their managers and attention from leadership; opportunities to lead projects and chances to join fast-track programmes, while average to low performers are driven by monetary benefits such as cash bonuses in recognition of a job well done. It may be helpful to organisations to: put strategies in place that will assist with the retention of their high performers; steer clear of methods that would appeal mainly to average or low performers (Steel, Griffeth & Hom, 2002).

According to Dess, Lumpkin and Eisner (2008), talent management is important because it triggers high performance, which creates methods to reward high performance as new talent is attracted. Talented employees are significant drivers of improvement in productivity, quality, innovation and customer satisfaction, which in turn impact on an organisation's profit. Aquino, Griffeth, Allen and Hom (1997) indicate that the following should be taken into consideration in talent management efforts: talent must be viewed by senior management as a strategic asset; and its importance for the company must be regularly communicated to everyone in the organisation (Aquino, et al., 1997). Additionally, adequate resources should be made available to maintain all talent management initiatives and an efficient talent management plan and programme must be aligned with the organisation's vision, culture and overall strategy (Aquino, et al., 1997). Furthermore: People and positions must be tracked through a talent management system that is supported by the necessary technology; a sound working relationship between the human resources department and line managers must exist as it is not only the talented individual that is important, but the processes that create, manage and organise talent. These include having the right structures, systems, processes and practices in place and that work in harmony (Aquino et al., 1997).

“Retention is a voluntary process by an organisation to create an environment that engages employees for a long period of time” (Chaminade, 2007, p. 23). Retention of top talent is a key concern for many organisations today. An analysis of employee movements and behaviour suggests that in the near future there is likely to be limited availability of high potential employees who possess the vital knowledge and ability to perform at high levels: meaning that organisations that are unable to retain their high potential employees will be left with an under-staffed, less qualified workforce, which will ultimately hinder their ability to remain competitive (Rappaport, Bancroft & Okum, 2003). The world of work today places

great emphasis on the importance of employees; and the development of these employees is an important determinant of organisational success or failure (Lee, 2006).

Another important aspect of talent management lies in the way in which employees are paid, recognised and achieve salary increases. These factors have been known to be important in the retention, attraction and motivation of employees. There are a number of reasons why employees leave one organisation for another. Abassi and Hollman (2000) have stated the following as being some of the reasons that employees leave an organisation: hiring practices; management style; lack of recognition; toxic workplace environment; inadequate training and development opportunities; and an insufficient remuneration system. Others include the scarcity of promotion opportunities; unavailability of interesting work and job insecurity (Basset-Jones & Lloyd, 2005). These factors can be classified into intrinsic and extrinsic variables. Herzberg (1959), as cited in Bassett- Jones and Lloyd (2005, p.935), argued that “employees are motivated by intrinsic values, rather than extrinsic values. Herzberg further asserted that motivation is internally generated and is driven by variables that are intrinsic to the work, called “motivators””. Factors that are extrinsic to work that causes dissatisfying experiences for employees are factors called “hygiene” factors (Basset-Jones & Lloyd, 2005). These factors are variables such as: co-worker relationships; company policies; salary and supervisory styles. Furthermore, factors such as constituent attachments, flexible work arrangements, investment (length of service to the organisation), lack of alternatives, location, organisational commitment, fairness of organisational practices (perceived fairness regarding rewards, policies and procedures) and the reputation of the organisation, play a role in employees deciding to stay with an organisation (Maertz & Campion, 1998).

Employees who would typically feature in talent management plans are employees who are regarded as high potential employees. High potential employees are typically described as

those employees who: achieve superior levels of performance; exhibit organisational values; have the potential to move up to an identified position within a given timeframe; and have the potential to assume greater responsibility. For example, some organisations define high-potential employees operationally as “those who are able to assume greater responsibilities within the next two years and who exhibit a history of high-performance and leadership potential (Maertz & Campion, 1998, p.16). They may also be defined as “individuals who exhibit the capabilities of developing into future leaders of the organisation” (Gelens, Hofmans, Dries & Pepermans, 2014). According to Atwood (2007), succession planning is widely used for tracking the development and movement of high potential individuals. Succession planning has been widely accepted as best practice to replace leaders and critical employees at various levels of organisations, once they leave the organisation. The purpose of succession planning is to take charge and predetermine the skills and talent that will be required by the organisation in future before they exist (Atwood, 2007). Organisations have realised that succession issues amount to more than just filling vacant positions. Succession planning involves thinking through what to do when experienced and (of increasing importance) talented employees leave the organisation (Gay & Sims, 2006). “When experienced people leave organisations, they not only take with them the capacity to do the work, but also the accumulated wisdom that they have acquired. This happens at all levels and in all functional areas” (Atwood, 2007, p. 217). Amongst the core reasons that make succession planning a fundamental strategy for organisations is to align the organisation’s present talent to its future talent. In addition to that, succession planning is aimed at assisting the organisation meet its strategic and functional challenges (Ware & Fern, 1997) by having the right people at the right place at the right time to do the right things to get the right results (Ware & Fern, 1997).

The challenge facing many organisations today is retaining the talented employees who have been identified as successors to people in key positions. Talented employees have been described as “high worth individuals who possess a set of competency skills that include knowledge, skills, experience and personal traits demonstrated by defined behaviours” (Ware & Fern, 1997, p. 9). Fitz-enz (1997) stated that in general, organisations lose millions with every 10 managerial and professional employees who leave the organisation. “Combining direct and indirect costs, the total cost of losing an employee is a minimum of one year’s pay and benefits, or can be equal to two years’ worth of pay and benefits (Fitz-enz, 1997, pg. 21). The economic impact on organisation when it loses its key employees is severe. Organisations in Swaziland continue to pay employees in critical positions retention allowances, with added fringe benefits in some cases (Fitz-enz, 1997).

This study focuses on high potential employees. High potential employees are those employees whom the organisation considers to be its most talented employees. This research was done at a sugar farming and processing company in Swaziland. The need for superior talent was increasing and the organisation was also finding it difficult to retain its high potential employees, particularly in the manufacturing division. These high potential employees were the individuals on the organisation’s succession plan. The organisation was experiencing an acute and worsening shortage of the people needed to run its engineering department and manage critical functions, as well as ensure the development of young high potential individuals, who would provide stability to the critical business units. As a result of this shortage, business objectives were not achieved, and compensation packages were escalating as attempts were made to attract scarce talent.

In the current knowledge economy, the quality of the talent within the organisation has a significant impact in determining its success in the marketplace. One of the aims of the organisation at which the research was done was to achieve a Return on Equity (ROE) of 20

percent. This would be a challenge without the necessary talented employees occupying critical and scarce positions. The organisation could not rely on the improved sugar price and the net gains from the weakening LiLangeni (Swaziland monetary unit) against the American dollar (achieved in the past year) in order for it to be profitable.

The organisation was venturing into new projects that would deliver value and ensure sustainability of the business. To achieve this, specialist skills had to be secured, which were in high demand and very scarce in the market. The search for high potential employees with scarce skills on the African continent proved increasingly difficult in recent years. Zimbabwe, which was its main source of high potential employees, had ceased to be an option, as the highly skilled employees in that area were becoming younger and less experienced.

The organisation therefore had little option other than to venture into more industrialised and established markets on the Asian and South American sub-continent, in order to source these skills. Sourcing skills from outside the continent put financial pressure on the organisation, due to the high remuneration packages and retention allowances that were being paid to recruited individuals. This was besides the relocation expenses and related costs to actually get these high potential individuals to the organisation.

The shortage of skills in the manufacturing division was beginning to have a major impact on the operations of that division. One of the factories had faced the challenge of a lack of individuals to fill available positions for a number of years. The mechanical engineering section, in particular, lacked the required engineering managers and plant engineers to run that critical section. This resulted in the factory experiencing serious operational problems.

At one point in time, the organisation only had 65% of the required complement of engineers. Vacancies were a result of incumbents leaving and no suitable candidates available to fill the positions – which posed a serious problem. Furthermore, only 50% of the

engineering positions in both factories were filled. Job advertisements were being placed even further afield than just Southern Africa. The on-going attempts to fill vacant positions resulted in increased recruitment costs and vacancies, and also put pressure on the remaining staff, who had to maintain output with limited resources.

The organisation relied heavily on monetary rewards as a means of retaining its high potential employees, but without the desired effect. The purpose of this study was therefore to explore the expectations of high potential employees of the organisation.

Based on the above problem statement, the following research questions were formulated:

- What were the expectations of the organisation's high potential employees?
- Were these expectations met?
- What strategy could the organisation employ to retain high potential employees?
- What was important for high potential employees, in terms of retention factors?

## **1.2 RESEARCH OBJECTIVES**

The research objectives were divided into a general and specific objectives.

### **1.2.1 General Objective**

The general objective of the study was to investigate the perceptions of high potential employees and what those employees felt could contribute to them being retained by the organisation. These insights could guide a retention strategy.

### **1.2.2 Specific Objectives**

- To investigate high potential employees' expectations of the talent management process.

- To explore whether or not these expectations were met.
- To investigate what the organisation could do to retain high potential employees.
- To explore what was important for high potential employees, in terms of retention factors.

## **1.3 RESEARCH METHOD**

### **1.3.1 Research approach**

A qualitative research design from a phenomenological approach was used in this research. The phenomenological approach is primarily concerned with systematic reflection of the conscious experience. It aims to “describe experiences as they are lived in phenomenological terms, that is, to capture the “lived” experience of participants” (Neuman, 2003, p.382).

Qualitative research seeks to explore, understand and answer questions in relation to certain phenomena. It seeks out the “why” - and not the “how” - of its topic through the analysis of unstructured information, such as interviews, open ended responses, notes and feedback forms. “It is used to gain insight into people’s attitudes, behaviours, value systems, concerns, motivations, culture and lifestyles” (Neuman, 2003, p. 160). The qualitative method is applicable in this study, because the aim is to gain an understanding of individuals’ feelings, impressions and points of view regarding the topic at hand.

The research method consisted of a literature review and empirical study.

### **1.3.2 Literature Review**

In phase one, a review was done regarding synchronizing succession planning with internal career development and the effects it has on employee retention. Information sources were relevant textbooks and academic search engines (such as EBSCOHOST, ScienceDirect, Emerald, Sabinet Online and SAe Publications). Internet articles were sourced from Google Scholar, and Journal articles from various publications( such as: *South African Journal of Industrial Psychology; Harvard Business Review; Journal of Applied Psychology; Journal of Vocational Behaviour; HR Business Partner Journals; Organisational Behavior and Human Decision Processes*).

### **1.3.3 Research Setting**

The interviews took place at the organisation's premises, in a neutral environment in order to ensure respondents were as comfortable as possible. Care was taken to conduct the interviews in a quiet area, so as to ensure minimal distraction. The objective of the study was explained to participants and they were told they could terminate the interview if they did not feel comfortable with going ahead with it.

### **1.3.4 Research Participants**

The participants were contacted telephonically to request that they meet the researcher for an interview. The purpose of the interview was explained to the participants, when inviting them to participate in the research. The interviews were limited to employees who appeared on the succession plan of the sugar manufacturing organisation in question. The population consisted of ( $n=15$ ) participants in a specific sugar manufacturing organisation. These participants were employees who had been identified as high potential employees with scarce skills. All participants were of the same race (Black). There was a variation in their age, and

an unequal distribution of males and females, as it is a predominantly male industry. The educational level of the participants was a national diploma, at the least.

### **1.3.5 Data Collection**

Semi-structured interviews were used as the measuring instrument. The themes in the research question were used to formulate the interview questions. The interview schedule was done before the interviews took place. The researcher built rapport with the participants by interacting with them in a warm and friendly manner. It was vital that the interviewer ensured that the participants understood the questions being asked. The core research question was: What are high potential employees' expectations of the talent management process from the organisation? Probing questions (similar to the questions below) were asked:

- Are you aware of the organisation's talent management process?
- What attracted you to the organisation?
- What are the factors that are currently making you stay with the organisation?
- What are the factors that would make you consider leaving the organisation?
- What are your expectations of the organisation?
- Is the organisation living up to your expectations?
- What can the organisation do to make you stay for a long period of time?
- Do you perceive the talent management process that is in place to be a useful one?

- Are there alternative strategies that you think should be put in place to retain high potential employees?

With the permission of the participants, the interviews were tape-recorded. Confidentiality and anonymity was assured. Clarification was given on questions, when needed or requested.

### **1.3.6 Data Analysis**

The recorded interviews were transcribed and content analysis was used to analyse the data. “Content analysis is a technique used for examining information in written or symbolic material. In content analysis, a researcher first identifies a body of material to analyse and then creates a system for recording aspects of it” (Neuman, 2003, p. 314). The purpose of using content analysis in this study was: to identify specific messages or words that appeared in the information given by the individuals who were interviewed; and to then make inferences about the messages.

*Conceptualisation of Data:* The formation of data concepts is a fundamental part of data analysis. It begins during data collection. This helps to organise and make sense of the data collected. “The data was analysed by organising it into categories on the basis of themes, concepts or similar features” (Wolcott, 1994, p. 14). New concepts were developed and conceptual definitions were formulated. The relationships among the concepts were then examined. Concepts were linked to each other in terms of a sequence and as sets of similar categories that were interweaved into theoretical statements (Wolcott, 1994).

*Coding the Data:* In order to create themes or concepts which can be used to analyse the data, the research arranges the raw material into conceptual categories. (Guba, et al., 1994). “Coding involves two simultaneous activities: mechanical data reduction and analytic

categorization of data into themes. The researcher imposes order on the data” (Neuman, 2003, p. 313). Coding makes the large mass of data manageable and allows the researcher to quickly retrieve relevant parts of it. Coding can be wearisome and tedious for the researcher and it is therefore necessary for the researcher to check for consistency after coding the full data set (Wolcott, 1994). Thereafter, the researcher draws conclusions from the data and this process involves identifying relationships between categories and testing these categories against the complete data set. After drawing conclusions, the final step is reporting the findings. The steps followed in the entire process need to be reported in an honest manner, so as to allow understanding by the person reading the research (Guba, et al., 1994).

### **1.3.7 Data Quality**

“Quality field data are detailed descriptions from the researcher’s immersion and authentic experiences in the social world of members” (Neuman, 2003, p.441). The following must be taken into consideration to ensure data quality:

*Credibility* – Data credibility criteria involves establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research. (Neuman, 2003)

*Transferability* – Transferability refers to the extent to which the results of qualitative research can be generalised or transferred to other contexts or settings. A researcher who wants to "transfer" the results to a different context is then responsible for making the judgment of how sensible the transfer is (Neuman, 2003).

*Dependability* – for data to be deemed dependable, the research has to portray the same findings if they are repeated in the same context (Guba, et al., 1994).

*Conformability* – in qualitative research, the assumption is made that each researcher brings a unique perspective to the study. Conformability refers to the degree to which the results could be confirmed by others. Conformability is useful because it allows your research to be confirmed by others, should your results be challenged. All data collected was archived and made retrievable. A data-oriented approach, showing how the data eventually leading to the formation of recommendations was gathered and processed during the course of the study in order for the observer to be able to trace the course of the research (Guba, et al., 1994).

*Inter-coder reliability*: In order to guarantee that same conclusions are arrived at, inter-coder reliability will be used between independent coders. The importance of using inter-coder reliability is that if it is not used, the data cannot be considered reliable. If reliability is not established, content analysis measures are useless (Neuendorf, 2002).

### **1.3.8 Ethical Considerations**

A researcher faces many ethical dilemmas when conducting research. The researcher has a moral and professional obligation to be ethical, even when research subjects are unaware of or unconcerned about ethics. They define what is or is not legitimate action (Neuman, 2003). According to Wolcott (1994), the following ethical guidelines should be followed when conducting the research:

- **Informed consent**: never coerce anyone into participating, participation must be voluntary.
- **Privacy**: researchers invade a person's privacy when they probe into a person's beliefs, background and behaviour.
- **Anonymity**: researchers protect privacy by concealing the identity of participants in all documents related to or resulting from the research.

- Confidentiality – researchers should protect the confidentiality of information by limiting access to data provided from the research strictly to those who have rights to the data.
- All literature used for research purposes should be acknowledged and referenced accordingly.
- Participants should be allowed to withdraw from the study if they desire.
- Make it clear that there should be no expectation of changes because of the interviews.

Before the interview was carried out, a literature study was conducted. The participants were contacted telephonically to request their participation in the study and a time for the interview. The purpose of the research was explained over the phone and again at the interview. They were assured of the anonymity and confidentiality and told that they could withdraw at any point if they wished to do so. They were given a consent form to sign, which also clearly stipulated the purpose of the interviews. Permission was sought to tape-record the interviews. The participants were told that: this research would not necessarily change anything that the organisation does; the organisation would be presented with feedback and it would be up to the organisation to decide whether or not they would use the feedback.

The research was approved by the North-West University's ethics committee and consent to continue with the research was obtained from the organisation and the participants before the study was carried out.

This research was intended to be of benefit to employees because: the organisation in which the research was carried out would become aware of what its high potential employees

expected from it; it would then, hopefully, be able to put measures in place to keep the employees satisfied.

#### **1.4 Chapter Division**

**This script will be presented in three chapters:**

Chapter 1: Introduction

Chapter 2: Research Article

Chapter 3: Conclusion, Limitations and Recommendations

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## **CHAPTER 2**

### **RESEARCH ARTICLE 1**

# HIGH POTENTIAL EMPLOYEES' EXPECTATIONS OF AN ORGANISATION

## ABSTRACT

**Orientation:** Numerous organisations are experiencing challenges with retaining their highly skilled employees. The traditional methods of employee retention that most organisations utilise are proving to be insufficient for retaining employees in the modern era. The new business environment is constantly changing and demands that organisations adjust their techniques in order to attract and retain employees.

**Research Purpose:** To investigate the perceptions of high potential employees in the organisation's talent management and retention process, and to utilize the insights gained in order to propose guidelines for a retention strategy.

**Motivation for this study:** To suggest a retention strategy, based on the perceptions of high potential employees, that could be utilised by the organisation where the research was done in order to curb the climbing attrition rate of high potential employees.

**Research design, approach and method:** A qualitative research design from a phenomenological approach was used in this research. Semi-structured interviews were used as a means of data collection. The sample ( $n = 15$ ) consisted of employees (in middle management and senior management and Engineers-in-Training (EIT)) from an organisation in the sugar industry. The participants were employees who have been identified as high potential employees.

**Main findings:** The main findings of the study indicated that high potential employees are of the opinion that the use of retention allowances alone is not enough to retain them and that additional measures (such as training and development programmes, opportunities for growth and challenging work tasks) should be considered as part of a retention strategy.

**Practical/managerial implications:** The study indicated that the organisation needs to utilize additional strategies, such as non-financial incentives (e.g. job autonomy, opportunities to lead a project, employee recognition), to retain high potential employees - and not rely solely on retention allowances.

**Contribution/Value add:** The results contribute both to the organisation and individuals, as they reveal what employees feel would make them stay with the organisation for an extended period of time. The findings will contribute to the body of knowledge in the Industrial/Organisational Psychology field, by shedding light on the dynamics regarding the retention of high potential employees in organisations in the sugar manufacturing industry in Swaziland, as a study of this nature has not been done in Swaziland previously.

*Keywords:* Retention, high potential, talent management.

## **INTRODUCTION**

The challenge of retaining high potential employees has become a global phenomenon, with a multitude of organisations finding it increasingly difficult to retain high potential employees for an extended period of time (Birt, Wallis & Winternitz, 2004). High potential employees are a good investment for any organisation (Armstrong, 2003). Depending on the rate at which organisations lose these employees, the loss of these skills often gives rise to far reaching consequences and (in some instances) compromises an organisation's efforts to accomplish its organisational objectives (Armstrong, 2003).

One of the key features of the knowledge economy is the ease with which employees can move from one organisation to another. Employees who are most mobile are high potential employees (Sutherland, 2004). The intricate situation of mobility in the global economy has made it progressively more important for organisations to have effective talent and retention management strategies that will enable them to meet the expectations of high potential employees, possibly retaining them for longer. At a micro level, organisations are faced with a situation where “the knowledge workers, who through their intellectual capital, control the organisation's competitive advantage”, and thereby increase the impact of the high mobility of high potential employees on organisations (Kerr-Philips & Thomas, 2009, p.16). In the long run, a high turnover rate amongst high potential employees has an effect on the sustainability of an organisation (Harris, 2000).

The leadership of an organisation can play a critical role in the attraction and retention of high potential employees through ensuring that the organisation implements and stands by its Employee Value Proposition (EVP). The EVP refers to “the collective array of programs that an organisation offers in exchange for employment” (McGrory-Dixon, 2013, p. 76). With and Employee Value Proposition, current and potential employees get a good idea of what to

expect from an employer, and it can assist employees in deciding whether or not they will be a good fit in the organisation (Lawler, 2013).

And employee EVP is supposed to capture all aspects of the employer-employee relationship, and should go beyond what organisations offer in terms of pay and benefits. It is also about outlining the corporate culture, mission, vision and values, as well as how the leaders behave. (McGrory-Dixon, 2013). It is said that organisations with formal EVP's are five times more likely to experience problems in recruiting and retaining critical talent. The organisation is also more likely for experience positive financial results (Ulrich, Brockbank, 2005).

The effective management of high potential employees in the Southern African context has, to some extent, additional challenges. The political changes in South Africa brought about by the post-apartheid era have had an impact on the whole region, resulting in multi-cultural workplaces (Luthans, Van Wyk & Walumbwa, 2004). Due to the cultural diversity brought about by the new demographic pool, organisational leaders need to be vigilant in ensuring that employees from some cultural backgrounds do not feel alienated (Thomas & Doak, 2000). In instances where cultural diversity is not embraced, organisations may find themselves in situations where high potential employees exit the organisation because they either feel “not at home” or have the perception that high level positions are reserved for people from certain cultures (Thomas & Jain, 2004). In efforts to manage such diversity, leaders need to find ways to create organisational cultures in which diversity is harnessed to enhance the organisation's competitive advantage (Thomas & Jain, 2004). Furthermore, full participation of all the diverse employees in their organisations should be encouraged, especially that of high potential employees (Thomas & Doak, 2000).

The responsibility of attracting and retaining high potential employees, who will drive the organisation's competitive advantage, lies with Human Resources (HR) practitioners in most organisations. Therefore, HR practitioners have a vital role to play in the effort to retain high potential individuals, as "they must be the designers of a systemic retention process, and they must be strategic thinkers and have a big picture view of retention, which will enable them to point out the ramifications and real cost of skills loss" (Chaminade, 2007, p. 4).

A common misconception about the role of HR practitioners in talent management is that they are the primary owners of the process; in reality, the process requires that multiple stakeholders are involved, such as the CEO and business unit heads (Gbadamosi, 2003). HR practitioners should play a leading role in the process, in terms of anticipating the organisation's future skills requirements. These requirements should be aligned to the organisational strategy, ensuring that the necessary procedures are in place as well as guiding the implementation process, but not own it (Chaminade, 2007). An additional function of HR departments, with the support of key line managers involved in retention management, is driving organisational development interventions. Interventions such as coaching and mentoring of high potential employees, and ensuring that they believe in organisational change and appreciate the benefits of a diverse workplace, would go a long way in preparing South Africa's future leaders to be successful in dynamic work environments (Gbadamosi, 2003).

Based on the above, the objective of the study was to investigate the perceptions of high potential employees and to utilize the insights gained to propose a retention strategy.

## **LITERATURE REVIEW**

The retention of high potential employees is a challenge currently faced by many an organisation today. The organisation in which this research was carried out was no different. The organisation used retention allowances to retain its high potential employees, but it continued to experience a high turnover rate amongst these employees. The assumption was therefore made that retention allowances are not enough to retain high potential employees, and that these employees expect more from an organisation than a retention allowance alone.

The study (to find out what it is that high potential employees expect from the organisation) was guided by a retention model that explores the various factors that influence the retention of highly skilled employees in organisations. The model was initially used to study factors influencing nurse faculty intention to remain employed. Therefore, the model was applied to guide this study. The aim was hence not to verify the model, but to utilize it to focus this study.

In this chapter, an overview of employee retention and its relationship to turnover is explained, followed by the factors that are deemed to influence the retention of high potential employees (based on the model of factors influencing nurse faculty intention to remain employed). Differences and similarities of the model in terms of this study are indicated. Finally, recommendations for a retention strategy are given.

## **EMPLOYEE RETENTION**

In order for an organisation to achieve its goals, it is important for key employees to stay with it for a long period of time, so as to make an effective contribution. Globally, companies are facing the effects of increased turnover rates, and companies modify their policies in an

attempt to curb increased employee turnover rates (McKay, Avery, Tonidandel, Morris, Hernandez & Hebl, 2007).

Employee retention implies a voluntary step taken by organisations to put strategies in place that create an environment that engages or encourages employees to remain with an organisation for a long period of time, especially employees occupying key positions within the organisation. (Chaminade, 2007; Mengel, 2001). The main purpose of having a retention strategy is to prevent the loss of competent, talented or high potential employees, who have scarce competencies or competencies that are difficult to replace (Clark-Rayner & Harcourt, 2000).

According to O'Malley (2000) and Sutherland (2004), there are large volumes of literature on turnover and retention management that indicate there is no single factor that determines retention: it is often a variety of inter-related factors. Ineffective retention management or strategies are not only costly to the organisation in financial terms, but can also influence the effectiveness and productivity of remaining employees (Sutherland, 2004).

According to Levin, Mor, Barak and Nissly (2001), a high staff turnover rate has a significant impact on organisational effectiveness as it is a loss of skills and it often takes time to replace the expertise lost when key talent exits the organisation, therefore retention is a key issue in organisations (Levin, et al., 2001). Organisations often invest large amounts of money in the recruitment and development of employees, especially in the recruitment and development of high potential employees (Levin, Mor Barak & Nissly, 2001). The monetary costs associated with a high employee turnover are, to name a few, recruitment costs, relocation costs, temporary employee costs, formal training costs for the new employee and induction expenses. The various non-monetary costs include missed deadlines, loss of expertise and reduced work morale (because the remaining employees may have to take on

additional tasks), as well as a loss of organisational knowledge (Hay, 2002; Johnson, 2002).

As stated by Silverthorne (2004), output could be affected while the process of recruitment is in progress, due to under-staffing.

Furthermore, depending on the nature of the business, personal relationships that the employee had formed with external clients may be lost once the employee exits the organisation, which might lead to a loss of clients (Silverthorne, 2004). Johnson (2002) and Whitt (2006) state that another negative impact brought on by a high turnover of high potential employees is its effect on organisational morale, as it leaves the remaining employees with a sense of demotivation, which may (in turn) affect productivity negatively. In view of the consequences that come with high employee turnover, it would be in the best interests of an employer to retain its key employees. (Johnson, 2002; Whitt, 2006).

According to Chambers (2001), the globalising economy further adds to the complexity faced by organisations in their effort to retain high potential employees. As a result of international competition, as well as the globalisation of markets, organisations have had to find less rigid ways of working in order to create and maintain an increased level of productivity. This practice had led to a decrease in job security for employees at all levels due to the constant changes occurring (King, 2000). Furthermore, HR practitioners are under pressure to attract and retain high potential employees, who have the necessary skills and competencies required for the organisation to survive and remain competitive (Horwitz, Heng, & Quazi, 2003; Roehling, 2000). High potential employees are difficult to retain, because their own individual career paths are often more important to them than remaining loyal to any one organisation: this mindset results in an increased rate of voluntary turnover (Cappelli, 2001).

A number of companies tend to pay attention to retention strategies only during disruptive periods, using financial incentives to retain high potential employees and senior executives (Coyle-Shapiro, 2002). As stated by Kaye and Jordan-Evans (2000), many recipients of the financial incentive would have stayed with the organisation, with or without the additional financial incentive during the period of disruption, and the majority have other concerns, which money alone cannot address (Coyle-Shapiro, 2002).

According to Johnson (2000), previous research on retention has resulted in suggestions regarding employee retention. Researchers suggest first identifying employees who are seen as key employees, who are in critical positions and who are the most likely to leave. Organisations should offer the identified employees a combination of both financial and non-financial incentives, which are tailored to suit their individual needs (Johnson, 2000).

It is important for organisations to look at employee retention from two perspectives. Firstly, organisations need to look at the impact that losing a specific employee would have on the organisation; and secondly, the likelihood of the employee leaving the organisation (Johnson, 2000). Johnson (2000, p.18) further states that “one size fits all retention packages are usually unsuccessful in persuading a group of key employees to stay. Instead, companies should tailor retention approaches to the mind-sets and motivations of specific employees” (Crush, 2000). As a result, line and HR managers should collaborate in their attempts to generate a well thought out list of key employees in the organisation. In this way, they can prioritise individuals for targeted retention measures (Crush, 2000).

Financial incentives play a significant role in retention, but money alone is not the biggest motivator in making employees stay with an organisation. A retention bonus is the most popular method companies use to keep high potential employees (Gurumani, 2010).

According to Polls (2009), organisations that are successful in the quest to retain key skills are aware that retention is not just about money. Though research has shown that bonuses are the most commonly used retention tactic, non-financial tactics (such as recognition and growth opportunities) are also important factors that motivate employees to stay with an organisation for a longer period (Polls, 2009). When an organisation opts to use financial incentives to retain key employees, it is important that these incentives are designed appropriately, in order that they yield the desired results (Firth, Mellor, Moore & Loquet, 2007). However, “even with the right mix of tactics, there is no guarantee that employees will stay, or that they will remain engaged to their work” (Chaminade, 2007, p.73).

In addition to the above mentioned incentives, the following factors have been found to enhance the impact of financial incentives: receiving positive feedback from a manager, promotion opportunities, opportunities to manage or lead projects, training and development, as well as prospects for growth in the organisation (Gurumani, 2010). A survey done in the Information Technology industry by found that executives, managers and employees rated the following as being among the top six most effective motivators to stay with an organisation: positive feedback from a manager, promotion opportunities, opportunities to manage or lead projects, training and development and prospects for growth in the organisation.

Furthermore, employee retention should not be seen or treated as a once-off exercise. It should be a continuous process that is not only done during periods of organisational change or during uncertain periods. Organisations therefore need to consider employing other sustainable methods for retention, rather than relying solely on financial incentives (Firth, et al., 2007). Retention measures that are targeted at the right people, using a combination of financial and non-financial incentives, are vital for achieving long term business success; they also likely to save costs for the organisation in the long run (Crush, 2000).

## **FACTORS INFLUENCING EMPLOYEE RETENTION**

The model (Figure 1) used to guide this study came about as a result of the shortage of nurses in the health care system. Information regarding the factors that influence nurse faculty to remain employed was lacking (Tourangeau, Thompson, Saari, Wigder, Ferron & MacMillan, 2014). A study was done that aimed to: explore the determinants of nurse faculty to remain employed; and develop a theoretical model of the determinants of nurse faculty to remain employed (Tourangeau, et al., 2014). The reason the model was used in this study was because the researcher was uncertain about what it was that high potential employees expected from the organisation, and this particular model was the only applicable model in this research as it encompassed numerous factors that could have covered some of the expectations of high potential employees.

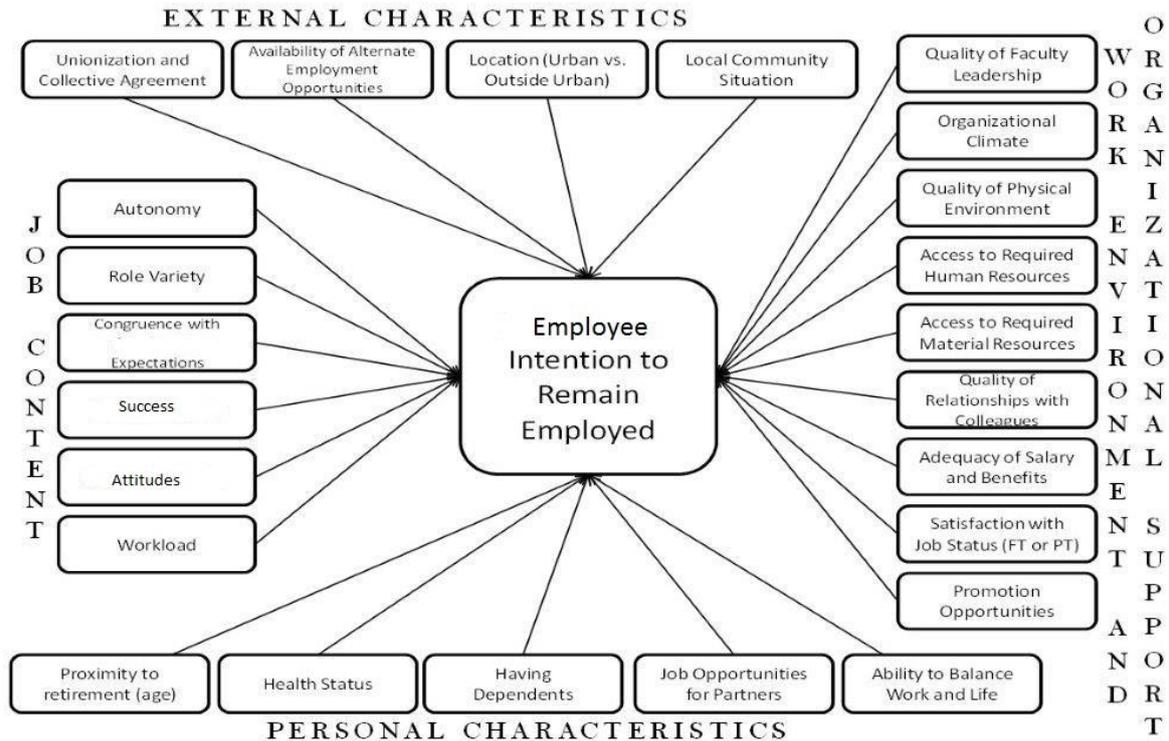


Figure 1. Model based on factors influencing nurse faculty to remain employed (Tourangeau, et al. 2014).

According to the model, there are four main factors that influence an employee’s decision to remain with an organisation. These factors are external characteristics, job content, personal characteristics, and work environment and organisational support (Tourangeau, et al. 2014).

External Characteristics: within the category external characteristics, the authors identified three variables, namely: being unionized, availability of external employment opportunities and location of the organisation (Tourangeau, et al., 2014). Unions generally have a significant impact on the compensation of employees, both in monetary terms and in terms of the fringe benefits employees receive (Nel, Swanepoel, Kirsten, Erasmus & Tsabadi, 2001). They also play a vital role in enforcing the protection and rights of employees. Unions therefore have some influence on the retention of employees (Nel, et al., 2001).

Regarding the availability of external employment opportunities, the following can make an employee reconsider leaving the organisation for another: familiarity with one's current work environment in terms of systems, the organisational culture and social relationships (Roehling, Cavanaugh, Moynihan & Boswell, 2000). Furthermore, the desire to leave a mark in your current organisation before moving to another organisation can make high potential employees, particularly professionals in strategic roles, remain long enough for them to achieve their vision or strategic goals (Roehling et al., 2000).

The location of the organisation also has an impact on an employee's decision to remain with an organisation, if they live in the same area they work in and are familiar with the environment - as opposed to accepting a job elsewhere and having to move and start afresh in an unfamiliar environment (Allen, 2008).

Job Content: this refers to the factors that an employee is directly responsible for in terms of expected deliverables, as well as challenge and meaning that the employee gets from the work (Horwitz et al., 2003). Employees derive satisfaction from knowing that the work they do makes a valid contribution to the organisation. Furthermore, getting meaning from the work they do is a significant contributor to employee satisfaction (Mitchell, Holtom & Lee, 2001). Employees want to deliver results and take on challenges that will make a positive impact. If employees, especially high potential employees, perceive the work they do as routine work, they are likely to experience boredom and feel demotivated, and leaving the organisation when a better opportunity comes their way (Steel, Griffeth & Hom, 2002).

Organisations can reduce their turnover rate with careful consideration to allocating tasks to employees (Steel, et al., 2002). Matching the right people to the right positions, or ensuring "job-fit", is a very important retention practice.

There is increasing evidence that job content affects employee commitment, performance and organisational citizenship behaviour (Horwitz et al., 2003; Steel, et al., 2002). According to Horwitz et al. (2003, p.47), “ initiatives aimed at enhancing the intrinsic qualities of the job were the second most popular type of retention practice reported by HR managers of knowledge firms”.

Additionally, Tourangeau et al. (2014) identified five variables within the characteristic of job content. These variables are autonomy, variety within faculty role, congruence of scholarship opportunities, quality of education, and satisfaction with work load (Tourangeau et al., 2014). It is said that jobs with a high level of autonomy bring about a greater sense of responsibility, control and ownership over one’s job, therefore leading to greater job satisfaction (Mitchell et al., 2001). Task variety or job rotation exposes employees to other roles within or outside of one department. This approach can be seen as a means to develop the employee in terms of professional growth, and may increase employee engagement (Mitchell et al., 2001).

The workload of an employee can also be a contributing factor towards the retention of employees (Shields & Ward, 2001). Employees who feel under-worked are likely to become bored in their jobs and consider leaving; those who are over-worked are likely to feel overwhelmed and consider leaving the organisation (Shields & Ward, 2001). It is important to keep employees busy with the right amount of work, as this may contribute to satisfaction with the job -and possibly leading to them staying longer with the organisation (Shields & Ward, 2001).

**Personal Characteristics:** The variables within the personal characteristics category include: proximity to retirement, reported health status, having dependents and satisfaction with ability to balance work and life (Tourangeau et al., 2014). Employees who are close to

retirement age are more likely to remain with an organisation than those who are far from retirement age (Sinha & Sinha, 2012). This is mainly driven by awareness of the fact that organisations are unlikely to want to invest in permanently hiring someone who will only stay a few years. Furthermore, in relation to pension benefits, employees closer to retirement age stand to gain more than they would lose if they remain with an organisation that they have been with for a long period of time (Sinha & Sinha, 2012). Employees who are far from retirement age are, however, a high risk in terms of curbing retention, as they are more likely to want to explore options (Sinha & Sinha, 2012).

According to Thomas (2000), having dependents has also been said to keep employees grounded in one organisation for a number of years, especially if that organisation offers benefits that provide a benefit to the employees' dependants as well, such as medical aid, education and housing allowance. Some employees with dependents prefer to stay in one organisation because of the stability it may offer, rather than frequently changing jobs and disrupting family life (Thomas, 2000).

Work-life balance (which entails managing the conflict between meeting work related demands and trying to build a career, and having a private life) is often difficult to achieve and impacts many people negatively in the workplace (Anderson, Coffey & Byerly, 2002). The introduction of more flexible forms of work offers the opportunity to make a difference in reducing work-life conflict and could also result in increased employee satisfaction (Anderson et al., 2002). The current generation places importance on having a good quality of life, as they have to deal with increasing work pressures. Introducing HR policies aimed at improving work-life balance can act as a retaining factor (Anderson et al., 2002).

**Work Environment and Organisational Support:** Several variables were identified within this characteristic, namely: quality of leadership; organisational support and empowerment;

quality of physical work environment; satisfaction with access to required material resources; quality of relationships with colleagues; satisfaction with salary and benefits; full-time employment; satisfaction with promotion opportunities and satisfaction with job status (Tourangeau et al., 2014).

The manner in which leadership or management treats employees determines whether or not an employee will feel respected or disrespected by the manager. According to Hay (2000), results of a study carried out by The Gallup Organisation (in which one million employees and 80 000 managers were interviewed) revealed that people leave managers, not organisations. Employee unhappiness with a boss was rated as the second highest contributing factor to high turnover, implying that if there is a problem with high turnover, one should first look at the organisation's managers (Hay, 2000).

According to Cappelli (2001), employees do not necessarily remain loyal to an organisation, but may have loyalty towards their colleagues. This loyalty stems from a work environment wherein colleagues treat each other with respect, which then forms the basis of good work relationships. The loyalty created by a positive social atmosphere could be beneficial to the organisation, as it may serve as an effective aid to retention (Cappelli, 2001). According to Roehling et al. (2000), when making the decision to leave an organisation, the employee also stands to lose the social network that has been created. Research suggests that the friendly relationships that employees create are an important factor for retention (Roehling et al., 2000). Organisations can play a part in creating friendly working environments, or creating a positive social atmosphere by encouraging interaction, mutual respect and cooperation among colleagues by facilitating transparent communication practices (Roehling et al., 2000).

With regard to empowering employees, numerous organisations acknowledge the performance and potential of high potential employees, by putting them on the organisation's succession plan and providing the training and development necessary to equip these employees to assume managerial roles (Cappelli, 2001). Depending on the organisation's policies and procedures, high potential employees may or may not know that they are on the succession plan (Cappelli, 2001). However, this method does not always yield the desired results in terms of retaining high potential employees (Heneman & Judge, 2006).

Companies continue to use a succession planning in which careers, particularly those of key or high potential employees, are mapped out years into the future. The reason why this method is not particularly effective in the current business environment is because the succession plan requires that the succession candidates are developed on a yearly basis, for a number of years, until such time that they are deemed ready to assume the position for which they were groomed for (Heneman & Judge, 2006). In order for these employees to assume these positions, a vacancy must be created by someone who has either resigned or retired from the organisation (Cappelli, 2001). Given the current state of the economy and the mobility of high potential employees, it is likely that some of the individuals on the succession plan would have left the organisation by the time the organisation had predicted that they would be ready for the post they were earmarked for (Heneman & Judge, 2006). Furthermore, when a critical or important vacancy becomes available, it is not unusual for organisations to hire externally, because of the perception that the individuals in the succession plan are either not ready yet or will not meet the requirements of the position (Boudreau & Ramstad, 2007).

A more effective way of recognising the contribution of high potential employees is through fostering career development. According to Steel et al. (2002), prospects to develop one's career are considered to be one of the most important factors affecting employee

retention. It is said that an organisation that invests in the training and development of its employees is likely to have a better success rate (than organisations that do not invest in training) at retaining them, and in strengthening the bond employees have with the organisation (Klein & Tang, 2003; Steel et al., 2002). Career development not only enhances employees' employability inside or outside the organisation, but also creates opportunities for promotion within the organisation (Butler and Waldrop, 2001). Career development refers not only to training and development, but also includes the provision of coaching and/or mentoring, career management workshops and setting up competency management programmes, including include "skills-gap analysis, succession planning and competency analysis and profiling" (Roehling et al., 2002, p. 316). A study carried out by Allen, Shore and Griffeth (2003) revealed that organisations with employees who believed that they were offered opportunities for growth had a lower turnover intention figure. A survey done by Steel et al., (2002) supported these findings, as they also established that organisations that provide insufficient training and development opportunities often lost their high potential employees.

In an international study, Hay (2002) found that training and development or skills and talent development was the most significant factor affecting retention, closely followed by managers who fail to take an interest in the career development of staff. Additionally, the majority of employees who were interviewed reported that a lack of opportunity to learn new skills was a contributing factor in terms of the high turnover of key employees (Hay, 2002).

In a separate study done by Klein and Tang (2003), it was established that the prospect of a long-term career within an organisation played an important role in employee loyalty and, inadvertently, if employees perceived that these prospects were not likely, they would feel trapped in a narrow job function, with limited possibilities for career growth, which in turn has a big effect on employee well-being. According to Kotze and Roodt (2005),

dissatisfaction with advancement opportunities also plays a significant role in the decision to leave an organisation, as it may affect an employee's state of well-being.

In addition to succession planning, organisations that involve the participation of high potential employees in decision making processes are more likely to have better success at retaining their high potential employees (Czakan, 2005). The sophistication and efficiency of information and communication technology has resulted in the world becoming a global village. There is an increased rate of sharing of information and ideas amongst workers worldwide (Sherrat, 2000). When involving high potential employees in decisions on matters that are important to the organisation, power-sharing is promoted. To be successful, such an initiative requires an environment wherein managers and high potential employees work in a cooperative, accommodating and complementary manner. In turn, empowered employees will feel that their contribution matters and that they add value in terms of the decisions that direct the organisation they work for. This may help in retaining them for a longer period of time (Czakan, 2005; Sherrat, 2000). A participatory management atmosphere requires organisations to move away from an authoritarian management style. It would be successful in an environment with a relaxed social atmosphere, wherein employees feel free to share their ideas and concerns (Mitchell et al., 2001).

Regarding compensation, satisfaction with one's compensation still plays an important role in retaining high potential employees (Hay, 2002). Compensation refers to enticing employees to stay with the organisation, by providing attractive remuneration packages (Steel et al., 2000). The most common method used by organisations to reward their high potential employees is through monetary reward. This method is the most popular retention strategy, as it does not only fulfil financial and material needs, but is also linked to the status that comes with being known as a high earning individual.

However, financial rewards have had varying levels of success, as they do not appeal to everyone (Steel et al., 2000). For example, a study conducted by the Institute for Employment Studies revealed that “only 10 percent of people who had left their employer gave dissatisfaction with pay as the main reason for leaving” (Trevor & Nyberg, 2008, p.265). Furthermore, given the increase in the practice of benchmarking salaries against competitors, it is becoming difficult for organisations to retain their key employees based on financial rewards alone (Trevor & Nyberg, 2008). Consequently, the impact of these rewards is reduced as competitors are likely to be offering very similar financial rewards. Despite studies indicating that financial rewards are a poor motivating factor, many organisations still continue to use them as a form of ensuring employee commitment (Cappelli, 2001; Mitchell et al., 2001).

Next, the process of retaining high potential employees called Talent Management will be discussed.

### **Talent Management**

The management of talent is imperative for organisations, as it assists organisations to control their costs (such as costs related to frequent recruitment) and effective talent management increases productivity (Poll, 2009). Talent management refers to the process of strategic planning for the future needs for human capital and the planning that takes place in order to meet those needs within the organisation (Poll, 2009). Talent management can also be defined as “a set of interrelated workforce management activities concerned with identifying, attracting, integrating, developing, motivating and retaining people” (Kerr-Phillips & Thomas, 2009, p.3). The response to the talent management challenge in organisations is in most cases ineffective (Poll, 2009). The reason for this is largely due to a number of organisations responding in two ways to this challenge: they either do not do

anything to address this challenge, meaning they do not do needs assessment or analysis; or they do these assessments are done, but nothing is done to meet the needs that are identified (Cappelli, 2010).

Most organisations are not satisfied with their talent development strategies, particularly regarding the pace and efficiency of development aspects (Kerr-Phillips & Thomas, 2009). The need to effectively manage talent is vital, as it impacts on shareholder value and realisation of the organisation's competitive advantage. As a result, there is strong competition for top talent amongst companies (Kerr-Phillips & Thomas, 2009). Numerous companies are placing emphasis on attracting and retaining high potential employees at all levels, rather than focusing solely on developing people earmarked to replace top executives, as has been done in the past (Clark-Rayner & Harcourt, 2000).

According to Kerr-Phillips and Thomas (2009, p. 4), when developing effective talent management strategies, organisations should ask themselves the following questions:

- “What capabilities are needed to successfully implement our business design?
- Are we attracting the top talent in our industry or is someone else?
- Are we recruiting and selecting “ ‘A’ players”?
- Can we clearly identify our top contributors – both current and future?
- Are we growing and developing the skills we will need to succeed in the future?
- Are our performance and development strategies aligned with our business strategies?
- Do our pay, performance and career development programmes work together to increase retention and commitment?
- Are we retaining our top performers at a greater rate than we are retaining our low performers?”

In order to address these questions, the organisation would need to develop its own unique talent management strategy, which must be in line with the organisation's business strategy and human capital requirements. This challenge is often unmet (Kerr-Phillips and Thomas, 2009). When the business and talent management strategies are aligned "the management practices work in unison to help drive organisation results" (Behar, 2006, p. 9). When there is misalignment between the two, the organisation will find itself in a situation wherein it does not have the skills and capabilities required to sustain the business strategy as a result of the mismatch between employee competence and market demands (Behar, 2009).

A variety of processes are included in talent management, such as "recruitment and selection, on-boarding, mentoring, career development, leadership development, succession planning, career planning, as well as recognition and rewards" (Glen, 2006, p. 39). In order to achieve an effective talent management process, these processes must integrate with each other as well as fit the strategic requirements of the business (Heinen & O'Neill, 2004). The reason talent management efforts fail in many organisations is because of the disintegration of these processes, often because different people with different priorities are responsible for the different processes. The result is often conflicting priorities, because each person focuses on fulfilling only his/her priorities in terms of the recruitment and selection processes adopted (Heinen & O'Neill, 2004). Generally, most organisations do not detect or pay attention to the lack of integration in their talent management processes until serious problems occur. In order to maximise performance and encourage employees at all levels to align their priorities. (Heinen & O'Neill, 2004).

### **Conclusion of literature review**

The possible reasons given for the cause of the high turnover amongst high potential employees make it evident that there is no single factor influencing retention, but rather a set

of inter-related factors. A significant effort is required from organisations in the drive to retain their high potential employees, from the recruitment phase right through to the resignation or retirement of these employees. It would be beneficial for organisations facing problems with retention management to do a comprehensive turnover analysis, in order to determine the degree at which turnover is a problem in a specific organisational context (Allen, 2008).

The following section contains a description of the phenomenological investigation that was carried out. The existing literature on retention has now been discussed. Based on the literature, it was determined that monetary rewards alone are not enough to retain high potential employees. The retention model that purports this was applied in a field study. The model was used in the literature study to give insight into the possible factors that may influence the retention of high potential employees. The model was used as a guide in the empirical study to determine the similarities and the differences and between what the model purports to be the factors that influence retention, and what high potential employees in the organisation expected from the organisation in terms of factors that could help to retain them.

## **EMPIRICAL STUDY**

The field study to investigate whether or not monetary rewards alone are enough to retain high potential employees will be discussed next, starting with the research approach, followed by the research method, the research procedure, data analysis, the findings and lastly the discussion.

### **Research approach**

A qualitative research design from a phenomenological approach was used in this research. Instead of developing a hypothesis, the approach used for this study was based on the model discussed in the literature review, i.e. the model of factors influencing nurse faculty intention to remain employed by an organisation (refer to figure 1 on page 53). The aim was to find out which aspects of the model are applicable to the organisation in which the research was carried out; going forward, only the factors that were found to be applicable will be reported on and discussed.

The reason for using a qualitative survey was to ascertain whether or not the retention challenges faced by other countries in are similar to the retention challenges that are experienced in a small country like Swaziland. Studies on the retention of high potential employees have not been done in Swaziland, save for a study on the retention of health workers (Kober & Van Damme, 2004). Using the qualitative approach was deemed appropriate for in depth views on the feelings and perceptions of the research participants regarding the retention of high potential employees, and to determine if their views were similar to those found in existing literature on retention.

“The phenomenological approach is an inductive and descriptive research method which attempts to study the human experience as it is lived” (Babbie, 1998, p. 46). Therefore, the

researcher must approach the subject with no preconceived expectations and the subject to be studied must be approached as such, and data accepted as given (Neuman, 2003).

This approach is primarily concerned with the systematic reflection of the conscious experience. It seeks to illustrate experiences as they are lived in phenomenological terms, that is, to encapsulate the “lived” experience of participants (Neuman, 2003). This approach was chosen in order to gather meaningful information about the expectations of high potential employees from the perception of the research participants (Babbie, 1998).

“Phenomenological approaches are based on the concept of knowledge and subjectivity, and emphasise the importance of personal perspective and interpretation. As a result, they are very useful in understanding people’s subjective experiences, gaining insight into people’s motivations and actions and obtaining deep, rich data” (Babbie, 1998, p.23). For this study, interviews were approached without preconceived expectations. Only after the findings were concluded, were the results compared to existing literature and to the model.

## **RESEARCH METHOD**

### **Research participants**

The participants consisted of a sample of 15 employees in an organisation in the sugar industry in Swaziland, who were identified as high potential employees and who are therefore succession candidates. There was a commitment for more participants, but a point of data saturation was reached by the time the fifteenth participant was interviewed. This means that the researcher was no longer receiving any new information, hence the decision to not interview the remaining potential participants. Of the 15 who were interviewed: 3 are in senior management, 6 are Engineers-in-Training (EITs), who have been identified as potential successors for various engineering posts; and 6 are in middle management. The age

of the participants ranged from 27 to 40 and all of them have a minimum of a 4-year degree.

The biographical details of the participants are provided in Table 1.

Table 1

*Characteristics of Participants*

Gender	Years in Organisation	Job Level	Education level	Age
Male	6	Middle Management	Degree	29
Male	7	Senior Management	Post-graduate Degree	40
Female	7	Senior Management	Post-graduate Degree	38
Female	5	Middle Management	Degree	36
Male	2	Engineering Trainee	Degree	30
Male	15	Middle Management	Degree	36
Female	2	Engineering Trainee	Degree	32
Male	1.5	Engineering Trainee	Degree	27
Male	2	Engineering Trainee	Degree	28
Male	6	Engineering Trainee	Degree	27
Male	4	Engineering Trainee	Degree	33
Male	6	Senior Management	Post-graduate Degree	32
Male	4	Middle Management	Degree	31
Female	8	Middle Management	Degree	34
Female	5	Middle Management	Degree	28

## **RESEARCH PROCEDURE**

### **Data Collection**

A qualitative data collection method (interviews) based on the phenomenological approach was used in this research. According to Leedy (1997), because phenomenological studies depend mostly on in-depth interviews, it is important that participants be chosen purposefully, as this increases the value of the information received from small samples. Neuman (2003) states that participants must have the ability to communicate with ease in the language in which the study is carried out, as this enables them to express their thoughts and feelings accurately.

Permission was requested from the relevant management of the organisation to carry out the research. The interviews were limited to high potential employees who appear on the succession plan of the sugar industry organisation in which the study was conducted. The high potential employees on the succession plan were identified by the senior managers of the organisation. Succession plan candidates are internal employees who have been identified as having the potential to fill key positions in the organisation, should those positions become vacant (Mitchell, et al., 2001). The organisation is expected to provide critical development experiences to succession candidates, which will enable them to assume the responsibilities that come with the new role (Jackson & Schuler, 2003).

### **Underlying Principles of the interview**

Before the interview was carried out, a literature study was conducted. The purpose of carrying out a literature study prior to the interviews being carried out is to enable the researcher to have a guideline for the investigation. However, the researcher was careful to

avoid prejudice and to not develop preconceived notions of the outcome of the research (Blumberg, Cooper & Schindler, 2008).

### **Description of the interview**

After permission to carry out the research was granted, quiet premises were sought where which the interviews would be carried out and the participants were contacted telephonically to request an interview. With the assistance of one of the managers in the HR department, appointments were scheduled with each participant.

The researcher started off by providing background information about herself; then the purpose of the interview was explained to the participants, when inviting them to participate in the research. Thereafter, the ethics and confidentiality aspects involved in the research were discussed. The researcher verbally assured each participant that all the information obtained during the interview would remain confidential and treated with the necessary sensitivity. Permission was requested to tape the interview. Participants were once again assured of anonymity and confidentiality of the interviews. The aim of giving background information was to create a relaxed and trusting atmosphere that would allow participants to feel comfortable and to provide an honest response. A letter of consent (in which the purpose of the research was explained in writing) was signed by each participant. Participants were informed that their participation was completely voluntary. The intention of carrying out the interviews was to provide participants with an opportunity to share and describe their unique experiences, opinions and observations regarding the expectations of high potential employees.

The participants were allowed to respond in a manner in which they preferred, and the researcher made use of active listening skills, exhibited accommodating body language and maintained good eye contact. The researcher made use of sounds such as “hmm” and nodding

to encourage the participants. Questions that could potentially interrupt the participants were limited. The recordings were numbered and an index list (which contained the participant's name and department) was compiled.

The interview method used was the semi-structured interview method. According to Neuman (2003), semi-structured interviews follow a developed interview guide, but the interviews are also open and allow for new ideas to be brought up during the conversation. In this type of interview, the researcher normally has a framework of themes to be explored. The semi-structured interview consisted of 11 questions and the duration of the interviews ranged from 20 to 45 minutes. The questions were formulated in a manner that would be understandable to others. Phenomenological interviews involve an informal interactive process that makes use of open ended questions and comments (Neuman, 2003). In such interviews, "it is important that the researcher takes cues from the participants' expressions, questions and sidetracking. Such an interview should look like a dialogue or conversation, with the participant doing most of the talking and the researcher doing most of the listening." (Leedy, 1997, p.162). In addition, the researcher should maintain eye contact and an open, inviting body posture, and be careful to not interrupt the participant unnecessarily, unless the participant is drifting off (Leedy, 1997).

The interviews were done over a period of 5 days. Once all the interviews were done, they were transcribed; thereafter the data analysis process began.

## **DATA ANALYSIS**

### **Ensuring data quality**

In qualitative research, the following principles should be adhered to, in order to ensure data quality:

*Credibility* – Data credibility criteria involves establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research (Neuman, 2003). The credibility of the data in this research was ensured by reporting on the exact information given by the participants, without making any amendments to it.

Additionally, the accuracy of the transcribed interviews was checked.

*Transferability* – Transferability refers to the extent to which the results of qualitative research can be generalised or transferred to other contexts or settings. A researcher who wants to "transfer" the results to a different context is then responsible for making the judgment of how sensible the transfer is (Neuman, 2003). The researcher attempted to ensure transferability by thoroughly describing the research context and the suppositions that were central to the research.

*Dependability* – for data to be deemed dependable, the research has to portray the same findings when the study is repeated in the same context (Guba & Lincoln, 1994). To ensure dependability, the researcher took great care when collecting data, interpreting the findings and reporting the results. The researcher attempted to clearly present the thought process behind selection of the participants and the method in which the interviewing process was done.

*Conformability* – In qualitative research, the assumption is made that each researcher brings a unique perspective to the study. Conformability refers to the degree to which the

results could be confirmed by others. A data-oriented approach, showing how the data (eventually leading to the formation of recommendations) was gathered and processed during the course of the study, in order for the observer to be able to trace the course of the research (Guba & Lincoln, 1994).

Neuman (2003) states that if the qualitative methods are followed and well documented, the trustworthiness (the validity of a study) is often taken care of. In qualitative studies, a “paper trail” should exist, so that the data can be traced back directly to the original conversation and documentation (Neuman, 2003).

In order for internal validity to be attained, the study must investigate what it was meant to investigate. External validity relates to the context in which the findings can be applied (Malterud, 2001). “In qualitative research, the aim in respect of validity is to produce information that can be shared and applied beyond the study setting and to determine whether or not the study results can be applied in other settings” (Malterud, 2001, p.4).

According to Malterud (2001), researchers should have an in-depth knowledge of the study material during the analysis stage. This enables awareness of the content of the data and what they mean, and they are able to determine what is relevant or not relevant when attempting to answer the research question.

The phenomenological data analysis process involves processes such as coding and rating. Coding is an essential process within qualitative data analysis. For purposes of this research, the open coding method was employed. In qualitative research, coding involves creating themes or concepts which can be used to analyse the data, the research arranges the raw material into conceptual categories (Neuman, 2003). This entails assigning labels to pieces of data, so that all text under that label can be retrieved and brought together (Neuman, 2003;

Blumberg et al., 2008). Qualitative coding is guided by the research question and may lead to new questions.

When coding the data, the researcher organised the raw data into categories from which themes were created. The researcher took time to slowly go through the transcribed interviews, looking for critical words or themes; these were labelled and highlighted. Common themes were clustered together and the researcher analysed the data until repetitive themes were found. The researcher did, at times, change or create new themes while sifting through the data. After the themes and categories were identified, the data was examined for different types of meaning, if present. The coding process also involved continuous comparing and contrasting of newly acquired or emerging data. Thereafter, the researcher transformed the language used by the participants into the scientific language appropriate for this study. The participants' exact words were used for confirmation of the statements made.

Subsequent to coding the data, the researcher rated the data. Data rating is a representation of a list of items that are ordered according to their importance for the particular topic in question. Ties between ranks are normally allowed, with two or more items permitted to occupy equal positions in the ordered list (Blumberg et al., 2008). For purposes of this research, the data was rated according to the frequency that each theme was mentioned. A frequency table was used to illustrate this.

In an effort to maintain data security, interview recordings were saved on the researcher's personal computer, external hard drive and on a CD. The personal computers, as well as the interview folders on the external hard drive and CD require passwords in order to access the research data. The transcripts and CD are kept in a lockable drawer.

A description of the interview and the manner in which the interviews were carried out was given, as well as the aspects of reliability and validity relating to the interviews. Next, the results will be discussed.

## **RESULTS OF THE STUDY**

In this section, the results of the study will be reported and discussed. The results will be discussed by focusing on the themes that emerged from the interviews.

The number of EITs, Middle Managers and Senior Managers who mentioned a particular theme was summarized in tabular form. The results will be discussed and direct quotes from the interviews will be used to illustrate the themes.

Table 2 indicates: high potential employees' expectations of the organisation; the factors that would increase the probability of them leaving; and the factors that would motivate them to stay longer with the organisation. Themes that emerged, as well as the frequency at which the theme was mentioned, is shown per participant group.

Table 2

*High Potential Employees' Expectations of an Organisation (n=15)*

THEMES	ENGINEERS-IN- TRAINING (n=6)	MIDDLE MANAGERS (n=6)	SENIOR MANAGERS (n=3)	NUMBER OF TIMES THEME MENTIONED
Career growth & promotion opportunities	6	3	3	12
Challenging work	3	3	3	9
Recognition	5	3	1	9
Training & development	4	2	1	7
Good leadership	1	4	0	5
Pleasant working environment	1	2	2	5
Competitive remuneration	1	2	1	4
Work-life balance	2	0	0	2

Based on the data obtained from the interviews, the following themes emerged as expectations of the organisation by high potential employees (supported by direct quotes from the participants):

**Theme 1: Career growth and promotion opportunities**

This theme came out strongly amongst the participants: 12 of the 15 participants reported: expecting career growth as well as promotion opportunities; they were considering leaving

because of a perceived lack of career growth opportunities. Some of the statements made by the participants regarding this theme were:

*“... There is no concise and clear career path ...”; “... I would leave for an opportunity to grow and be allowed to make my own decisions and be accountable for them.”; “... Lack of responsibility and challenging work ...”; “... If I can’t move to another department, I’ve reached my ceiling where I am ...”; “... Lack of growth opportunities...”; “... I think I’ve reached my ceiling here.”*

### **Theme 2: Challenging Work**

A total of 9 employees reported they expected to be given challenging work or a wide range of responsibilities.

Some of the points made by participants regarding this theme were as follows: *“... They should give people more responsibilities to take on and let them be accountable for what they do ...”; “... They should give us more responsibilities ...”; “... I thought I was going to be given challenging work ...”; “... I expected to be involved in a lot more projects ...”; “... I want to apply the skills I got during my studies and practical exposure, and be given a lot more responsibility ...”; “... I was hoping to get work that will challenge me”.*

### **Theme 3: Employee Recognition**

Of the 15 participants, 9 expected that their contribution and effort would be recognised.

The following points were made by some of the participants, when asked about whether or not they feel their contribution was valued:

*“... My contributions are not always recognised ...”; “... No, I feel under-utilized ...”; “... My inputs are not valued because I’m new ...”; “... Sometimes your good suggestions are*

*shot down without any explanations ...”; “... I do all the running around and my boss gets all the recognition ...”; “... I don’t feel appreciated, but my immediate supervisor tries to give me some recognition sometimes ...”; “... No. I’m treated like I’m still a student. The inputs I make are not valued, just because I’m a trainee.”*

#### **Theme 4: Training and development**

Of the 15 participants, 7 reported expecting to receive continuous training and development while in the employ of the organisation. Some of the participants mentioned that although they have attended a few training programmes, they feel this has not been sufficient, considering the period of time they have been with the organisation. They stated that there were training programmes that they would have liked to attend, but were not signed up for, for reasons unknown to them.

Some of the comments made by the participants that apply to this theme were:

*“... I expected to get training, as laid out in my training programme. I’ve been here for almost two years, but I’ve only attended one training course - yet there are many more I’m supposed to attend ...”; ... “I expected to attend a few training courses, but it seems like not much training is done for people in our department ...”; ...“I expected a lot of training and development, because of the size of the organisation. When you’re outside, people tell you that the organisation does a lot of training”.*

#### **Theme 5: Good Leadership**

Of the 15 participants, 5 stated that they expected this organisation to have good leadership, yet a punitive management style was considered to be the predominant one.

Some of the comments made by participants regarding this theme were as follows:

*“... the punitive management style...”; “... Managers should get soft skills training, although it might not be effective, because some of them won’t change the way they’ve been treating people all along - it’s in them.”; “... They should change the management and leadership style in certain areas: people are unhappy with it.”*

### **Theme 6: Pleasant and professional working environment**

A total of 4 out of 15 employees joined the organisation with the hope of working in a pleasant and professional working environment. They expected a vibrant place with friendly people, as well as the opportunity to build good networks. Others mentioned that they expected a place with an energetic work culture.

Employees made comments such as the following in relation to this theme:

*“I expected to work in a professional environment, because that’s what it looks like from the outside ...”; I expected a place with friendly, motivated employees and a good work culture ...”; “I expected good relationships and networks and a vibrant place to work in”.*

### **Theme 7: Competitive Remuneration**

Regarding remuneration, 4 out of 15 participants reported expecting to get a competitive remuneration package when joining the organisation, because of the size of the organisation and the reputation that the organisation has for paying well (compared to other companies in Southern Africa). Remuneration encompasses both salary and benefits.

Statements that were made regarding this theme were:

*“... good pay ...”; “good salary ...”; “... good package ...” and “... good pay and benefits.”*

## Theme 8: Work-life balance

Two employees, both EIT's, expected to have a good work-life balance.

They made the following comments

*“... The very long working hours; I don't see my family for a week sometimes, I just go home to sleep. We are given impossible deadlines to work on and I'm expected to do a 12-month training programme in 5 months ...”; “... I thought I'd have enough time after work to exercise and relax. I wanted to register for a course, but because we work so late, I don't think I'll have time to study.”*

Following the presentation of the research findings, the next section will focus on discussing the research findings. Table 3 below illustrates the number of employees: who stated that their expectations of the company were met; and the number of employees who felt that their expectations were not met.

Table 3

*Fulfilment of high potential employees' expectations*

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EXPECTATIONS	ENGINEERS-IN- TRAINING (n=6)	MIDDLE MANAGERS (n=6)	SENIOR MANAGERS (n=3)	TOTAL (%)
Expectations met	3	2	2	46.7
Expectations not met	3	4	1	53.3

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In relation to all the themes that came up, just over half (53%) of the high potential employees felt that their expectations of the organisation were not met. Only five of the fifteen participants interviewed stated that they intended to stay in the organisation for the next 2 to 3 years. This can be attributed to the unmet expectations.

The majority of the employees who expressed dissatisfaction in terms of the expectations they had when they joined the company were the EITs and some middle managers. The age range of this group was between 27 and 33 and they have all been with the organisation for less than 6 years. The only unmet expectations that would not drive the interviewees to leave the company were a lack of a pleasant and professional work environment, and the lack work of work-life balance. Regarding all the other themes, the interviewees felt strongly about them - to the extent that the expectations not being met would make them consider leaving the organisation.

The specific expectations that high potential employees had of the organisation included: competitive remuneration package; promotion opportunities; good leadership; a pleasant working environment; work-life balance; challenging work; extensive training and development to foster career and personal growth; recognition of the contribution made to the organisation. Whether or not these expectations were met seemed to have a direct bearing on high potential employees' intentions to stay with or leave the organisation in the next two to three years.

With regard to the high turnover of high potential employees, it can be said that unmet expectations can be a significant driver of high potential employees leaving.

High potential employees stated that they expected a competitive salary. The organisation offered attractive fringe benefits, but employees felt the cash component was low compared to what their peers were earning in other companies. The majority of the employees who appeared to prefer more money over fringe benefits were younger, single employees, who have not started a family as yet.

Expecting a good work-life balance was mentioned by EITs. The majority of employees who mentioned having to work late on a regular basis said the pressure came from working in under-staffed departments, resulting in them having a high workload.

The vast majority expected career growth when joining the organisation and this was largely due to the size of the organisation, as it is the largest organisation in the country. Training and development opportunities were linked to promotion opportunities, as receiving extensive training and development was perceived as enhancing one's chances of moving up the career ladder. In addition, there was a general feeling that senior positions are reserved for expatriates. The participants felt aggrieved by this, stating that, in most cases, they have to show the expatriates how to do the work, yet they were told that the reason they were not promoted into a position was because they were not yet competent.

A number of participants mentioned expecting to be challenged by the work they do. Instead, they were experiencing the opposite. The feeling of being under-utilized was stated as a reason that would make them consider leaving the organisation.

Recognition for the contribution they make to the organisation was also listed as something that was expected, yet lacking. A number of participants stated that they felt their managers did not recognise the amount of effort they put into their work, especially considering the long hours they work. A few mentioned that they were professionals in their field, yet were not treated as such. Furthermore, it was stated that with the morale being so

low in some departments, some form of recognition would go a long way to motivating employees. There were two participants who felt their contribution was recognised as they had been promoted recently.

Some of the participants said they expected good leadership within the organisation. Instead, it appeared that some managers adopted an autocratic and punitive management style. Some interviewees stated that some managers have absolutely no tolerance for mistakes and threaten employees with a disciplinary hearing should they make an error. Disciplinary hearings were said to be rife in certain divisions, which was said to instil fear in employees and led to them dreading going to work.

Some interviewees said they were expecting a pleasant and professional working environment. They noted that, from outside, the organisation looks like a pleasant place to work, and one would expect an organisation such as this one to be very professional in the manner in which things were done. Unlike the other themes that were mentioned, the lack of a pleasant and professional work environment was not something the interviewees felt so strongly about that it would make them consider leaving the organisation.

The findings indicate that slightly more high potential employees felt that their expectations were not met than those who felt their expectations were met. Career growth and promotion opportunities, challenging work and employee recognition ranked highly amongst the factors that high potential employees expected from the organisation; a competitive remuneration package and a good work-life balance were some of the least mentioned factors, as far as their expectations were concerned. The next section will provide a discussion of the research findings.

## **DISCUSSION**

The objective of this study was to investigate the expectations that high potential employees have of an organisation. Furthermore, the researcher wanted to explore whether financial incentives are indeed not enough to retain high potential employees, as purported by retention models. Based on these findings, recommendations are made for a retention strategy for the organisation in which the study was done.

In general, the findings of the study were in line with the assertions made in literature on retention, i.e. that monetary rewards alone are not enough to retain high potential employees. They expect a lot more from organisations, and a majority of employees would leave an organisation if their expectations are not met, despite the financial inducements that are offered.

The similar characteristics between the retention model and the findings of the study were characteristics within work environment and organisational support where a majority of the high potential employees' expectations fell. These were: career growth and promotion opportunities, employee recognition; training and development; good leadership; a competitive remuneration package; and a pleasant working environment. One theme came out of the job content characteristic in model, that being expecting challenging work. This theme was mentioned by many of the participants. Similarly, only one theme came out of the personal characteristics category in the model, that being a good work-life balance. None of the variables in the external characteristics category were mentioned. It can therefore be said that: the most applicable characteristic to this study in relation to the retention model was the work environment and organisational support characteristic; the least applicable was the external characteristics.

A number of the characteristics in the retention model used in the study were mentioned as important factors in as far as retention of high potential employees is concerned. This then explains why the organisation where the study was carried out continued to lose its high potential employees, despite offering them retention allowances. The discussion will focus only on the factors in the model that came out as the main themes in the study.

It cannot be denied that monetary compensation has a role to play in retention, as many employees will leave an organisation for another organisation that pays better (Griffeth & Hom, 2001). It is therefore no surprise that the organisation where the research was done focuses on retention allowances to retain its high potential employees. Although a competitive remuneration package was mentioned by some of the participants as a factor that attracted them to the organisation, only one participant (a senior manager) felt that the current practice of remunerating high potential employees was an effective strategy to retain them. It appears that once high potential employees join an organisation, strategies such as training and development and opportunities to move up the career ladder take precedence. This came out strongly in the interviews, as it was the most frequently mentioned factor. This finding is supported by Chambers (2001), who says employees are most likely to seek alternative employment if they perceive a lack of growth opportunities at the organisation at which they are employed. Furthermore, Chambers (2001) states that employees will leave an organisation if they believe that it is the only way for them to move up the career ladder.

Therefore, merely increasing an employee's salary, without considering the other retention factors, will not necessarily be enough to retain them (Allen et al., 2003). Demographics such as age, sex, education, marital status and race were found to be weakly related to turnover. That said, organisations may still want to explore how members of different groups would respond to various organisational interventions. For example, women might be influenced more by work-life balance policies (Allen et al., 2003).

It is important for organisations to get the mix between tangible and non-tangible incentives right. Tangible incentives are those such as pay or other monetary benefits; intangible incentives are those such as the work environment, the relationships that have been formed, working conditions, and opportunities for growth (Allen et al., 2003). Employees usually evaluate these against the opportunities of attaining more attractive incentives elsewhere, as well as the ease, or not, of moving from one organisation to another. If organisations and managers had an understanding of the incentives-contribution balance, they would be in a position to manage individual turnover decisions (Allen et al., 2003).

Regarding opportunities for career growth, Hay (2002) states that employees are more likely to leave an organisation, should the opportunity to grow elsewhere arise, if they feel stuck in a job or feel that the opportunity to widen their horizons (in terms of the work that they do) is limited. Furthermore, the perceived lack of growth opportunities ends up affecting employees' emotional well-being at work.

Aspects such as satisfaction in one's job and organisational commitment are the main contributors in employees' decision to leave an organisation as they can start off the withdrawal process (Bauer, Bodner, Erdogan, Truxillo & Tucker, 2007). The withdrawal process usually involves "thoughts of quitting, evaluation and comparison of other opportunities, turnover intentions and eventually turnover behaviour" (Allen et al., 2003, p.53). In order to curb this behaviour, managers and organisations can monitor the key job attitudes that lead to employees thinking about quitting or staying. Additionally, they should also be aware of the options and attractions that employees are aware of. In other words, they should know what their competitors or other organisations are doing, which might attract high potential employees (Bauer et al, 2007).

Other important factors that were found to play a role in many turnover decisions were: the relationship between an employee and his/her supervisor; role clarity and role conflict. What organisations can do to tackle these problems is to prepare supervisors better for the supervisory role through training and/or mentoring (Allen et al., 2003). Regarding role clarity and role conflict, organisations need to make sure that roles are clearly defined and communicated (in order to prevent any confusion or overlaps), as well as to offer adequate support where needed (Allen et al., 2003).

Managers can contribute to making the workplace a satisfying one to work in. This can be done through making opportunities for training and development available to employees, because opportunities such as these may motivate employees to stay with the organisation (Allen et al., 2003). Training and development could also be linked to tenure, e.g. making employees reimburse tuition fees that the organisation made available, if they leave within a specific period of time. This helps the organisation to retain the required skills and competencies that employees have acquired (Hay, 2002).

Managers or supervisors have a major role to play in organisational retention strategies. The way they treat their staff members usually has an influence on employees' intentions to stay or leave (Allen et al, 2003). For example, a manager who is perceived to have poor leadership skills is unlikely to be able to retain his high potential employees for a long period of time. The reverse would be true for a manager who is perceived to be a good leader (Allen et al., 2003). In most instances, "employees who perceive their supervisors to be aggressive or autocratic experience low levels of job and life satisfaction, lower levels of affective commitment, increased work-family conflict, psychosomatic symptoms such as anxiety and depression, and psychological distress" (Dormann & Zapf, 2002, p.90).

With regard to recognition, Jackson and Schuler (2003) argue that employee recognition goes a long way when trying to retain key employees. People like to feel appreciated for a job well done, especially if they have gone the extra mile to achieve a certain result. A manager extending his appreciation for the effort his team or a member of his team puts in motivates that employee to continue working in that same manner, which ultimately benefits the manager as well. Efforts that go unnoticed demotivate employees and play a role in increased turnover (Jackson & Schuler, 2003).

Lastly, fostering initiatives to promote and/or increase employee engagement is also likely to decrease employee turnover rates. A number of approaches can be used to increase employee engagement, such as job rotation or task variety, employee recognition, encouraging team cohesion and supporting challenges that employees face in their work (Mitchell et al., 2001).

High potential employees also expect to be given challenging work to do (Spiro, 2010). Retaining high potential employees requires, amongst other things, providing work that gives them meaning and keeps them adequately challenged. They need to feel that what they are doing is of value to the organisation and that it contributes significantly to the bottom line (Spiro, 2010). Being given more challenge and responsibility was also stated as a possible retention strategy. This is articulated by Arnott & Russo (2001, p.52) who say, “In the olden days, people used to work for money to get by and to support their families. Now people work for challenge, fulfilment and meaning”. Regarding this issue, there was a feeling of a lack of trust from management in terms of being reluctant to allow employees to use their own discretion when carrying out their duties, despite the fact that the employees were also managers in their own right.

It is important for organisations to understand the nature of turnover so that they invest resources where they are likely to maximise return on the investment (Briner, et al., 2009). To develop a retention strategy that would maximise the organisation's return on investment, managers need to determine the extent to which turnover is a problem and understand and adapt the retention principles within that particular context (Allen, 2008). For retention strategies to be effective, an understanding of the causes and nature of turnover is required. Awareness is necessary of which sections in the organisations are affected most and where retention management is likely to have the largest impact; thereafter the organisation should develop appropriately targeted retention strategies (Allen et al., 2003).

There are two types of retention strategies that an organisation can adopt, namely systemic strategies and targeted strategies. Systemic strategies are organisation-wide retention strategies that are based on the general principles of retention and are not targeted at a specific group. Targeted strategies are focused on specific drivers of turnover and are intended to focus on retaining or influencing a specific population or group of employees (Allen, 2008; Steel et al., 2002). These strategies are not mutually exclusive and can be used simultaneously. However, it may serve an organisation well to focus retention efforts in areas that have the most impact on its competitive strategy (Allen, 2008).

According to Larrick (2009), more often than not, one of the barriers that hamper good decision making for management, in as far as managing high turnover rates is concerned, is pretending knowledge is complete and making decisions without having complete information on a certain matter (Larrick, 2009). Managers can broaden their decision making frames in three ways, in order to improve decision making. Firstly, they can work on a number of issues at a time, instead of focusing only on those that seem important at the time; then consider the various alternatives to the outcomes that may come out from those issues; and lastly, generate various solutions to the identified issues (Larrick, 2009). For instance, if

exit interviews indicate that turnover is increased as a result of dissatisfaction with pay, merely increasing compensation would be an indication of narrow decision making. However, using other forms of data in conjunction with exit interviews, such as employee surveys, needs assessment, benchmarking against other companies and analysing turnover rates and costs would be an indication of broad decision making (Steel et al., 2002). Tackling a number of issues related to the problem is likely to lead to identification of the underlying problem and to give a more holistic view of the problem - and therefore allow for better decision making (Larrick, 2009).

As stated by Allen (2008), when developing a broader decision making frame, managers can first try to determine the extent to which turnover is a problem, by conducting a comprehensive turnover analysis. The second step would be to interpret the analysis made and to link it to the organisational context. In order to generate possible outcomes, the organisation would need to consider its past, present and future trends, as it would be difficult to interpret a slight increase in turnover without considering these trends. The third and last step would be for the organisation to adapt cause-effect relationships in as far as turnover is concerned, by collecting and diagnosing data (Allen, 2008). Therefore, reliance on one source of data is seen as a narrow decision making frame, because even the employees who stay with the organisation could be dissatisfied with their pay and are possibly still there because of a lack of alternatives (Allen, 2008).

This section addressed the research approach, the research method, the research procedure, data analysis, the findings and lastly the discussion of the results in relation to a retention model. The next section will conclude the study and recommendations will be made to the organisation and for further research.

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## **CHAPTER 3**

### **3.1 CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS**

In this chapter, the conclusions and limitations of the study will be discussed. Thereafter, recommendations will be made: for the organisation; and for future research.

The general objective of this study was to determine a possible strategy that the organisation in which the research was done could employ to retain its key and high potential employees. The specific objectives were to find out: 1) what employees' expectations of the organization were; 2) if these expectations were met; 3) if employees believe the current retention strategy is effective; 4) what is important for high potential employees in terms of retention factors and; 5) what the organisation can do to retain high potential employees.

The first specific objective was to find out what employees expectations are of the organisation. The factors mentioned most frequently were training and development opportunities, career growth, a good working environment, good remuneration and challenging work. It is interesting to note that good remuneration was not at the top of the list. One can conclude, therefore, that the key people involved in developing retention strategies within the organisation should re-look, but not necessarily overlook, the current strategy. It appears that what they perceive will retain key employees is not at the top of the priority list for the employees whom they are attempting to retain. In order to manage organisational transitions that can potentially drive organisational success, it is important that retention measures are directed towards the right people; also, these measures should comprise the right mix of financial and non-financial incentives (Ramlall, 2004).

Regarding the second specific objective, it can be concluded that the majority of employees are of the opinion that the current retention strategy of using retention allowances

is ineffective. When better opportunities present, the prospect of getting a retention allowance is not enough to motivate them to stay with the organisation. This point supports the statement that money alone is not enough to do the trick when retaining high potential employees (Coyle-Shapiro, 2002).

According to a study done by Polls (2009), a firm that underwent a cost cutting initiative chose to use only non-monetary incentives to retain its key employees, who were identified as being at risk for departure. They opted to use various leadership development programmes instead, and a year later, none of the employees had left the organisation (Coyle-Shapiro, 2002). Non-monetary initiatives, such getting attention from leaders, frequent promotions, getting praise from managers, opportunities to be in charge of projects lead projects or join management development programmes, are likely to elicit a positive response from key employees and can be adopted either as an addition or as an alternative to retention allowances (Coyle-Shapiro, 2002).

The third objective of the study was to ascertain whether or not employees' expectations were met. There were more employees reporting that their expectations of the organisation were not met than those who felt their expectations were met. According to Rousseau (2001), for retention management practices to be effective, it is important to manage employee expectations in terms of what the organisation can or cannot offer. In order for the process to be mutually beneficial, HR managers should take into account what the employees (whom they aim to retain) deem to be important in order for them to stay with the organisation for an extended period of time (Rousseau, 2001).

The fourth objective was to find out what the organisation could do to retain its key employees. The factors that were listed are the factors that were listed when the participants were asked about their expectations of the organisation, which are: training and development

opportunities, career growth/promotion opportunities, a pleasant working environment, competitive remuneration; and challenging work.

The fifth and last objective was to find out what is important for key and high potential employees, in terms of retention factors. Yet again, the factors listed in the fourth objective were given, and the factors that were given by employees as being important for retention are found in a much of the literature on retention. According to De Vos, Meganck and Buyens (2005), it is important that the organisation does not view retention management as a once-off exercise that is centered on getting retention packages right. In order to develop a best practice approach, continuous attention and timely communication should be given, in order to eradicate any uncertainties that the targeted employees may have and which would possibly eventually lead to them leave the organisation. What employees ultimately want is clarity about their future with the organisation. In order to create this clarity, significant effort will be required from HR managers and other key stakeholders. This effort also requires ongoing tracking of progress, so that the organisation can intervene timeously when problems arise (De Vos et al., 2005).

In conclusion, with regard to the retention of high potential employees, it appears that the right mix of retention strategies could assist the organisation in becoming an employer of choice and being able to pick from the ever-shrinking pool of high potential employees. The results of the study are aligned with what is found in most of the literature on retention. The retention of high potential employees requires strategic effort from HR practitioners and the relevant key stakeholders (Polls, 2009).

Furthermore, one can conclude that it is important to know what high potential employees value, and why employees choose to stay or leave an organisation, as this might give insight to management as to what they are doing right and what is not working. The organisation

where the study was done focuses on monetary methods for retaining employees, and this is not helping them retain high potential employees. Having insight into the factors that are most important to employees, in as far as retention is concerned, is important in helping HR managers develop retention policies and procedures that would be both cost efficient and effective at both individual and organisational levels.

### **3.2 LIMITATIONS OF THIS RESEARCH**

Although some valuable information was gathered from the research, the following limitations were noted:

- Only employees who were in the employ of the organisation were interviewed; no employees who had exited the organisation were interviewed. This would have been helpful, as it would have allowed the researcher to compare the reasons they left the organisation to the reasons that current employees say would make them leave the organisation.
- A larger sample size may have ensured a more representative distribution of the population.

### **3.3 RECOMMENDATIONS**

#### **3.3.1 Recommendations for the organisation**

Based on the results of the study, the following recommendations can be made for the organisation:

**Information Gathering:** It is important for the organisation to get into the practice of seeking the opinion of employees to find out why turnover is happening and what the organisation can do to curb this problem. Furthermore, the organisation could carry out a benchmarking exercise to find out what other organisations in similar industries are doing to retain their key employees (Bernthal & Wellins, 2001).

**Employee training and development:** The majority of employees mentioned a desire for growth and advancement opportunities. The organisation could introduce enhanced training and development programmes as a means of investing in their employees. These programmes would hopefully accelerate the opportunities for advancement within the organisation. Furthermore, the organisation should promote from within in as far as possible, to reward loyalty and hard work (Rothwell, 2010).

**Rewards and Recognition:** Recognising employees for a job well done in the form of special bonuses and rewards can go a long way in making employees feel proud when they know that their efforts are acknowledged and valued (Cappelli, 2008).

**Compensation and benefits:** Employees are of the opinion that their salaries are not on par with the rest of the industry. The organisation should therefore carry out regular benchmarking exercises to: find out how they compare with their competitors; and either match or out-do their competitors, if possible (Bernthal & Wellins, 2001).

**Work environment:** Some aspects of the work environment can be linked directly to employee motivation. Conducive work environments have open lines of communication between managers and employees, which fosters good working relationships. Furthermore, good work environments encourage accountability and high employee involvement (Rothwell, 2010; Cappelli, 2008).

**Work Variety:** One of the ways to keep high potential employees from getting restless is by keeping them engaged and motivated through work variety, so as to prevent them from feeling under-utilised. Giving them projects to lead, or projects that will stretch their capabilities, is likely to keep them motivated (Bernthal & Wellins, 2001).

**Trust, motivation fit and cooperation are primary drivers for retention:** Based on this research, it has been established that even though compensation matters, most important is the level of fulfilment that employees have in their jobs. Employees value working with an understanding manager in a cooperative and trusting work environment. Therefore, the organisation should strive to make managers and supervisors understand the importance of this aspect (through running a series of workshops), as well as making sure that the people they hire are a good fit for the organisation and work culture (Steel, 2002).

**Retention specific programmes:** Once the important retention drivers have been identified, the organisation needs to communicate its retention strategy to employees. Part of this communication involves ensuring that uncertainties that targeted employees may have about their future in the organisation are adequately addressed. Employees who have been identified as high flyers should be placed on a structured programme to motivate them to stay, and regular feedback on progress should be provided, along with coaching and mentoring (Johnson, 2000).

The organisation should note that most retention strategies are difficult to formulate, especially in large organisations such as the one used for the study. The various retention tactics will be met with varying degrees of success (Johnson, 2000).

### **3.3.2 Recommendations for future research**

Based on the results of this research, the following recommendations can be made for future research:

- 1) In order to ascertain the intensity of the factors influencing employee retention, quantitative research (rather than qualitative research) should be conducted through the use of questionnaires. The themes gathered from this research could be used to formulate a questionnaire.
- 2) Extending the research to a wider range of industries may yield similar or additional factors to be considered in terms of talent retention.
- 3) Further explore the effect of leadership competencies on the retention of high potential employees.
- 4) Further research could be done to directly assess the impact of the suggested retention practices over an extended period of time.

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