

UNIVERSITY OF KWAZULU NATAL

**A MODEL TO MANAGE STAFF TURNOVER: A CASE STUDY OF THE DISTRIBUTION
DIVISION AT ESKOM**

BY

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A THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF

DOCTOR OF ADMINISTRATION

SCHOOL OF MANAGEMENT, INFORMATION TECHNOLOGY AND GOVERNANCE

COLLEGE OF LAW AND MANAGEMENT STUDIES

DECLARATION

I, Thandi Dlamini, declare that:

- (i) The research reported in this thesis, except where otherwise indicated, is my original research.
- (ii) This thesis has not been submitted for any degree or examination at any other university.
- (iii) This thesis does not contain other person's data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons' work.
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ACKNOWLEDGEMENTS

I wish to express my indebtedness gratitude to the following persons for their indispensable assistance and unwavering support during the study.

- Eskom Regional Human Resource Manager for allowing me to conduct the research in the organisation.
- All Eskom Managers, Supervisors and all other employees including ex-Eskom employees for participating in the study which made it a success.
- My friend Dr Dumisani Thabethe for encouraging me to complete the study.
- My Friends Mr Armstrong Cele and Mrs Thabile Cele for the continued unconditional support.
- My brothers Themba Dlamini and the late Professor Charles Dlamini for being my inspiration and the drive towards achieving this degree.
- Doctor Pillay for excellent and distinguished supervision of my work, her extensive knowledge of the subject, publication experience and intellectual leadership.
- Finally, my family, Jabulile, Nana, Zanele, Hlengiwe, Nonkululeko, Mzwandile, Gcina, Zolani, Thembeke, Asiphile and Sinothando for their understanding and support whilst working on this study. They have been a great inspiration.
- I would like to acknowledge Mr Armstrong Cele, Mrs Thabile Cele and Mr Senzo Miya for their unconditional support.
- I Thank God my Father for making it possible for me to go this far.

Any omissions and shortcomings that may be identified in this piece of work remain the sole responsibility of the researcher.



T. Dlamini

Durban

2013

DEDICATION

This work is dedicated to my family who supported me throughout the study; my late mother Mrs Cecilia Dlamini and my late father Mr Patrick Dlamini who gave me a chance to live and loved me.

This work is dedicated to my supervisor Dr Pregala Pillay for her unending support throughout the study.

This work is also dedicated to all my colleagues and all my ex-colleagues who responded to the study to make it a success. Without the genuine responses from these Eskomites, this study was not going to be a success.

This work is dedicated to God my Father for giving me the strength, determination and wisdom to succeed in the completion of this work.

DECLARATION BY STUDENT

I declare that the thesis hereby submitted by me for the Doctor of Public Administration Degree at the University of KwaZulu Natal has not been previously submitted for a degree at this university or any other university, and that it is my own work in design and execution and that all reference material contained therein has been acknowledged.



Signature of student

04 February 2013

Date

ABSTRACT

Each employee is a unique being with unique needs and some of them can only be fulfilled by having access to finances. Coupled with the financial needs are the needs for association, personal development, personal growth, security and appreciation. This is the reason why an individual would seek work opportunities from different employers. The best paying employers which also has the ability to meet all other human needs as mentioned above, becomes the most preferred choice as it has some room to fulfil the individual needs of employees. Hence, an individual employee will look for an opportunity to explore and fulfil his/her own individual needs once employed while also trying his/her level best to fulfil the needs of the employer.

The theories on human sciences concur with the above generalization. The study adopted three theories in an attempt to examine the causes of loss of staff in Eskom namely; Maslow's Hierarchy of Needs Theory, Herzberg's Two-factor Theory and the Equity Theory. These were used in the study to examine the possible causes of the loss of staff. The research undertook an extensive literature review and an empirical study of Eskom Distribution in the Kwa- Zulu Natal and Gauteng regions.

The literature review indicated several measures of human resource management that can be considered by institutions. The measures present all steps that institutions need to follow when in need of sourcing employees, that is, identification of needed skill, recruitment of the identified skill, appointment of an employee who have been identified to possess the required skill or has a potential to develop the skill given an opportunity, induction of an employee into an organisation's policies and procedures, development of an employee, retention of an employee through attractive benefits and the interviewing of an employee on his / her resignation. Literature review also outlined the mandate of Eskom as stipulated by the government, its operations, challenges faced by this organisation in the delivery of electricity services to the communities of the South Africa.

In terms of the aims of the study, the work revealed that there is high rate of staff turnover in Eskom. This is the result of many variables within the organisation that cause most of the employees to want to seek better alternative employment opportunities within the organisation and other employers. The attitude of managers when managing their

subordinates came out as a most emotive factor that drives the employees out of Eskom. Imbalances on the salary scales and job grading also prove to be the most demotivating factor among employees. Lack of technically qualified staff, ill health of some employees could be related to the challenge of delivering services in a manner that will satisfy customer needs and meet their expectations.

In terms of the research problem, the study concluded the following:

- There are many variables that contribute to the loss of staff which need to be addressed by the top management of the business together with the human capital department of Eskom.
- Due to the lack of technically qualified staff, Eskom is not in a position to completely deliver the electricity services to all communities of the country and therefore has only met part of the expectations of the communities. Eskom has set a target of having all houses of citizens lightened by end of 2014.
- There is evidence that most of Eskom's work is outsourced to external service providers. These can be seen through Eskom's policies on outsourcing of activities.

The study makes seven recommendations:

- Senior management, as the leader of the organisation, need to determine the organisational culture by identifying the type of management style they would like to promote in the business in line with the organisational culture. This will be determined by the attitudes of the managers, the prevailing circumstances that dominates the operations of an organisation, the compliance with the policies and procedures of an organisation.
- Human resource department needs to revise the recruitment methods when recruiting managers to incorporate the type of questions that will help them identify the suitable candidates that has the attitude that is in line with the preferred management style as determined by senior management.
- Senior management need to open the lines of communication for the employees to be able to report their managers if they experience any form of victimization. The reported cases must be handled in great confidence.

- Senior management need to deal with abuse of power.
- Human resource department needs to consider establishing occupational health centres in all area offices all over the rural areas where all the employees who work in Technical Service Centres (TSC) can easily access these services.
- Senior management must address the issue of imbalances in the salaries of employees who do the same type of work but being paid unreasonably different salaries.
- Senior management need to provide training for managers. Coupled with supervisory skills training and other managerial training that are already in place, an emotional intelligence training skills and coaching must be provided.
- Senior management must develop mutual understanding of the organisational goals as well as the mutual commitment to achieve such organisational goals by both management and employees in all levels.

The recommendations culminate in a model that can be used to manage staff turnover in Eskom. It reflects on the steps that need to be followed in order for the business to successfully curb the loss of staff in line with the findings of the study.

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LIST OF ABBREVIATIONS

BEE	- Black Economic Empowerment
BBBEE	- Broad Based Black Economic Empowerment
SME	- Small Medium Enterprise
SMME	- Small Medium & Micro Enterprise
PDI	- Previously Disadvantaged Individual
EAP	- Employee Assistance Programme
SPSS	- Statistical Package for Social Sciences
SOE	- State Owned Enterprise
HIV	- Human Immunodeficiency Virus
AIDS	- Acquired Immunodeficiency Syndrome

CHAPTER 1

INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Organisations are made up of different layers of management. Different people at varying levels of seniority throughout the organisation's structure determine policy, decision making, execution of work and the exercise of authority. Public organisations are managed and controlled by the government through policies, acts, laws and procedures that are usually drawn up and agreed on at parliamentary level. In the public sector, the state owns assets in various forms, which it uses to provide a range of goods and services felt to be of benefit to its citizens, even if this provision incurs the state some loss (Worthington & Britton 1997:181). Many of these services are provided directly through government organisations. Others are the responsibility of state-owned industrial and commercial undertakings. The overall image of government incompetence feeds directly into the perceptions of individual government employees. Public employees work within an institutional and legal framework that can inhibit efficiency and responsiveness. The result is that public bureaucracies are excessively formal and overly reliant on written communication, sometimes called red tape due to the need for accountability to the public in terms of public services and the spending of the public funds as well as to the well-ingrained habit (Cohen, Eimicke & Heikkila 2008:19).

In 1997, a White Paper on Transformation of Public Service Delivery introduced the Batho Pele Principles. The concept of Batho Pele means "people first". The Batho Pele Principles seek to improve the capacity of organisations to meet the needs of customers by continually orientating organisational structure, behaviour and culture (RSA Government Gazette No. 18340). All public organisations and state owned organisations are governed by the Principles of Batho Pele in delivering the services to the community of South Africa. They all have to ensure that the delivery of their services to the communities meet

the expectations and needs of all communities. The organisation that is selected for this study is called Eskom is categorised as a state-owned enterprise (SOE) since it is directly controlled by the government and reports to a specific governmental department. It is also assigned to deliver electricity to the country of South Africa (Eskom Annual Report 2009:2). Eskom is therefore governed by the public administration principles which subscribe to the democratic values enshrined in the Constitution, which includes the following, as outlined by Cloete (1998:217):

- A high standard of professional ethics must be promoted and maintained.
- Economical, effective and efficient use of resources must be promoted.
- Public administration must be developmental and promote innovation.
- Provision of services must be done equitably, fairly and impartially without bias.
- Peoples' needs must be responded to, and the public must be encouraged to participate in policy making.
- Accountability in public administration must be promoted.
- Timeous, accessible and accurate information must be provided to the public to foster transparency.
- Career development practices and good human resource management practices to maximize human potential must be cultivated.
- Public administration must be broadly representative of the South African people with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

1.2 JUSTIFICATION, BACKGROUND AND RATIONALE FOR THE STUDY

Eskom is a large entity owned by the State which is commissioned to generate and supply safe and reliable electricity to all South Africans. For Eskom to be able to accomplish this task, suitable technically and non-technical skills are needed to ensure that all operations are up and running. The skills in any organisation can only be

provided by personnel. Eskom has been characterised by the continuous loss of skills in the recent past, where the employees leave Eskom to go to another internal division or another company (Eskom's Annual Report 2009:2). This raises a concern about the reasons why employees choose to leave this State Owned Enterprise and whether Eskom is able to meet the needs of all communities of the country taking into account the load shedding challenge that was experienced country-wide towards the end of 2007 and going into 2008.

1.3. STATEMENT OF THE PROBLEM

The purpose of this study was to identify and evaluate the causes of staff turnover as well as the impact it has on the delivery of electricity services to the communities by Eskom, as Eskom is a public organisation commissioned by the government to deliver services and improve the lives of South Africa's communities, mainly the previously disadvantaged communities. The importance of personnel management in the achievement of institutional objectives is self-evident in that an organisation can only achieve its goals when the contribution of employees is acknowledged (Andrews 1998:v). The study further evaluated the impact of outsourcing of activities by Eskom to vendors. According to Noe, Gehart, Hollenbach & Wright (2004:30) organisations gain access to in-depth expertise through outsourcing and is often more economical.

1.4 AIMS OF THE STUDY

The study aimed, *inter alia*, to;

- identify and outline the causes of staff turnover in Eskom.
- evaluate the impact of staff turnover on the delivery of electricity services to the communities of South Africa.
- investigate whether ill-health matters have a direct influence on loss of skills in Eskom.

- evaluate the impact of outsourcing of business activities to external service providers.
- evaluate the impact of the management style of managers on the skills loss and skills retention in Eskom.
- propose a model that can be used by Eskom to minimize the loss of skills.

1.5 KEY QUESTIONS TO BE ASKED

The following key questions have been identified:

- 1 What are the reasons for staff turnover at Eskom?
- 2 Are the welfare challenges of the employees properly addressed?
- 3 Are the rates paid to vendors for outsourced activities more competitive as opposed to employees benefit packages?
- 4 To what extent does Eskom provide education and support on health care matters related to employees?
- 5 To what extent does the management style of managers impact on skills loss and skills retention?
- 6 What model can Eskom introduce to retain scarce skills in the electricity fraternity?

1.6 PRINCIPAL THEORIES UPON WHICH THE RESEARCH PROJECT WAS CONSTRUCTED

In conducting research on the role of the employees in the entity, the study was grounded using the following three motivational theories:

- Maslow's Needs Hierarchy Theory;
- Herzberg's Two-Factor Theory, and
- Equity Theory.

1.6.1 Maslow's Needs Hierarchy Theory

Motivating employees is one of the most important managerial functions. According to Attwood & Dimmock (1996:73), human needs are based on the assumption that people have wants that are directed to specific goals. Achieving these goals has an effect on increasing the level of motivation and commitment of employees to their work and their employer. Success in this endeavour of motivating employees is essential in the quest to utilise the full potential of the employees, ensuring quality products and services.

The study leans on Maslow's hierarchy of needs theory in an attempt to investigate the causes why employees continuously leave Eskom. Maslow's theory is based on the fact that people always want more, and what they want depends on what they already have (Nel 2001:327). By employing this theory in this study, the researcher hoped to find the real issues that affect individual employees to the extent that they opt to leave Eskom.

1.6.2 Herzberg's Two-Factor Theory

The second theory that the researcher employed in this study is Herzberg's Two-factor Theory. The issue of what motivates the individual to perform and how best to use rewards to bring out a higher performance from an individual is influenced by many variables (Maund 2001:445). Each employee has his/her own needs and perceptions of the job itself and the work environment. It may become very difficult to satisfy and motivate the employee to perform at his/her best since one employee differs from the next. Herzberg's theory highlights managers' emphasis on trying to achieve motivation by focussing on factors such as higher pay, better working conditions and more fringe benefits. Despite improving these factors, workers are still not motivated.

The researcher sought to employ Herzberg's theory in this study and examined it in relation to Maslow's theory in order to identify why employees opt to leave Eskom as their employer to join other employers.

1.6.3 Equity Theory

The third theory employed in this study was the equity theory. It is believed that the driving force for all employees to go to work is the earning they get having done their work. Only people generate value through the application of their intrinsic humanity, motivation, learned skills and tool manipulation (Fitz-Enz 2000:4). Employees have a tendency to compare their jobs and their salaries with their internal colleagues and their external opponents working at the same level or grading. The equity theory centres on an individual's desire to be treated equitably in relation to others and to avoid inequality – the belief that he/she is treated unfairly when compared with another individual (Maund 2001:447). These act as a force to pull people into meeting the objectives of an organisation; hence the need for reward and remuneration issues to be part of the organisation's overall strategy within which managers should develop a remuneration policy that helps with the recruitment, retention and motivation of all employees.

The researcher therefore aimed to integrate all these three theories as the basis of this study. Public management skills like decision-making and communication were considered. In employing all these theories, the writer sought to discover how the delivery of services by Eskom is affected if employees are dissatisfied in their jobs, feel that they work in an unhealthy environment, or if they feel they are not rewarded according to their contribution to the organisation. The next section defines the main concepts that are used in the study.

1.7 DEFINITION OF TERMINOLOGIES

This section focuses on defining the terms that are used in this study in order to ensure common understanding of the terms and the insight gained as well.

1.7.1 Human Resource Management

According to Fisher, Schoenfeldt & Shaw (1996:5-6), human resource management includes all management decisions and practices that directly affect or influence the human capital who work for an organisation to allow an organisation to achieve its goals. Management of human capital is critical to an organisation's success and achievement of its goals. Fisher *et al* (1996:5) further state that excellent human resource management is characterized by a service orientation and a willingness to be in partnership with constituents.

1.7.2 Recruitment

Recruitment refers to the process where the employer exercises his/her freedom to choose who they offer employment to; they can reject an applicant for all manner of reasons, including qualifications, attitude, references or suitability (Beardwell & Holden 1997:231). According to Jackson & Schuler (2009:190), recruitment involves searching for and finding qualified applicants for the organisation to consider when filling job openings.

1.7.3 Retention

According Jackson & Schuler (2009:190), retention includes all the activities an employer employs in order to encourage qualified and productive employees to continue working for an organisation. The objective of retention activities is to reduce the unwanted voluntary turnover by people the organisation would like to keep in its workforce. Effective recruitment and retention practices attract individuals to the organisation and increase the chances of retaining them.

1.7.4 Staff Turnover

According to French (1994:113), turnover can be defined as a calculated ratio of the number of employee separations during a month to the number of employees on the payroll at the middle of the month or end of the year.

1.7.5 Absenteeism

Absenteeism refers to frequent absence from work. This behaviour is often associated with dissatisfaction. Absenteeism can also be caused by ill-health of employees, transport problems, family responsibilities, accidents and others (Oxford Dictionary 1988:3).

1.7.6 Job Satisfaction

Job satisfaction is more of an attitude, an internal state which could be associated with a personal feeling of achievement, either quantitative or qualitative. Job satisfaction can mean a variety of things to different people, and could include a person's emotional response to aspects of work, such as pay, supervision and benefits or to the work itself (Mullins 1996:521).

1.7.7 Motivation

According to Maund (2001:431), motivation is the driving force that makes an individual act to meet a need that will result in either fulfillment or frustration. Noe *et al* (2004:145) argue that organisations are concerned with what should be done to achieve sustained high levels of performance through people. This means giving close attention to how individuals can best be motivated through such means as incentives, rewards, leadership and importantly, the work they do and the organisational context which will help the organisation achieve its goal through a motivated work force.

1.7.8 Payment by Results (Rewards)

According to Beardwell & Holden (1997:563), payment by results schemes relate either the whole of an employee's pay or part of the income to the quantity of output produced by the individual or group to which he/she belongs; some schemes have a symmetrical relationship between pay and work, whereas others have an increasing/decreasing ratio between the extra amount of work and the extra pay

received. Maund (2001:439) states that researchers believe that if the rewards are suitable and appropriate, they will stimulate individuals to make the effort to take actions which are directly relevant to the strategy of the organisation. That is, the way in which jobs are graded, and how pay scales are attached to those grades, will set the opinion that the individual has about her/his job and the effort that he /she will make.

1.7.9 Health

Health can be defined as being physically and mentally well, with body and mind in excellent working order. This goes further than safety in that the employer is no longer just expected not to do anything to injure his/her employees, but should seek to promote activities that encourage the good health of employees (Foot & Hook 2002:326).

1.7.10 Re-engineering

According to Noe *et al* (2004:50) re-engineering includes reviewing all the processes performed by all the organization's major functions, including production, sales, accounting and human resources. Therefore, re-engineering affects human resource management in two ways. First, the way the human resource department itself accomplishes its goals may change dramatically. Further to this Noe *et al* (2004:50) state that fundamental change throughout the organisation requires the human resource department to help design and implement change so that all employees will be committed to the success of the reengineered organisation.

1.7.11 Outsourcing

Many organizations are increasingly outsourcing activities. According to (Noe *et al* 2004:49) outsourcing refers to the practice of having another company (a vendor, third party, or consultant) provide a service. For instance, a manufacturing company might outsource its accounting and transportation functions to businesses that specialise in

these activities. Outsourcing gives the company access to in-depth expertise and is often more economical as well.

1.7.12 Intellectual Capacity

According to Fitz-enz (2000:10), intellectual capacity is the ability of an organisation to extract value from the organisation's intellectual capital. Intellectual capital is composed of two types of organisational capital: intellectual property and a complex intertwining of process and culture, as well as relational capital and human capital.

1.7.13 Eskom

Eskom is a state-owned enterprise that is directly monitored by the Department of Minerals and Energy. It is regulated under a generation, transmission and distribution licence by the National Energy Regulator of South Africa (NERSA), originally under the Electricity Act (41 of 1987) and now under the Electricity Regulation Act (4 of 2006) and by the National Nuclear Regulator, in terms of the National Nuclear Regulatory Act (47 of 1999).

1.7.14 Administration

According to the Oxford Dictionary (1998:10), administration is the management of public affairs. An administrator is one who administers, manages and directs the affairs of any establishment or institution.

Mostert in Thornhill & Hanekom (1995:9) defines administration as a wide concept which includes specific responsibilities such as the design of suitable organisational structure, the determination of work priorities and the directing of all activities to the purpose being pursued.

1.7.15 Public Administration

According to Denhardt & Denhardt (2009:1), public administration is concerned with the management of public programmes. Public administrators work at all levels of

government, both at home and abroad and they manage non-profit organisations, associations and interest groups of all kinds.

Thornhill & Hanekom (1990:7) argue that public administration refers to the administrative process which must be carried out and which are inextricably linked with the functional activities of the various public institutions, namely, policy making, organisation, financing, staffing, the development of work procedure and the exercising of controls. Added to this, Dunsire's in Thornhill & Hanekom (1990:7) argue that public administration is simply the collective name for the complex of state departments, local authorities, state controlled corporations and others.

Coetzee (1988:23) states that public administration involves the implementation of decisions made within the political system, that is, a democratic system's policies of the government as approved by the legislature should represent the political wishes and will of the people.

1.8 RESEARCH METHODOLOGY: PRIMARY

The method of research adopted in this study involved delimitation of the study area, the literature review, the demarcation of the sample and sampling size, and the techniques for collecting and analysing data. In collecting data, two methods were used: self-administered questionnaires and interviews (person to person and telephonic).

1.8.1 Interviews

Interviews are a method of collecting data by which face-to-face contact is made with the participant who is asked to answer questions. According to Burgess as cited in Bless & Higson (1997:73), the importance of an interview can be summarized as the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience.

1.8.2 Delimitation of the study

The study was conceptually delimited to Eskom's Distribution Division. It focussed on human resource management matters only, which are concerned with the management of skills in the business and which negatively affect the delivery of services by Eskom. Eskom's Distribution Division is divided into 6 regions, each with its own organisational structure reporting to the Corporate Division (www.eskom.co.za).

The study was expected to evaluate and reveal the potential causes of skills loss in the entity by looking at the human resource aspect, as the successful delivery of Eskom's services depends on the availability of suitable productive technical and non-technical skills. The impact of outsourcing activities to private companies, as well as that of healthcare matters in the operations of Eskom, were identified as important aspects for consideration in this study.

The study was spatially delimited to Eskom in the whole of the KwaZulu-Natal and Gauteng Regions. The reasons for choosing the two regions was based on the fact that they were the most highly populated regions in terms of Eskom's human resources, and were believed to be able to give a picture of what is happening in Eskom at large.

1.8.3 Literature review

A general method which entails literature review of the theoretical framework within which this study is focused was employed. The literature review aims at reflecting current ideas, perceptions and experiences with regard to the human resources management processes and loss of skills in organisations. Literature provides the foundation upon which a problem is investigated. The literature review here includes the reading of documented material that is found in libraries or elsewhere. The documents include reports, articles, periodicals, books, diaries, unpublished material, biographies and other material.

According to Leedy (1985:69), reviewing literature has the following purpose:

- Literature of similar investigation helps to show how identical situations were handled.
- Through literature, methods and techniques of handling problematic situations are achieved.
- Through literature review sources of data, their advantages and disadvantages are revealed.
- Literature introduces the researcher to significant research personalities in the field of study.
- It assists the researcher to evaluate his/her efforts by comparing them to the related efforts of others.
- The literature review will reflect current ideas and perceptions regarding human resources management processes in terms of staff retention and staff turnover.
- The documented material utilised in this study is listed in alphabetical order in the bibliography section of this proposal.

1.8.4 Empirical Research: Secondary

The researcher collected the secondary data from different research participants.

1.8.5 Research participants

An empirical study which entails data collection and analysis was used in order to portray and present accurate assessment of the present situation with regard to the staff retention and staff turnover in Eskom. Such an assessment can best be obtained by soliciting the opinions and perceptions of the stakeholders who were employees at managerial levels, supervisors, staff at lower levels and vendors or services providers who are ex-employees, and other ex-employees who are not suppliers of Eskom in the KwaZulu-Natal and Gauteng Regions. The researcher strived to get responses by conducting interviews. Both group interviews and individual interviews were used.

These groups were targeted because they were assumed to be informed about the loss of skills in the region. They were therefore reliable sources of information for this research. Participants were randomly selected for the study.

1.8.6 Target population

60 Technical Service Centres, Area Offices and Regional Head Offices found in the whole of KwaZulu-Natal (Eskom Eastern Region) and Gauteng (Eskom Central Region) Regions were targeted. These offices were chosen because they were directly involved in the delivery of the service and it was in these offices where skills were continuously lost. The total number of employees in all these offices is estimated to be 3 000.

1.8.7 Sampling

According to Hussey & Hussey (1997:55), a sample is a subset of a population and should represent the main interest of the study; a population is any precisely defined set of people or collection of items which is under consideration. Examples of a set of people in a business research project might be the working population of a particular country or organisation. Griennel & Williams (1990:127) state that in most cases, a 10% sample should be sufficient for controlling sample errors. They maintain that a minimum number of 300 cases is needed for quantitative research. For this study, the researcher proposed a sample of 10% of the targeted population available within the identified areas in the KwaZulu-Natal and Gauteng Regions. The following details pertain:

- Total population: 3 000 employees (estimated); however, only 10% was sampled.
- The sample number was 300 participants. These include:
 - 150 Lower levels employees;
 - 50 Supervisors;
 - 20 Line Managers;

- 70 Ex-employees;
- 5 Human Resource Practitioners;
- 5 Trade Union Representatives.

1.8.7.1 Sampling Strategy

The researcher intended employing both probability sampling and non-probability sampling. Questionnaires were administered to all those from the targeted population that were line managers, ex-Eskom employees, supervisors, current employees, Trade Union Representatives. Non-probability sampling was used for group interviews with human resource practitioners and lower level employees.

- **Probability sampling**

In this study, the population was divided into rural and urban sets. The majority of the Technical Service Centres are in rural areas while the minority are situated in urban areas. The ex-employees contributed 25% of the total sample.

- **Non-probability sampling**

Welman & Kruger (2001:189) suggest that members of the focus group should be the key informants who, because of their positions or experience, have more information than ordinary group members and are better able to articulate this information. For this study, the researcher selected current employees in the lower levels as well as human resource practitioners who are directly involved with formulation of policies on human resources as well as the enforcement of those policies and implementation thereof.

- **Access to the Samples**

The researcher sought permission from the Regional Human Resource Manager to conduct the study. A letter of permission to conduct research was shared with participants in the study before the research commenced.

The researcher utilised internal and external contacts as well as line managers to access the respondents, thereby ensuring high completion and return rate of the questionnaires. Distribution and collection of questionnaires was done per specific area as identified in the regions. The researcher personally delivered questionnaires to the participants by hand and through the e-mail system. The researcher personally collected questionnaires from the participants and also accepted questionnaires returned through the e-mail system, as well as by fax. She politely reminded them about the importance of the study.

1.8.8 Data collection and instruments:

The researcher used data collection instruments which included questionnaires and interviews.

1.8.8.1 Methodology

- The researcher analysed information from Eskom's Human Resources Function;
- The researcher prepared questionnaires and distributed them to participants; questions from questionnaires and those for telephonic interviews were submitted to the Promoter and the Higher Degrees Committee for ethical clearance;
- The researcher conducted telephonic and personal interviews with current employees and ex-employees (questions were cleared by the Promoter and the Higher Degrees Committee),

- The interviews and questionnaires (questions were again cleared by the Promoter and the Higher Degrees Committee) were used to validate responses given to questionnaires, thereby gaining a deeper understanding of the reasons participants responded as they did.
- The respondents were given a chance to sign an agreement acknowledging consent given to participate in interviews (those who were willing); and
- The researcher deduced findings and drew conclusions from observations of the study.

1.8.8.2 Schedule of Research Methodology

	Questionnaires	Interviews	Focus Groups
70 Eskom employees	70		
50 Eskom Supervisors	50		
5 Human Resource Practitioners		5	
5 Trade Union Representatives	5		
150 Lower levels employees	65	75	10
20 Line Managers	20		

1.9 Data Analysis and interpretation

- Quantitative data based on questionnaires were used to obtain participants' perceptions. Descriptive results are presented graphically in the form of bar graphs and pie charts.

- Qualitative data based on interviews were recorded by taking notes, with the intention of writing a complete report on the results afterwards. Descriptive results are presented graphically in the form of bar graphs and pie charts.

1.10 Structure of Chapters

Chapter One gives an introduction and overview of the study. This chapter highlights the background and the objective of the study. It sets up the scope, methodology and delimitations of the study.

Chapter Two introduces the relationship between Public Administration and Public Corporations, by highlighting the business environment and public corporations. This chapter focuses on Eskom as a public organisation, giving its historical background and its challenges as a case study. It further looks into the impact caused by information technology, re-engineering, outsourcing, labour relations and critical skills and public corporation.

Chapter Three sets out the theoretical framework for human resource management, highlighting human resources as assets within organisations. The procedures, practices and approaches for recruiting and retaining of human resources in organisations, together with issues of health, staff turnover and leadership are addressed in this chapter.

Chapter Four provides the empirical research method that was employed in collecting data in order to draw conclusions for the study.

Chapter Five provides an analysis and presentation of data collected.

Chapter Six advances the general conclusions and recommendations that would assist Eskom and other public corporations with managing staff turnover.

Chapter Seven presents a model that can be used to manage staff turnover in Eskom based on the results of the survey.

1.11 Conclusion

This chapter has briefly introduced the study by providing the contextual framework of the different concepts that relate to the recruitment, retention and management of staff turnover at Eskom's Distribution Division. The background and the rationale of the study have been briefly discussed. The aims of the study as well as the questions to be asked in the study have been outlined. The research participants and the identified sample as well as the schedule of the research methodology were briefly presented. The chapter finally introduced the research methodology that was employed in the study as well as the structure of the thesis. All documented literature that was used in the study has been acknowledged in the discussions as well as in the bibliography at the end of the thesis.

CHAPTER 2

PUBLIC ADMINISTRATION AND PUBLIC CORPORATIONS

2.1 INTRODUCTION

Public administration looks into the day-to-day running and management of public organisations. Management of public organisations is based on business management principles even though these are not necessarily profit making organisations. According to Thornhill & Hanekom (1995:10), administration takes place not only in the public sector but also in the private sector but differing in the approach with regard to what administration entails. They further argue that administration is a comprehensive concept aimed at the execution of the higher order or more important activities, while in the private sector it is subordinate and less spectacular functional activities.

This chapter looks into the relationship between public administration and public organisations in the quest for the delivery of services to the communities of South Africa. It further seeks to explain Eskom as a public corporation, its historical background and its challenges as far as the delivery of electricity service and staff retention matters are concerned, since this organisation was selected as a case study for this research project. The next section introduces the concept of public human resource management.

2.2 PUBLIC HUMAN RESOURCE MANAGEMENT

The success of any organisation is dependent on the availability of a suitable qualified workforce and their commitment to the organisation. Public organisations are required to deliver public services to the communities at different levels to achieve the mandate of service delivery given to them by government. It goes without saying that personnel have to be provided to undertake administrative duties as well as technical duties in the public organizations. It is necessary for public organisations to employ officials with diverse qualifications and varied experience in public institutions such as parastatals,

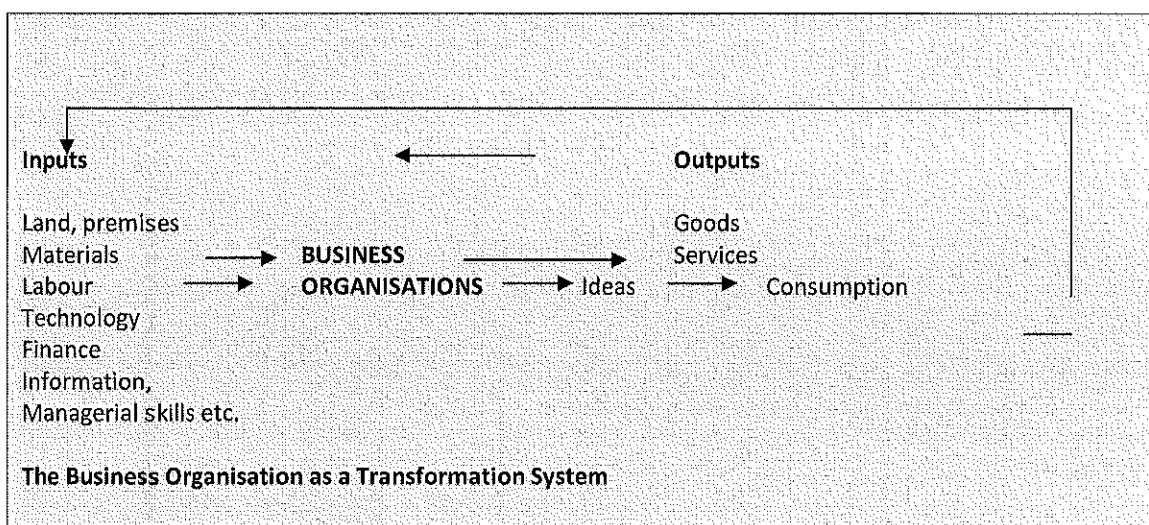
state corporations and municipalities. Specialists in public administration are essential because they have to arrange for the integration of the functions of all the other specialists (Cloete 1994:173). Government institutions are run with all necessary business practices to enable them to achieve the set goals. The section below looks into the business environment and how organisations function.

2.3 BUSINESS ENVIRONMENT

Business organisations differ in many ways, but also have a common feature: the transformation of inputs into outputs. This transformation process takes place against a background of external influences which affect an organisation and its activities. This external environment is complex, volatile and interactive, but it cannot be ignored in any meaningful analysis of business activity (Ian & Britton 1997:3).

Business organisations acquire labour, premises, technology, finance, materials and transform these resources into usable goods or services required by their customers. The type and amount of combination of resources vary according to the needs of each organisation and may also vary over time, but the process of transformation is simple and usually the same for all types of businesses, as outlined by Ian & Britton (1997:4) in the figure below:

Figure 2.1: The business organisation as a transformation system



Source: Ian & Britton (1997:4)

Figure 2.1 shows the inter-relationship that exists between the resources within an organisation which all need to be appreciated and taken care of in order to achieve the desired output. Looking at all the resources, labour is the only one that reacts when acted upon and is also the only one with the ability to act on all other resources for the production process to take place.

According to Ian & Britton (1997:8), an organisation's need for resources makes it dependent to a large degree on the suppliers of those resources, some of whom operate in markets. Customers are vital to all organisations, whether public or private businesses and the ability both to identify and meet customer needs are seen as one of the keys to organisational survival and prosperity. Public corporations are not exempt from the vitality of customers, as they exist to provide services to the customers. The section below looks into public corporations.

2.4 PUBLIC CORPORATIONS

In the public sector, the state owns assets in various forms, which it uses to provide a range of goods and services to the benefit to its citizens, even if this provision incurs a loss for the state (Ian & Britton 1997:181). Many of these services are provided directly through government departments or through bodies operating under delegated authority from central government. Others are the responsibility of state-owned industrial and commercial undertakings. These state corporations are an integral part of the government sector of the economy and still adds significantly to national output, employment and investment. Ian & Britton (1997:181) further state that public corporations are statutory bodies, incorporated by special Act of Parliament and, like companies, have a separate legal entity from the individuals who own them and run them. Eskom is a state owned enterprise which contributes to the improvement of the lives of the South African citizens by generating and supplying electricity to the country of South Africa.

Under the statute setting up the corporation, reference is made to the powers, duties and responsibilities of the organisation and its relationship with the government department which oversees its operations. The link between the corporation and its supervising ministry provides the means through which Parliament can oversee the work of the organisation and permits ordinary Members of Parliament to seek information and explanation through question time. As organisations largely financed as well as owned by the state, public corporations are required to be publicly accountable and hence they invariably operate under the purview of a “sponsoring” government department, the head of which (the Secretary of State) appoints a board of management to run the organization (Ian & Britton (1997:182).

This study sought to evaluate a public corporation that is owned by the State of South Africa, and which is managed by a government department to fulfill government goals. The study evaluated Eskom as a state-owned enterprise which is governed by the Department of Minerals and Energy which in turn is responsible for the generation, transmission and distribution of electricity to the country of South Africa.

The study endeavoured to find and compare the real causes of employee turnover in this public organization and its impact on the delivery of electricity services to the communities of South Africa. In this endeavour, the study looked into the management style of managers in Eskom.

Cohen, Eimicke & Heikkila (2008:20) highlight some behaviours of public managers who create negative perceptions about public management:

- One reason for the negative perception of public management is the self- image of the public manager.

- The government managers are not isolated from society at large, but are subject to the same symbols and media images that bombard the same society, meaning that public managers need to act and manage government offices to meet the needs and expectations of the society.
- That negative image can take hold and become a strong self-perception in the mind of the typical public self-perception in the mind of a typical public manager. It sometimes creates a psychology of failure that can become self-fulfilling.
- The self-defeated public manager is willing to define success as the absence of failure.
- Such managers lower their expectations, abandon any sense of vision and ridicule those who retain ambitious goals.
- In many cases, self-defeated managers have good reasons for being negative. They may have been stabbed in the back by politicians or other managers, seen important pet projects overcome by inertia, or been subjected to any number of indignities.
- In a private sector, such an unproductive manager might be eventually fired or at least be subjected to pressures to perform.
- In the public sector, it is not always possible to fire a manager and it is often difficult to measure performance objectively.
- If success is difficult to measure, it may be impossible to hold managers accountable for an apparent failure.
- In government, it is often difficult to determine whether an organisation is succeeding. This ambiguity makes it difficult for a public manager to provide conclusive evidence of success.

However, public management poses some limitations to the public manager in their operations when delivering services to the public. Cameron & Stone (1995:119) outline the following limitations imposed on a public manager:

- In the public sector, external forces impinge on the public manager in a far greater and more complex way than his/her private sector counterpart.
- The public manager is regarded as a guardian of the tax payer's money; everyone therefore feels that they own a portion of the public manager and that they can rightfully claim their share.
- The public manager often has to deal with legislature, the media, courts, unions, civics and officials from other government departments, all of whom have different agendas and interest.
- The public manager has less power.
- Public managers should be transparent in their deliberations and accountable to their political supervisors.
- Public sector managers are often forced to apply limited resources to massive objectives.
- The many goals of the public sector cannot be quantified. The aim of this sector is to provide a service to the public at large.
- A public agency is financed by someone else deciding what it deserves rather than what it earns.
- The public department is paid by a budget appropriation recommended by an overhead agency and voted on by a legislative body.
- Public departments are often monopolies. While there is a fair degree of monopolistic practice in the private sector in many industries, there is at least the threat of competition. However, there is one electricity-providing agency and one water-providing agency. Public agencies therefore generally tend to display the characteristics of most monopolies, high cost, and inefficiency, slowness to innovate and relative indifference to their customers.

The tenure of public managers is much shorter as it is dependent on the political electoral terms and conditions; few senior public managers can be guaranteed a job for long.

According to Denhardt & Denhardt (2009:5), the substantive fields within which public managers work range from defence, electricity, construction of roads, hospitals, national security to social welfare and others. Though public administration varies tremendously in its scope and substance, those who work in public organisations share certain commitments. Among these, none is more important than a commitment to public services.

Even though work in public and non-profit organisations is guided by commitments to democratic ideas, it is also involved with management, and for that reason, public administration is often confused with business management. Early writers in the field of public administration often suggest that government institutions should be more like business. There are some similarities between business and public administration:

- Managers across all sectors, public, private and non-profit, are involved in the question of organisational design, the allocation of scarce resources and the management of the people.
- Public organisations are mainly concerned with delivering of services or regulating individual or group behaviour in the public interest, whereas private business is concerned with making profit (Denhardt & Denhardt 2009:5).

2.5 ESKOM AS A STATE-OWNED ENTERPRISE

Eskom is a state-owned enterprise that is regulated under generation, transmission and distribution licence by the National Energy Regulator of South Africa (NERSA), originally under the Electricity Act (41 of 1987) and now under the Electricity Regulation Act (4 of 2006) and by the National Nuclear Regulator in terms of the National Nuclear Regulatory Act (47 of 1999). This is the only entity in South Africa that is responsible for generating, transmitting and distributing electricity to industrial, mining, commercial, agricultural and residential customers and redistributors (municipalities).

Eskom as a state-owned enterprise is subject to the Companies Act and is required to give an annual report on the actual running of the business. According to Morgan in Conradie & Messerschmidt (2000:5), Eskom's annual reports give world facts about Eskom, the goals set, what has been done, and what was achieved. The reports highlight the operations of Eskom as a business, the way it relates to customers, investors and employees, how much electricity was produced, at what costs, what revenue was made, and what profits were achieved, to give the reader a glimpse of the world of electricity in South Africa and Eskom's role in it. Eskom is divided into four Divisions with the fifth division (Primary Energy) being recently introduced.

2.5.1 Nature of Business, Services and Areas

Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors. According to Eskom's Annual Report (2008: 2), additional power stations and major power lines are being built to meet rising electricity demand in South Africa. Since the programme started in 2005, additional capacity of 2 582 Mega Watts has been commissioned and the approved capacity expansion budget is R343 billion up to 2013.

The future involvement in markets outside South Africa (that is the Southern Development Community, African countries connected to the South African grid and the rest of Africa), is limited to those projects that have a direct impact on ensuring security of supply for South Africa. Eskom's Annual Report (2008:2) further reports that Eskom Enterprise's Propriety Limited groups focus mainly on activities that support its holding company and is also responsible for all non-core businesses. It supports Eskom by providing plant life-cycle support and plant maintenance, including return-to-service work, and also supports the build programme for all the divisions. It is in the process of disposing of a number of non-core businesses, including its investment in an organization known as Arivia.kom. According to www.eskom.co.za, the core business of

subsidiaries, Eskom Finance Company Propriety Limited, Escap Limited, and Gallium Insurance Company Limited include the granting of employee home loans and the management insurance of business risk.

R1,95 billion (82%) of the mortgage book of Eskom Finance Company has been secured. Eskom's corporate social investment is channeled through the Eskom Development Foundation, a Section 21 company.

2.5.1.1 Purpose of Eskom's existence

The purpose of Eskom's existence is to provide sustainable electricity solutions to grow the economy and improve the quality of life of the people of South Africa (www.eskom.co.za).

2.5.1.2 Eskom's Strategic Direction

Eskom's strategic direction includes vision elements, strategic imperatives and values as given below, according to www.eskom.co.za:

Vision Elements

Eskom's vision includes the following elements:

- Low cost good investment;
- Eskom is the global benchmark for Investment Analysts, a trusted company globally;
- Eskom is ethical and well-governed, and has built a trusted relationship with stakeholders;
- Eskom is a trusted advisor;
- Eskom has been rated as an employer of choice in the country South Africa and the Southern African Developing Countries by employees and prospective employees;

- Eskom's customers consistently rate Eskom in the top quartile and promote the company;
- It is in Eskom's business interest to have electricity for all;
- Eskom is committed in delivering electricity services with zero harm to people and is environmentally responsible;
- Eskom is committed to driving investment in the entire value chain in its Generation Division, Transmission Division and Distribution Division, and to growing customer base.

Eskom's Strategic Imperatives include the following:

- Becoming a high performing organisation;
- Leading and partnering to keep the lights on;
- Reducing Eskom's carbon footprint and pursuing low carbon growth opportunities;
- Securing Eskom's future resource requirements, mandate and the required enabling environment;
- Ensuring Eskom's financial sustainability, and
- Setting up for success.

Eskom's Values

Eskom values include the following, as outlined in the (www.eskom.co.za):

- Zero Harm;
- Integrity;
- Innovation;
- Sinobuntu (Caring);
- Customer satisfaction, and
- Excellence.

2.5.1.3 Eskom's Customer Service Charter

Eskom's customer service charter includes the following important commitments, as outlined in Eskom's Customer Service Policy 326. Eskom's customers have the right to:

- Accurate measurement consumption;
- Error-free bills;
- Be treated with respect;
- Experience excellent treatment on Eskom's electricity supply contract;
- Be dealt with promptly and efficiently;
- Be treated fairly;
- Have their property treated with respect;
- Confidentiality of their information;
- One contact resolution;
- Quality of supply in terms of the negotiated agreement, and
- Be involved in issues affecting them.

According to www.eskom.co.za, Eskom strives to be the number one supplier of electricity services and the service provider of choice by enforcing all the above mentioned aspects of Eskom's Customer Services Charter.

2.5.2 Countries in which Eskom Operations are Located

Eskom's head office is in Johannesburg and its operations are focused on South Africa. According to Eskom's Annual Report (2008:3), the Eskom Enterprises group operates electricity generation concessions in Mali, Zambia and Uganda. Other than South Africa, Eskom Enterprises also has subsidiaries in various African countries, with offices in Uganda, Mali and Zambia. Most sales are in South Africa. Other countries of Southern Africa account for a small percentage of sales. Eskom provides electricity or power to approximately 40 million people in South Africa. According to Eskom's Annual Report (2008:1), Eskom's electricity utility is one of the top 13 utilities in the world, and is among the top 9 by sales; it generates approximately 95% of electricity used in South Africa and

45% of electricity used in Africa. Eskom has established itself as the most powerful electricity supplier in the whole African continent. The entity has extended its services to neighbouring countries like Mozambique, Zimbabwe, Swaziland, Namibia and Lesotho.

2.5.3 Sustainability

Eskom ensures that sustainable development issues are fully integrated into all activities and business practices. According to www.eskom.co.za, Eskom's sustainability strategy includes issues such as technology development and re-deployment of resources, quality improvement, risk identification and prevention, safety compliance and skills development. As the new build programme progresses and decisions are taken on key operational practices and programmes, many of the critical issues are identified and factored into decisions. These include diversification of the energy mix, climate change considerations, financial aspects, improvements in environmental performance and social issues such as job creation.

Eskom's sustainable development philosophy and practice form a vital and integral part of business which guides Eskom's vision. It ensures that Eskom strives to continually improve performance in consultation with all relevant stakeholders in a transparent manner. Eskom's performance is continually benchmarked against international practice, as the organization strives to go beyond what is required in terms of legislation (www.eskom.co.za).

2.5.4 Eskom's Different Divisions

As stated above, Eskom is responsible for generating, transmitting and distributing electricity to all citizens of South Africa. In order to fulfil this responsibility, Eskom has four divisions; each division is responsible for a particular process in the creation of electricity. The four divisions are the Generation Division, Transmission Division, Distribution Division and Corporate Division. The four divisions and their roles as well as importance are discussed next (www.eskom.co.za):

2.5.4.1 Generation Division

This division is responsible for generating power from coals and other raw materials that are needed for this purpose. This division uses and controls all the power stations in the whole country. The power stations are mainly found in Mpumalanga Province and only one is situated in KwaZulu-Natal. Two more power stations are situated in Northern Province in Polokwane. The Generation Division has its own management structure and a separate budget from other divisions.

Eskom has its core business of generating and distributing electricity in the country of South Africa. Some of the equipment they use in the production of electricity is unique and highly specialised, for example, commissioning of substations and tele-control services. A decision was taken to create Eskom Enterprises that would have the capacity to supply Eskom with these highly specialised services and these became subsidiaries of Eskom. The enterprises include Primary Energy, PTM Enterprises, Roshcon, TAP Projects and others. All these enterprises provide services to other divisions but they are managed by the Generation Division. Eskom Generation faces some pressure in the delivery of their services. The increased demand and low reserve margin in South Africa means that Eskom has shorter windows of opportunity to perform essential maintenance on power stations as many of the power stations are in their midlife and require major refurbishment (www.eskom.co.za).

Another challenge faced by Eskom Generation Division is the deteriorating quality of the coal supplied to the power stations. There is a need to burn more coal, with increased environmental impact and more pressure on the power station equipment. Further to that, the Managing Director of the Generation Division, Mr Thava Govender, stated that Eskom's employees and contractors at the power stations are working around the clock, 365 days a year, to ensure that enough electricity is generated to supply the communities

of South Africa. Due to the high demands, poor technical performance has become a major challenge in some power stations (www.eskom.co.za).

Despite the above mentioned challenges, Eskom is committed to ensuring that there will be no supply interruptions due to plant unavailability, and no load shedding due to poor plant maintenance (Eskom Generation Annual Report 2010:4). Eskom Generation Division has set key focus areas for the Division in order to meet the 2014 target of electrifying all houses in the country, as highlighted below:

- Ensuring no supply interruptions due to non-availability of plant;
- Ensuring financial sustainability as the generating licensee;
- Reducing the carbon footprint by investigating the feasibility of co-firing with biomass;
- Ensuring energy efficiency by pursuing the reduction of power station auxiliary power consumption per unit. Reducing specific fuel consumption per unit output, and
- Ensuring zero harm to all employees and contractors, the public and the natural environment.

2.5.4.2 Transmission Division

When the power is extracted or generated from coal and other raw materials, it is still raw and cannot be directly used by the end users or households, firms and others. It is in very high voltage and can be dangerous to anything with which it has contact. The Transmission Division is responsible for transmitting the raw electricity into usable complete electricity. Like the Generation Division, this division has its own management and separate budget. This division is centrally controlled and managed in Eskom's Head Offices in Sunninghill Johannesburg (www.eskom.co.za).

2.5.4.3 Distribution Division

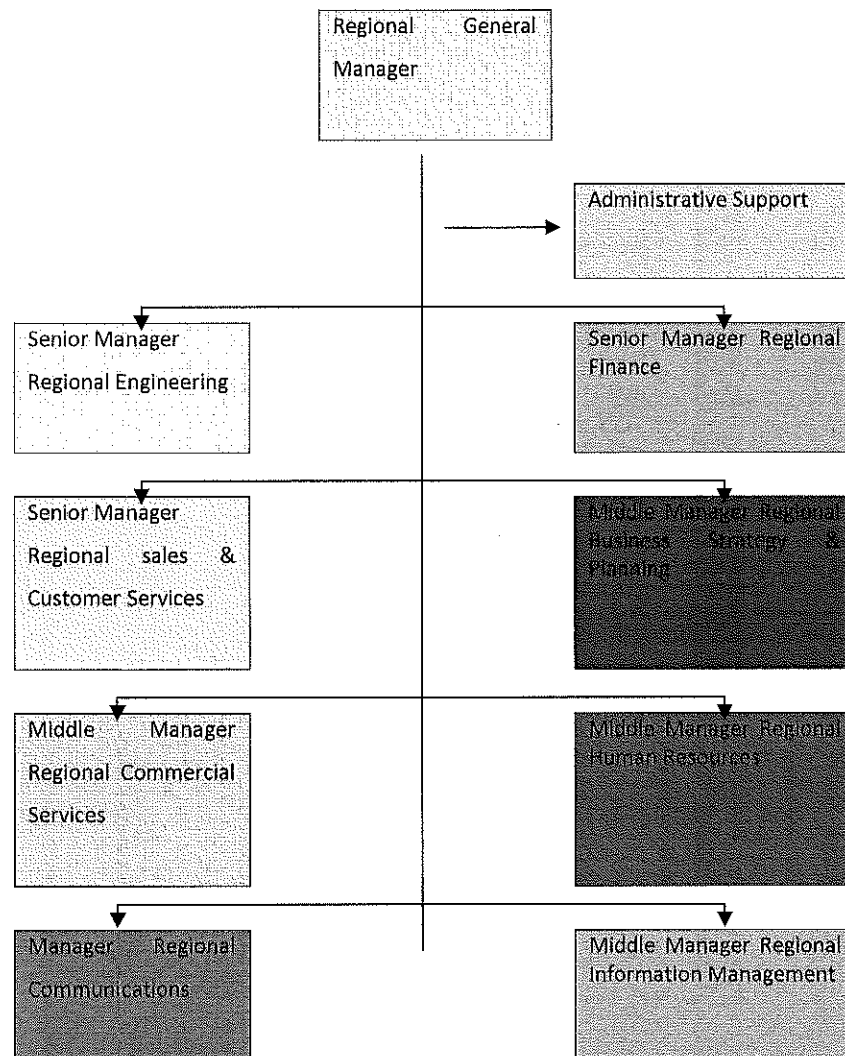
Electricity is the essential component of all economic activity, and for realising national socio-economic objectives. Eskom is expected to ensure that it operates its system in such a way that it provides reliable supply of electricity to the country. The Distribution Division is the structure that Eskom uses to provide a reliable supply of electricity to the country. This is the third division that receives the purified power from the Transmission Division and distributes it to the end users for final consumption. The electricity distributed by this division is safe to be used by households, firms, universities and other users.

According to Eskom's Annual Report (2010:10), South Africa needs to build 40 000 Mega Watts (MW) of new generation capacity by 2025, of which 12 476 Mega Watts is already under construction, and 4 power stations have already been commissioned. Therefore, this division is decentralised into regions that supply electricity to all provinces of the country to meet the needs of the communities in all parts of the country. These regions include:

- Central Region, which mainly covers the Gauteng Province and Mpumalanga Province;
- Northern Region, which covers the Polokwane area;
- Eastern Region, which covers the KwaZulu-Natal Province;
- Western Region, which covers the Western Cape and Northern Cape areas, and
- Southern Region, which covers the Eastern Cape area.

Each Eskom Region has its own Head Office as well as Technical Service Centres (TSCs). The diagram below shows the regional organisational structures for the Distribution Division:

Figure 2.2: Distribution Division Regional Organisational Structure



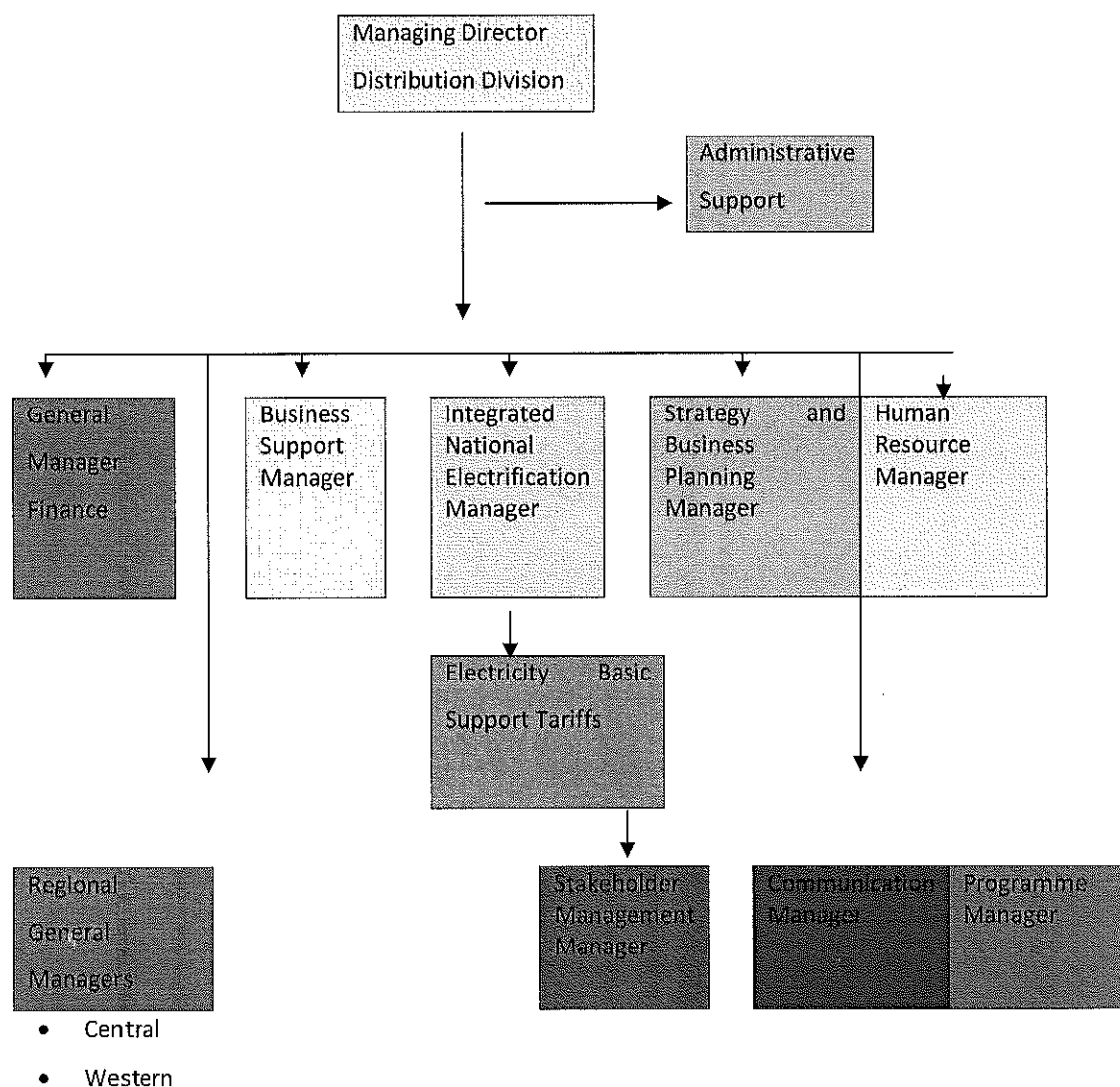
Source: Eskom's website (www.eskom.co.za)

According to the Managing Director of the Distribution Division, Ayanda Noah, in Eskom Distribution's Annual Report (2010:20), the Distribution Division strives to anticipate, understand, provide for and respond to the current and future customer needs, work towards a seamless working relationship with all key stakeholders. Eskom's Distribution Division continues to make sustainable contributions to social delivery through initiatives such as:

- Reducing public safety incidents through awareness;
- Demonstrated climate change deliverables;
- Delivering on the universal electrification access expectations;
- Providing viable electricity solutions to informal human settlements;
- Contributing to Broad Based Black Economic Empowerment (BBBEE) and small business development in a sustainable manner, and
- Growing human capital through retention of core, critical and scarce skills.

The diagram below shows the general Distribution Division structure that governs all the regional Distribution Division structures:

Figure 2.3: Distribution Division Head Office Organisational Structure



- Northern
- North West
- Eastern
- Southern

Source: Eskom Website (www.eskom.co.za)

Distribution Division was selected as case study for the purpose of this research project since it is the division that is directly delivering the electricity services to the communities of the whole country.

2.5.4.4 Corporate Division

This division oversees the other divisions. It operates from the Eskom's Head Offices in Sunninghill, Johannesburg. This division is responsible for the budget of Eskom as a whole. All the top management of Eskom operate in this division, overseeing all Eskom business activities. This includes the Chief Executive, the Board of Directors, Executive Committee and others. The Corporate Division provides corporate services through various sections which include Systems Operations and Planning, Finance, Human Resources and the Office of the Chief Executive (www.eskom.co.za)

Each division has its own staff and its own organisational structure but the other three divisions. Generation, Transmission and Distribution, report to the Corporate Division.

2.5.5 Eskom's Staffing Profile

Staffing in public institutions involves numerous activities (processes) which constitute the comprehensive staffing function carried out by human resource officials working in human resource offices, and by supervisors. It is necessary to classify these activities (components of large staffing function) so that they can be studied in an orderly manner (Cloete 1998:78).

When the executive level has been determined, people are needed to do the actual work. Thornhill & Hanekom in Coetzee (1988:61) put forward the view that personnel

are required to give effect to government policy and must therefore be favourably disposed towards that policy, although it must be emphasized that such disposition concerns only that part of the policy for which the particular official is responsible. The legislature usually lays down how personnel are to be appointed, remunerated, promoted or dismissed for the purpose of carrying out executive activities in their respective areas of jurisdiction. The Public Service Act, 1984 (Act 111 of 1984) as amended, contains provisions on the manner in which the policy must be implemented.

Eskom had committed itself to transforming the demographic profile of its staff to reflect communities in which it did business more appropriately. Stakeholders legitimately expected it and the market demanded it. Affirmative action had become a business imperative, and a formal Affirmative Action Policy was approved in April 1999 and carried over as a formal Reconstruction and Development Programme commitment. The policy sought not only to set specific targets, but also aimed at ensuring that training and development was in place to support the numbers. Eskom set itself a target, that 50% of all management, professional and supervisory staff would be Black, Asian, or Coloured by the end of the year 2000 (Conradie & Messerschmidt 2000:326).

The organization was confident of meeting this commitment as at the end of 1999 the percentage was 45%. Special space creation packages (voluntary retirement or retrenchment) were offered to incumbents in senior posts, and jobs were restructured to accommodate a fast-track experience building process. On the input side, special attention was paid to the allocation of bursaries, training and skills development. At the close of the century in 1999, increasing focus was being placed on gender, and the bursary intake of women had risen to 29% in order to meet a gender equity target of having 20% women in professional, supervisory and managerial posts in 2004 (Conradie & Messerschmidt 2000:327).

Table 2.1 Staff Complement per Division

DIVISION	ACTUAL	ACTUAL	ACTUAL
YEAR	2010	2009	2008
Generation	14 464	13 930	13 092
Transmission	1 889	1 819	1 976
Distribution	17 441	16 716	15 692
Corporate	5 905	2 731	2 194
Total	36 547	35 196	32 954

Source: Eskom Human Resource Annual Report (2010:5)

The table above shows the actual staffing profile of Eskom for 2008, 2009 and 2010. The figures show very minimal changes in the number of employees being added to an organization every year. The Corporate Division seems to be the only Division that has higher numbers of employees added in each year.

2.5.6 CHALLENGE FACING ESKOM

Eskom faces different challenges in its area of delivery, such as high demand for electricity and the shortage of power stations. Central to this is the loss of staff at all levels, starting from lower levels to senior levels of management.

According to the Chairman of the Eskom Board, Mr Mkwana, in Eskom News (2010:2), Eskom employees are guardians of South African civilisation, and without electricity South Africa would go back to the stone age. This implies that Eskom recognises the major role played by employees in changing the lives of South Africans through the delivery of electricity to lighten their homes, and that without employees, Eskom would not be able to deliver. This is supported by Zwell (2000:8), who argues that in the ideal organisation, all employees from the Chief Executive Officer down to the most unskilled workers are committed to continually learn and improve themselves; they are known for their honesty, integrity and personal credibility, and they put themselves at personal risk to

take stands based on their deeply held values. Hence, employees can indeed be regarded as guardians of the organisation for which they work.

TABLE 2.2 Eskom Staff Turnover

COMPANY	ACTUAL	ACTUAL	ACTUAL
	2010	2009	2008
Company at start of period	35 196	32 954	30 746
Add: Recruitment	2 581	4 261	4 385
Less: Resignations	541 (end of May 2010)	1 312	1 370
Deaths	260	276	260
Dismissals	110	98	85
Absconded	12	11	13
Retirements	300	337	447
Voluntary Packages	5	7	15
Other	2	22	13
Total Employee at end of period	36 547	35 196	32 954
Employee Turnover rate%	3,5	6,0	6,9

Source: Eskom Human Resource Annual Report (2010:15)

According to Riaan Neethling, a former Eskom General Human Resource Manager, in Alfred & Potter (1995:232), Eskom had a staff complement of 42 000 in 1995 and has never engaged in retrenching or encouraging employees to take packages. A decrease in the total number of employees from 42 000 in 1995 to 36 547 in 2010 is noticeable in the above table. The number of employees recruited and employed every year shows that Eskom needs a larger number of employees added every year, but by the same token, 33% of the total numbers of the recruits resign every year.

Also, the trend of more than a thousand employees resigning in a single year is noticeable. The number of employees leaving Eskom for other various reasons adds to the problem of Eskom losing staff. This raises the question as to why such a large number

of employees would resign from this organisation every year. During the month of August 2010, Eskom lost 3 Managers, 2 from Top level Management and 1 Line Manager (Eskom News, August 2010 Issue: 4). The number of people dying every year also raises a question as to the health status and safety status of the employees. The death rate of 260 employees in 2008 increased to 276 in 2009 and decreased back to 260 in 2010. The cause of death of such a high number of employees could be attributed to death due to sickness while employed or death due to accident at while work. This means that Eskom needs to investigate the causes of sicknesses if it is not as a result of work activities and causes of accidents if it is not as a result of lack of training or suitable safe working equipment and environment. The results of such investigation could help Eskom find new methods of executing work activities that will keep employees healthy and safety and this will certainly help decrease the number of deaths per annum in Eskom.

Andrews (1998:v) states that to manage personnel successfully, it is obvious that a manager should have a complete knowledge of the needs, motivations, fears and expectations of people. This knowledge, along with other aspects of human nature must be related specifically to the work situation. Only if the manager is equipped with this knowledge and insight can he/she carry out his human resource management function with self-confidence and the expectation of success. The Acting Chairperson of the Eskom Board of Directors in his speech stated that leaders carry a heavy burden to define and secure the future of an organisation, and to earn and sustain the respect of those who look to them for leadership (Eskom News, January Issue 2010:1). It is clear that managers and leaders in an organisation must be the ones who first show commitment to their work as well as lead by example and show interest in the employees' welfare.

This research sought to study the root causes why employees resign from this public corporation in large numbers as they seek other employment opportunities in private companies (Eskom Annual Report 2009:5). The study has outlined the different types of

Divisions within Eskom and will proceed to focus on the Distribution Division, which is the division that directly supplies electricity to the end users. The Distribution Division is the only division in Eskom that directly delivers the service to the communities and other end users. This division is the face of Eskom in service delivery, and is expected to deliver reliable safe and affordable electricity to all end users.

Towards the end of 2007 to March 2008, Eskom faced an unexpected high demand for electricity which led to a tremendous shortage of power in the whole country. The country witnessed power cuts in all areas where electricity was used, that is, households, hospitals, garages, shops, manufactures, offices and robots on the streets were directly affected. However, Eskom's Annual Report (2008:2) states that additional power stations and major power lines are being built to meet the rising electricity demand in South Africa. The Report further states that since the programme started in 2005, additional capacity of 2 582 Mega Watts (MG) has been commissioned, and that the approved capacity expansion budget is R343 billion (in nominal terms) up to 2013. Eskom generates electricity and sells it to the countries of the Southern African Development Community (SADC). The future involvement in markets outside South Africa (that is SADC, African countries connected to the South African grid and the rest of Africa) is limited to those projects that have a direct impact on ensuring security for supply of South Africa.

2.6 Information Technology and Public Corporations

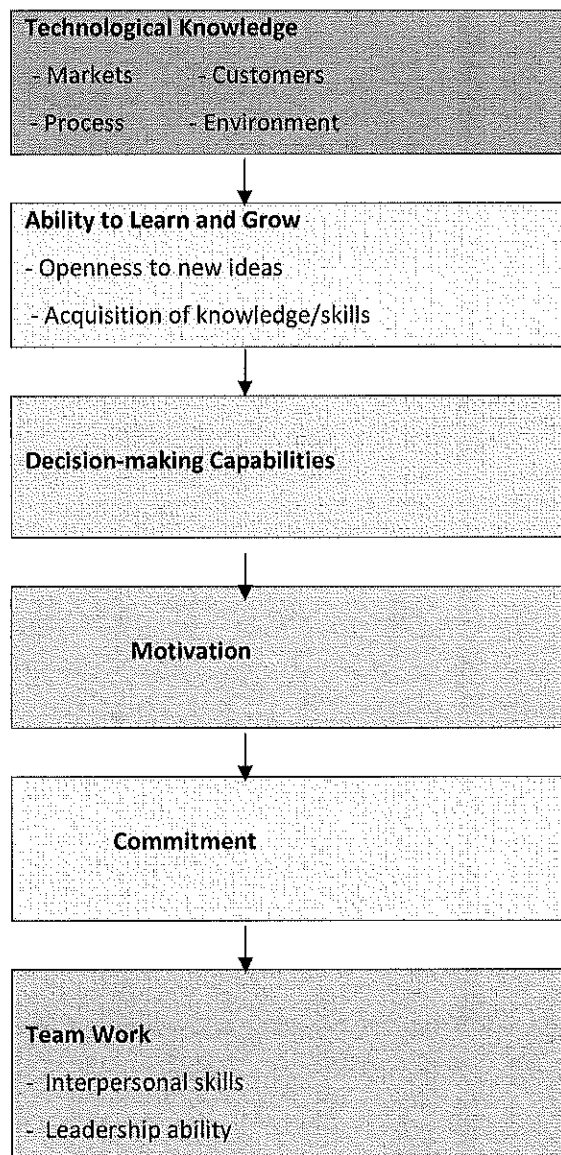
Public corporations cannot afford to ignore the importance of the effective management of technical change, as has been highlighted by recent and continuing developments in information technology. According to Mullins (1996:89), the term information technology originated in the computer industry, but extends beyond computing to include telecommunications, means of production and office equipment. Mullins further argues that the impact of information technology demands new patterns of work organizations, especially in relation to administrative procedures, production procedures as well as distribution procedures. It affects the nature of individual jobs,

and the formation and structure of work groups. Processes of communication are increasingly linked to computer systems with the rapid transmission of information and immediate access to other national or international offices. Each public corporation has a responsibility to employ high technologies suitable for all its operations so as to provide high quality and quick service.

Public management is dependent on technology to the same extent as private management. Leaders in the public sector cannot govern their institutions without a firm knowledge of the technology available to implement their objectives. Yet there is a severe technology problem, because reliable knowledge about the means-ends relationship is scarce (Lane 2000:178).

According to Worthington & Britton (1997:4), all organisations acquire resources, including labour, premises, technology, finance, and materials, and transform these resources into goods or services required by their customers. The type and amount of combination of resources vary according to the needs of each organisation. This suggests that organisations need to acknowledge the value brought by employees as they are working for the organisation. The value brought by the employees into an organisation includes technological knowledge, ability to learn and grow, decision-making capabilities, motivation, commitment and team work. The diagram below shows the interlinking of these aspects of the value brought by the employees into the business.

Figure 2.4: Sources of employee value



Source: Mello (2002:4)

It can be seen from this diagram that technological knowledge is affected by the markets, customers, process and environment from which an organisation sources

suitable employees to work for it, with the purpose of delivering the best quality services and products. It is up to the company to identify the employees who have the ability to learn and grow, employees with good decision-making ability, and who are committed to the achievement of company's goals and objectives. It is also in the company's interest to ensure that employees are motivated and are committed to work as a team in order to deliver quality and reliable services to the communities. The Managing Director of Eskom Human Resources Department (Mr B Bulunga) argues that if Eskom wants to meet the needs of this constantly evolving organisation, it needs to ensure that right people for the right jobs are appointed at the right time. He further stated that efforts should be made to retain those skills needed to ensure a reliable electricity supply for the generations to come (Eskom News 2010: 30).

The role played by the availability of suitable technically skilled employees as well as administrative employees in ensuring the success and efficient generation and supply of electricity by Eskom to the South African community as well as African communities; ensuring the success and efficient provision of efficient and effective customer service, and ensuring the success and efficient provision of reliable, safe, affordable electricity to all citizens of South Africa, is self-evident. According to Foot & Hook (2002:10), line managers must combine their commitment to the technical aspects of task completion with attention to people aspects and recognize the symbiotic nature of these two elements of the manager's role.

Cohen *et al* (2008:19) argue that despite the overarching structural conditions that can undermine a public managers' image, most public managers are adequate performers and many are excellent. The line managers' ability to recognize the symbiotic nature of people and technical aspect of task completion is an important factor in the successful delivery of the electricity service. Strategies should be put in place to ensure that both technical and non-technical employees remain with an organisation to try and minimize the rate at which employees leave an organisation and the causes thereof. Andrews

(1998:v) finds that despite the importance of the finance and a proper organisational structure, it is the employees who ultimately determine whether the objectives are to be achieved. Andrews further states that the importance of personnel management in the achievement of institutional objectives is self-evident.

2.7 Re-engineering

According to Noe *et al* (2004:54), re-engineering includes revision of all policies, procedures and processes performed by all the organisation's major functions, including production, sales, accounting and human resources. Re-engineering can also be understood as the restructuring of an organization. Therefore, re-engineering impacts human capital management in two ways. First, the manner in which the human capital department itself accomplishes its goals may change dramatically. Second, the fundamental change throughout the organisation requires the human capital department to help design and implement change so that all employees will be committed to the success of the re-engineered organisation. Employees may need training for their re-engineered jobs. The organisation may need to redesign the structure of its pay and benefits to make them more appropriate for its new way of operating. It also may need to recruit employees with a new set of skills. Often, re-engineering means employees being laid off or re-assigned to new jobs, as the organisation's needs change, and this poses fears of job loss. A re-engineering organisation may need to engage human capital professionals to help with the transition as described above in the case of downsizing.

Noe *et al* (2004:54) further argue that rapid changes in customer needs as well as technology put pressure on organisations to rethink and re-direct the way they run their day to day operations to give out the finished product and services. For example, when an organization adopts new technology, its existing processes and employee performance may no longer result in acceptable quality levels, meet customer expectations for speed, or keep costs to profitable levels. Many organizations end up

having to undertake a complete review of the organisation's critical work procedures and processes to improve them so as to make them more efficient and able to deliver high quality. In 2009, Eskom adopted a re-engineering policy which is called "Back 2 Basics", where all existing policies, procedures and processes were reviewed and re-engineered where necessary. This includes the re-engineering of the Systems Applications Processes (SAP) which directly affects all Eskom's technological procedures, and human resources being re-trained in order to understand the new implemented systems (www.eskom.co.za).

2.8 Critical Skills and Public Organisations

The adoption of the new Constitution of the Republic of South Africa, (1996) facilitated the transformation of sectors of the public service guided by various policies and legislative instruments. Section one of the Constitution required that all public services be transformed and democratised in accordance with the values of human dignity, the achievement of equality and the advancement of human rights and freedom. In the light of this, employees are continuously looking for employment security and high benefits, as the country's business sector is undergoing transformation. Foot & Hook (2002:30) allude to the fact that employment security is fundamental to most other high performance management practices. The reason is that innovations in work practices or other forms of worker management cooperation or productivity improvement are not likely to be sustained over time, when workers fear that by increasing productivity they will work themselves out of a job. Hence, employees are continuously looking for better opportunities.

The skills loss in organisations has great impact on the delivery of services. According to Noe *et al* (2004:46), today's and tomorrow's employers, talent comes from a global work force, and technology is lowering barriers to overseas operations. Therefore, organisations are competing in international markets for their survival; for example, South Africa has experienced a high loss of technical skills where employees leave their

jobs and gain employment in overseas companies (Eskom Annual Report 2009:5). The researcher has observed that many highly technically skilled employees have joined other corporations in Australia. This prompts one to wonder why employees are choosing to leave their jobs in Eskom and join other corporations. Is it because of better salaries or better benefits or is it welfare issues? What challenges are then faced by the organisation from which employees resign as far as their delivery of services is concerned?

The effects of globalisation are felt in all areas of business, mainly where critical skills are required. Research shows that many South African skilled personnel have accepted job offers with high salaries and have left the country for better opportunities. According to SABC Television News (November 2008 at 19h30), the Department of Health has suffered a big loss of employees particularly the nurses who emigrated to overseas countries for better opportunities. Eskom's Annual Report (2008:4) reports that the global drive to increase electricity capacity, particularly in India and China, has resulted in a growing local and international demand for scarce technical skills both on the operating and construction sides.

Due to the complexity of inputs required to deliver the desired output of pure and safe electricity to the South Africans, Eskom faces a big challenge of shortage of various critical skills ranging from technical skills, professional engineering skills, marketing skills, construction skills, environmental management skills, land surveying skills, financial skills and security skills. Research shows that public corporations have continuously lost staff in almost all fields of operation, starting from senior management to the lowest level of employment. Many employees have been seen joining other big corporations within the country and in the international market, particularly Australia and America. It has been observed that many employees leave their employment only to become service providers to the very public corporations for whom they used to work. The question remains unanswered in terms of why staff turnover is so high in this

State Owned Enterprise. The lack of certain critical skills has increasingly put pressure on the public organisation to largely outsource or buy almost all services in almost all categories of their services from contractors and professional institutions for services like consulting and surveying.

2.9 Outsourcing

According to Noe *et al* (2004:49), outsourcing includes the practice of having another organisation (a vendor, third party, or consultant) provide a product or service. For instance, a consulting organisation might outsource its project management functions to businesses that specialise in these activities while they concentrate on the designing for the projects. Outsourcing gives the company access to in-depth expertise and is often more economical as well.

In some organisations human resource departments and all their functions are being outsourced. Human resource functions that can be outsourced may include recruitment, training, transportation, and payroll. Noe *et al* (2004:49) state that a survey by the Society for Human Resource Management found that almost three quarters of organisations outsource at least one Human Resource function.

There are various reasons why organisations outsource their activities to outside service providers. These include savings on cost of production, lack of required resources in terms of human resources, capital, equipment and others. Companies need to conduct an extensive analysis on their strengths, weaknesses, opportunities and threats in order to arrive at a decision whether to conduct certain activities in-house or to send it out external services providers to deliver the finished product at a certain cost. Most companies nowadays are increasingly outsourcing their activities to external service providers, for example, the recruitment of staff (Baron & Kreps 1999:449).

According to Baron & Kreps (1999:449), there can be little doubt that both ways of pursuing flexibility by outsourcing activities altogether versus relying on non-standard forms of labour supervised by the client firm itself, are becoming more commonplace. This implies that outsourcing the activities to external service providers or requiring the external service provider to source suitable employees on temporal or permanent basis on behalf of the organisation, has become more common in many organisations. Noe *et al* (2004:49) argue that many organisations are increasingly outsourcing activities. Lack of internal resources which include skills and equipment to execute activities, seems to be the main cause for organizations to consider outsourcing activities to private entities.

The government of South Africa has introduced the Broad Based Black Empowerment (BBBEE) framework. In terms of Section 14 of the Broad Based Black Empowerment Act, 2003 (Act No 53 of 2003) all state-owned enterprises and other businesses are required to enforce the Broad Based Economic Empowerment in all their procurement of goods and services. The framework allows for bias in preference towards Previously Disadvantaged Individuals (PDI) when procurement is done in public corporations and the business at large.

The framework allows for preference to be given to Black Empowered businesses when tendering in all projects of the state. The initial Black empowerment initiative was called the BEE initiative which was adopted by the government in 1995. Eskom also adopted its own BEE policy which was in line with the government BEE policy, which was known as ESKADAAT 6 REV 4. This policy focused on the development of Small and Medium Enterprises in different categories of Eskom activities. This initiative was closely linked with electrification where the small and medium enterprises were the focal point for the development programme. This programme got off to a good start when more than 500 viable small and micro enterprises (SMMEs) were created in 1995 alone. Eskom gave business training to over a thousand people and the programme created several hundred viable enterprises each year, generating several thousand jobs in the process.

However, more was required, and the focus shifted to getting more SMMEs and black owned or black controlled businesses involved in the provision of goods and services. In 1999 alone, Eskom bought almost R1 billion worth of goods and services from black empowerment enterprises (Conradie & Messerschmidt 2000:327).

In 2007, the government of South Africa re-evaluated the BEE policy which resulted in the introduction of the new Broad Based Black Economic Empowerment (BBBEE) policy. Eskom as a State-Owned Entity adopted the Broad Based Black Economic Empowerment policy in 2008. In terms of Eskom's Broad Based Black Economic Empowerment Policy (Eskom BBBEE Policy 2008:3), it outsources the following activities to private organizations and Black empowered entities:

- all the electrification projects;
- supply of services for example cleaning and others;
- the engineering and project management activities, and
- supply of commodities, for example cables, conductors and other materials.

This is as an initiative that is used in order to develop smaller companies that are Black empowered in the electrical fraternity. Electrification projects include power line construction, connecting household to electrical network for the supply of electricity, fixing of power break downs, replacement of rotten poles and others.

Black empowered businesses are classified according to percentage of ownership of Black people in those companies as given below as per Eskom's BBBEE Policy (2008:4):

- Black Woman Owned (BWO) is defined as a business owned by 100% or 51% by a Black woman with a turnover of less than R5 million per annum.
- Small and Medium Enterprise (SME) is defined as a business owned 100% or 50% by a Black man with a turnover of less than R5 million per annum.
- Black Empowering Enterprise (BEE) can be defined as a business owned 10% or more by a Black person with a turnover of more than R25 million per annum.

- Disabled Person owned business can be defined a business owned by a person who is suffering from long term or recurring physical or mental impairment that substantially limits his/her prospect of entry into, or advancement in employment.
- Black Youth Owned business can be defined as a business owned by a Black person whose age falls between 18 years and 35years and who is originally born in South Africa.

Eskom's BBBEE Policy allows for preference procurement to be given to the Black empowered businesses according to the percentage owned by Black people, 100% Black woman owned and disabled owned businesses being the most preferable, as per Eskom's hierarchy of procurement below. According to Eskom's BBBEE Policy, the following hierarchy must be followed in procuring products and services with preference given to manufactures over stockists:

- Drawing from Eskom stores stock.
- Drawing off from existing compulsory Framework Agreements.
- Procurement from within Eskom Groups/Divisions.
- Procurement from Eskom Subsidiaries.
- Procurement from Disabled owned businesses.
- Procurement from Youth owned businesses.
- Procurement from Black Woman Owned suppliers.
- Procurement from Small Medium suppliers.
- Procurement from Black Empowering suppliers.
- Procurement from other South African manufactures.
- Procurement from local stock holders of South African or imported assets and goods.
- Direct importation.

Research shows that companies make some savings when outsourcing some of their activities to private companies. According to Baron & Kreps (1999: 448), many companies that outsource some of their activities could make a saving of 7,8% over providing the same services in-house. Based on this argument, Eskom's intentions of outsourcing some activities could be to make savings as per their hierarchy of procurement, and also to meet the Government requirement of showing Broad Based Black Economic Empowerment initiative.

It has been observed that some of the employees who resign from organisations return to the same organisations to supply goods and services, based on the experience they have had with a particular organisation. For example, the owners of many consulting firms that provide the designs and project management services to Eskom are ex-employees of Eskom. It is believed that this trend could have a direct influence on the employee's decision to leave their employment and become service providers to the same public corporation or whether they are employed by the service providers in the electrical fraternity and other fields to provide services to Eskom.

2.10 Labour Relations

South Africa operates under the principle of democracy where employees are free to associate themselves with trade unions of their choice while they are employed. Even though most trade unions are linked to political parties, each employee has a right to participate in all trade union practices and their rights need to be respected. In the past, trade unions have had a significant influence in South Africa as vehicles for social and political reform and in the collective bargaining process. According to the Labour Relations (Act 55 of 1995), all employers have to comply with labour laws as outlined below:

- Confirm the right of employees to belong to trade unions.
- Guarantee employees the right to strike, the right to picket and the right to participate in secondary strikes in prescribed circumstances.

- Provide for mandatory compensation in the event of termination of employment due to redundancy.
- Limit maximum ordinary hours of overtime work.
- Increase the rate of pay for overtime.
- Require large employers to implement employment equity policies to benefit previously disadvantaged groups and impose significant monetary penalties for non-compliance.
- Provide for financing of training programmes by means of a levy grant system and a national skills fund.

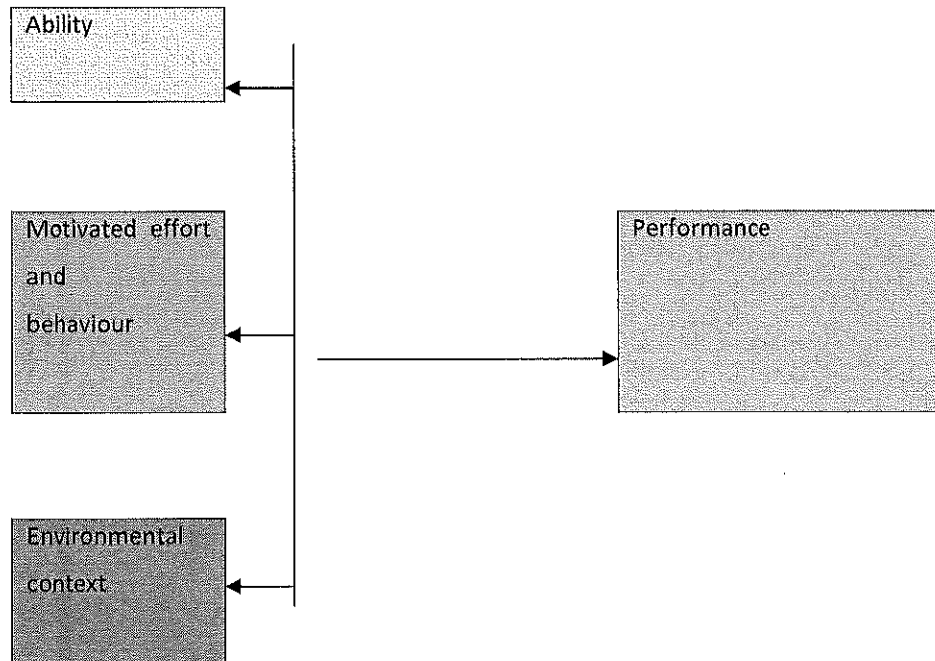
All the public corporations and private business are governed by the above laws and other laws that relate to relations with their employees. An organisation's leadership has the responsibility of identifying and acknowledging that the informal groups exist in an organisation which has a great effect in the operations of the business. Mullins (1996:184) states that informal groups are based more on personal relationships and agreements of group members than on defined role relationships. They serve to satisfy psychological and social needs not necessarily related to the tasks to be undertaken, yet they may have either positive or negative influence on the operation of the business as the tasks are undertaken. The questions as to the ability of line managers and human resource managers to effectively handle the welfare matters of the employees remain unanswered.

Jackson & Schuler (2009:195) argue that line managers can help promote an organisation and make it attractive to employees, or they can be the cause of high turnover. Are the welfare problems experienced by employees the real cause of their resignation? Could the management style of managers be a direct cause for the high numbers of employees choosing to resign and leave their jobs? What is the impact of skills loss in the challenge of service delivery for organisations?

According to Eskom's Annual Report (2008:3), public organisations are confident that they are in a position to handle all the challenges through the support of all stakeholders. The researcher believes that the public entities must have their doors open to all stakeholders for them to be able to offer their support. Stakeholders include management, employees, customers, suppliers and others. Andrews (1998: v) alludes to the fact that it is the employees who ultimately determine whether the objectives are to be achieved. This implies the importance of job satisfaction on the side of the employees.

According to French (1994: 49), job satisfaction is a complex notion that manifests itself in different ways in different people. Whether job satisfaction is high or low depends on a number of factors, including how well a person's needs and wants are met through work, working conditions themselves, the extent to which an individual defines himself or herself through work and individual personality traits. Does this open the doors to the contribution and opinion of stakeholders? Are the employees views considered when decisions are taken by management? Does the dissatisfaction of employees negatively affect the delivery of the services to the customers? Zwell (2000:8) states that managers should be the motivators, developers and supporters of people, giving their subordinates constructive feedback and coaching, and creating a suitable environment to help them improve their performance. The diagram below shows the link between the ability of managers to motivate employees and provision of suitable environment for employees to give their best performance, as illustrated by Denisi (2001:358).

Figure 2.5: Motivation and Performance in Organisations



Source: Denisi (2001:358)

2.11 Conclusion

As the reputation and success of any government depends upon the conduct of public functionaries, these functionaries should act justly and fairly to one and all, that is, they may not undertake their administrative functions arbitrarily and without restraint. Adherence to the normative foundations of public administration should thus be the goal of all employees in public institutions; thus they must respect a specific set of values and standards. This chapter has offered an extensive description of public administration, highlighting its relationship with the public organizations. It has also highlighted Eskom as a State-Owned Enterprise, its mandate of generating, transmitting and distributing electricity as given by the government of South Africa, its staff profile and the challenges faced by this entity. The next chapter will look into the literature

with the aim of tapping into the views of different writers on the subject of staff turnover.

CHAPTER 3

HUMAN RESOURCE MANAGEMENT: A CONCEPTUAL FRAMEWORK

3.1 INTRODUCTION

In this chapter, the researcher bases her study on theoretical views given by other authors on the related subject of human resource management. The researcher considers other views with regard to staff turnover and strategies to be employed to retain quality labour force. By reviewing literature, the researcher aims at reflecting current ideas, perceptions and experiences with regard to the human resources management processes and loss of skills in organisations. Many of the changes in today's business environment have a direct impact on human resource management. Changes in the population, in technology, in employees' expectations and other aspects of the business environment put heavy demands on modern human resource professionals and anyone else involved in management. This chapter will therefore start by looking into human resource management as a challenge and then it will review labour turnover in detail, identifying the causes of turnover, strategies that can be employed to minimize staff turnover and other associated factors.

3.2 ORGANISATIONAL STRUCTURE AND SIZE

Different types of organizations are governed by their policies and procedures which indirectly create the culture of an organisation. According to Armstrong (1995:45), the size of an organization plays an important role in the implementation of such policies and procedures and the culture that is thereby created. For example, the implementation of policies and the culture of doing things in a smaller organisation would be less complex and less challenging compared to the bigger organisation. This difference could be experienced as a result of different races with different cultures, cultures of different geographical areas in which different offices of an organisation are situated. This could also have a greater influence on the structure of an organisation where the smaller organisation could have a simpler organisational structure as

opposed to the bigger organisation, which could have a bigger and more complex organisational structure.

Armstrong (1991:45) further states that the structure of an organisation is related to its technology and size, which will influence the degree of formality in defining roles and relationships, the extent to which the organisation is de-centralized and the numbers of levels of management or supervision that exist. In turn, these factors will influence the procedural aspects of human resource management (for example, the use of formal job descriptions) and ways in which people are managed and communications take place. On the whole, large organisations are more formalized, and specialist departments or functions like human resources are more likely to exist. Size, however, brings with it problems of integration and communication with which personnel managers have to contend. It therefore becomes imperative for the organisation to develop a business strategy which could be used to guide the organisation towards achieving the set goals.

3.3 BUSINESS STRATEGY

Business strategies exist to create value and give direction to the business to achieve the set goals of the business, whether short or long term. Armstrong (1991:47) argues that strategies are declarations of intent for the business at a top management level. These aim to look ahead as far as possible and define in broad terms what needs to be done in order to:

- Achieve the mission of the organisation.
- Meet the expectations of its owners or whoever has the overall responsibility for the organization.
- Manage changes imposed by the external and internal environment.
- Capitalise on the distinctive competences of the organisation (what is being done best).
- Add value through the effective use of resources.

Strategies are not plans, they are the product not the essence of strategy, which are expressed in the strategic plans of an organisation.

3.4 HUMAN RESOURCE MANAGEMENT

Human resource management recognizes the centrality of human resources for all business activities and hence consideration of the people management aspects would be expected in the strategic planning input from managers in all business functions e.g. production and marketing. Likewise, the importance of active management of people matters becomes more clearly an integral part of every line manager's job. According to Foot & Hook (2002:10), line managers must combine their commitment to the technical aspects of task completion with attention to people aspects and recognize the symbiotic nature of these two elements of the manager's role. This means that some activities that might traditionally have been undertaken by specialist human resource management have now been devolved to line managers.

3.4.1 PHILOSOPHY OF HUMAN RESOURCE MANAGEMENT

Human Resource Management is an approach to the management of people which is based on four fundamental principles, as outlined by Armstrong (1991:34):

- Human Resources are the most important assets an organisation has and their effective management is the key to its success.
- An organisation's success is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with, and make a major contribution to, the achievement of corporate objectives and strategic plans.
- The corporate culture and values, organisational climate and managerial behaviour that emanate from that culture will exert a major influence on the achievement of excellence. This culture must be managed, which means that continuous effort, starting from the top, will be required to get the values accepted and acted upon.

- Continuous effort is required to achieve integration in terms of getting all the members of the organisation involved and working together with a sense of common purpose.

3.4.2 CHARACTERISTICS OF HUMAN RESOURCE MANAGEMENT

The major characteristics of human resource management have been identified by Foot & Hook (2002:9) as follows:

- Importance of adopting a strategic approach is emphasized.
- Line managers play a predominant role.
- Organisational policies must be integrated and cohesive in order to better project and support the central organisational values and objectives. Along with this, communication plays a vital role.
- Underlying philosophy is adopted that emphasizes the achievement of competitive advantage through the efforts of people. This can variously be interpreted into actions that are known as hard human resource management or those that are known as soft human resource management.

An organisation's employees enable an organisation to achieve its goals and management of these human resources is critical to its success. Excellent human resource management is characterized by a service orientation and a willingness to be in partnership with constituents.

Fisher & Schoenfeldt & Shaw (1996:6-6) outline the characteristics of human resource managers that complement the above characteristic. Specific earmarks of world class human resources management include:

- Having a human resource vision oriented to the strategic needs of the organisation.
- Having a philosophy and values consistent with those of the organisation.

- Being seen as a business unit within the firm and operating in the same way as other units; having customers and quality management.
- Being organised in a way that brings maximum service to the customer and maximum motivation to the human resource staff.
- Having the best human resource products available for the customers.
- Championing human resource programmes that fulfill the agendas of the human resource group and customers.
- Having the human resource vision that is actively shared by the entire group.
- Being a proactive, not a reactive group.
- Being involved in the key business issue discussions.
- Being seen as successfully creating a great place to work.
- The number of activities involved in human resource management is potentially large depending on the size of the organisation and its needs.

3.5 ORGANISATIONAL GOALS AND INDIVIDUAL NEEDS

Work groups and informal groups tend to meet a number of human needs, such as the need for affiliation, cooperation and esteem. French (1994:115) states that groups are a source of identity, support and friendship for individual workers who might otherwise feel lost in a large organisation. Work groups then play an important role in meeting the emotional needs of individuals. Clearly, groups meet many human needs in any organisation. Work groups and other formal groups fill several important functions in helping the organisation meet its task objectives. Most jobs are interdependent, hence groups help get work done.

According to French (1994:115), work groups also help orient new members to specific job procedures and to the organisation's environment and help train them. High proportions of work groups in today's organisations participate to some extent in decision-making and goal-setting that affects organisational outcomes. How well work groups perform such functions, however, depends to a great extent on factors in the

internal environment, including leadership style, human resources practices such as orientation and training, and organisational climate.

3.5.1 Organisational Problems

As a result of the formal and informal aspects of organising and of the fact that in the public sector organisation takes place in a political milieu, there are various organisational problems which can be arranged as follows:

3.5.1.1 Human Relations Problems

Where people work together, specific behaviour patterns and group relationships, which influence the organisational structure, develop. The following are human relations problems as outlined by Hanekom & Thornhill (1990:79):

- Notwithstanding the attempt to establish an efficient formal structure, an informal structure will always develop in an institution.
- Often the informal structure plays a decisive role in the organisational activities and the realization of the organisational goals, and it is therefore necessary to acknowledge the existence of the informal organisation.
- Informal group formation takes place in every institution and group leaders play important roles in the realization or thwarting of organisational goals.
- If the exercise of legal authority by formally appointed leaders is acceptable to the informal groups and group leaders, it can be accepted that these groups will make a positive contribution towards realization of organisational aims or vice versa.
- It is imperative that personnel members are convinced of the importance and value of the goals if they are to collaborate.
- In order to obtain collaboration of personnel members, their efforts should be acknowledged one way or the other, either by acknowledging the values that they hold in esteem, by providing them with the opportunity to

participate in the decision-making or by any other positive methods through which the co-operation of individuals can be effected.

3.5.1.2 Technical Problems

As has already been indicated, the formal aspects of organizing concern the division of work and the establishment of structures of authority, communication, co-ordination and control.

It is evident that the formal prescriptions are not necessarily perfect and consequently, problems may arise. The technical problems of organizing can be summarized as follows, as outlined by Thornhill & Hanekom (1990:80):

- It is necessary to obtain clarity regarding which product or service should be rendered.
- The place at which the product/service should be renewed should be considered.
- The resources necessary for rendering the product/service should be determined.
- It is necessary to group the personnel in the institution who will be responsible for rendering the product/service in orderly patterns to ensure that the best possible result can be obtained under the prevailing circumstances.

3.6 GROUP CONTROL OVER PRODUCTION

According to French (1994:116), a number of studies over the years have shown that workgroups have considerable control over productivity. Many studies have demonstrated that group workers can defend themselves against unreasonable or unfair performance standards. French further states that studies also show that the higher the standards of performance established informally by work groups, the higher the production of those groups.

Recruiting people to meet the organisation's human resource needs is only half the battle in the war of talent. The other half is retaining good employees working for the organization. Organisations that keep employee turnover rates low gain an advantage against competitors by reducing overall labour costs and improving competitiveness. All stakeholders in an organisation have a role to play to ensure none or low rates of turnover in their organisations. According to Jackson & Schuler (2009:195), line managers can help promote the company and make it attractive to employees, or they can be the cause of high turnover. Managers often are less directly involved in the early recruitment stages, and they usually become more actively involved as the selection process gets underway. Once an employee is on board, the manager plays a key role in determining whether a good employee stays with the company or leaves. Human resource professionals, line managers as well as all other employees have some responsibilities in the process of recruiting and retaining staff. Figure 3.1 below exhibits the Human Resource Triad which indicates the roles and responsibilities for recruiting and retaining employees as outlined by Jackson & Schuler (2009:194):

Figure 3.1: Human Resource Triad: Roles and Responsibilities for Recruiting and Retaining Employees

Line Managers	HR Professionals	Employees
<ul style="list-style-type: none"> ○ Work with HR staff to develop recruiting objectives and plans that meet the organisation's strategic needs and address employees concerns. ○ Develop an understanding of the linkages that exist between recruiting activities, other aspects of the HRM system, and 	<ul style="list-style-type: none"> ○ Work with line managers to develop recruiting objectives and plans that meet the organisation's strategic needs and address employee's concerns. ○ Design recruitment and retention activities that contribute to the development of an integrated, internally consistent HRM system. 	<ul style="list-style-type: none"> ○ Openly discuss your short term and long term goals in order to facilitate the development of recruiting plans that address your concerns. ○ When searching for work, consider all aspects of the HRM system before making a decision about where to work. ○ Participate in recruiting

<p>longer-term employee retention.</p> <ul style="list-style-type: none"> ○ Stay informed of labour market trends in order to anticipate the implications for recruiting and retaining talent. ○ Understand and abide by relevant legal regulations. ○ Facilitate retention efforts by being supportive of employees and facilitating their development. 	<ul style="list-style-type: none"> ○ Develop recruiting plans that meet legal guidelines and generate a diverse pool of qualified internal and external candidates. ○ Evaluate recruiting outcomes and be innovative in developing practices to ensure a sufficient number of qualified applicants. ○ Provide training as needed to line managers and employees involved in recruitment activities. ○ Monitor retention patterns to diagnose potential problems. Use exit interviews, employee surveys etc. to identify needed improvements. 	<p>efforts such as referring others to the company and answering questions about what it is like to work there.</p> <ul style="list-style-type: none"> ○ Use knowledge of competitors' recruiting strategies to help your employer develop innovative and more effective practices. ○ Work with HR professionals and line managers in the organisation's efforts to effectively manage workforce diversity. ○ Seek out information about openings within the company and actively pursue those that fit your personal career objectives.
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Source: Jackson & Schuler (2009: 194)

3.7 PRINCIPAL THEORIES UPON WHICH THE RESEARCH PROJECT WAS CONSTRUCTED

In conducting research on the reasons why employees resign from Eskom, the study highlights the current shortcomings in relation to three motivational theories:

- Maslow's Needs Hierarchy Theory;
- Herzberg's Two-Factor Theory, and
- Equity Theory.

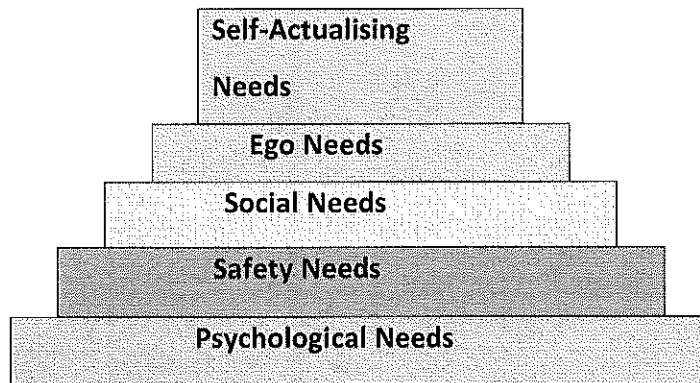
3.7.1 Maslow's Needs Hierarchy Theory

Motivating employees is one of the most important managerial functions. According to Attwood & Dimmock (1996:73), human needs are based on the assumption that people have wants directed to specific goals. Achieving these goals has an effect on increasing the level of motivation and commitment of employees to their work and their employer. Success in this endeavour of motivating employees is essential in the quest to utilise the full potential of the employees ensuring quality products and service. Nel (2001:326) argues that motivation is a very complex issue due to the uniqueness of people and the wide range of internal and external factors that impact on it.

Nel further states that motivation can also not be separated from leadership, which is the ability to inspire people to voluntarily and enthusiastically work towards the attainment of organisational goals. In the light of the above arguments from Nel, it is clear that the leadership in an organisation has the responsibility to ensure that all employees are taken care of in order to make them feel accepted and valued in the work place. It means therefore that if one employee is not taken care of, the possibility of that employee to be de-motivated is inevitable. If more than one employee feels the same way, the possibility of the employees giving out poor quality products or services is also inevitable.

The study intends leaning on Maslow's hierarchy of needs theory in an attempt to investigate the causes why employees continuously leave Eskom. Maslow's theory is based on the fact that people always want more, and what they want depends on what they already have (Nel 2001:327). The diagram below illustrates the human's hierarchy of needs:

Figure 3.2: Maslow's Hierarchy of Needs



Source: Nel (2001:328)

It is a general view of the researcher that the dissatisfaction in any organisation begins with an individual employee and then spread to other employees. It should be noted that the employees are employed as individuals and therefore resign as individuals. According to French (1994:115), groups are a source of identity, support and friendship for individual workers who might otherwise feel lost in a large organisation. Work groups then play an important role in meeting the emotional needs of individuals. By employing this theory in this study, the researcher hopes to find the real issues that affect individual employees to the extent that they opt to leave Eskom.

3.7.2 Herzberg's Two-Factor Theory

The issue of what motivates the individual to perform and how best to use rewards to bring out a higher performance from an individual is influenced by many variables (Maund 2001:445). Each employee has his/her own needs and perceptions of the job itself and the work environment. This may become very difficult to satisfy and motivate the employee to perform at his/her best since one employee differs from the next employee. Kreitner & Kinicki in Nel & Gerber (2001:331) argue that Herzberg developed the two factor theory of motivation, identifying two sets of factors that influenced motivation and job satisfaction; he called one set of factors hygiene factors and the other motivators.

According to Abdullar & Mohamed (2001:134), Herzberg interviewed 200 accountants and engineers in Pitts-Burgh in the 1950s, and asked them to recall times when they were specially satisfied with their work and highly motivated. They also recalled times of dissatisfaction and de-motivation. Based on the responses of the interviewees, Herzberg concluded in his research that there were two sets of factors that influence a worker's ability to experience job satisfaction. He identified motivation factors which related to the work content, and hygiene factors which related to the work environment. Herzberg's hygiene factors are closely related to the working environment and include organisational policy and administration, equipment, supervision, interpersonal relationships with colleagues, superiors and subordinates; salary, status, working conditions and work security. Hygiene factors are also called maintenance factors and do not motivate if they are not adequately met and they cause dissatisfaction. The table below illustrates the Herzberg's factors that influence worker ability to experience job satisfaction:

Table 3.3: Hertzberg's Two-Factor Theory

MOTIVATION	HYGIENE
Achievement	Working conditions
Recognition	Interpersonal relationships
Responsibility	Company policy and administration
Work itself	Pay and security
Advancement	Status
Personal growth	Personal life

Source: Abdullar & Mohamed (2002:134)

Herzberg's theory highlights managers' emphasis on trying to achieve motivation by focussing on hygiene factors such as higher pay, better working conditions and more

fringe benefits. Despite improving these factors, workers are still not motivated. Abdullar & Mohamed (2002:134) believe that the reason for employees to remain unmotivated is that once all workers' hygiene needs have been satisfied, providing more of the same will not motivate: only a challenging job which provides opportunities for achievement, recognition, responsibility, advancement and growth will lead to worker motivation.

Hertzberg further explored his two-factor theory on job design, as outlined by Rose & Lawton (1999:148) below:

Table 3.4: Hertzberg's two-factor theory on job design

FACTOR	DISSATISFIERS	SATISFIERS
Relationship to the job	Hygiene, maintenance	Motivation
Examples	Interpersonal relations	Intrinsic
	Working conditions	Achievements
	Supervision	Recognition
	Policy and administration	Work itself
	Salary	Responsibility
		Advancement

Source: Rose & Lawton (1999:148)

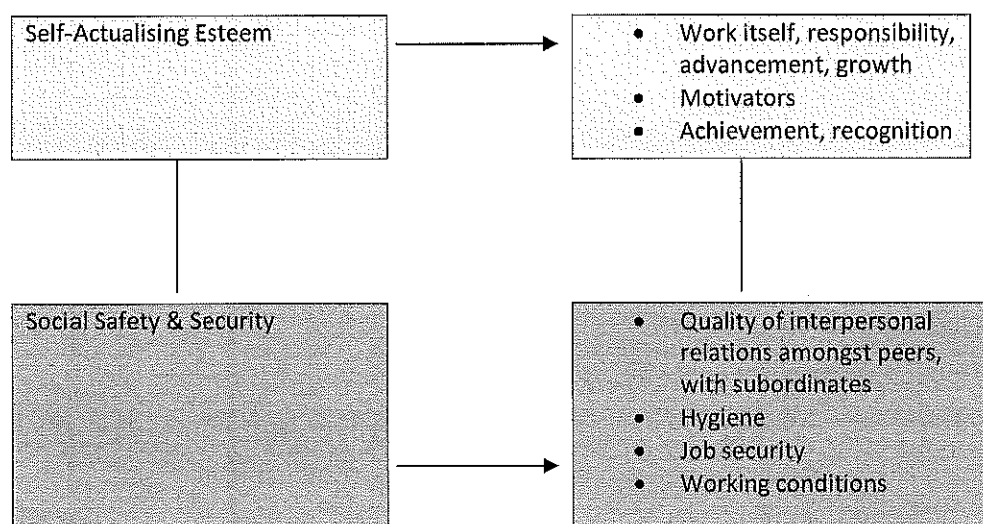
Hertzberg and others have tried over many years to replicate the results of his research without success. Rose & Lawton (1999:148) suggest that the reason for this might be the different economic circumstances in which the original research was carried out, not to mention the limited character of the employees researched. This work led Hertzberg to advocate that jobs should be enriched to include motivating factors, to the benefit of

individuals and organizations. This would be achieved by following seven principles, as outlined below:

- Removing some controls while retaining accountability.
- Increasing individuals' accountability for their own work.
- Giving a person a complete natural unit of work.
- Giving an employee additional authority.
- Reporting downwards directly to the employee rather than to the supervisor.
- Introducing new and more challenging tasks.
- Giving individuals specific or specialized tasks so that they become experts.

According to Nel & Gerber (2001:331), Herzberg's theory can be linked to Maslow's theory; the hygiene factors are similar to the lower level needs in the hierarchy while the motivators are to the higher level needs. Abdullar & Mohamed concur with Nel & Gerber in that Herzberg's theory does have some relationship with Maslow's theory, as illustrated below:

Figure 3.3: Relationship between Maslow's Theory of needs and Herzberg's Two Factor Theory



Source: Abdullar & Mohamed (2002:135)

The researcher sought to employ Herzberg's theory in this study and examined it in relation to Maslow's Theory.

3.7.3 Equity theory

It is believed that the driving force for all employees to go to work is the earnings they get having done their work. Only people generate value through the application of their intrinsic humanity, motivation, learned skills and tool manipulation (Fitz-Enz 2000:4). Employees have a tendency to compare their jobs and their salaries with their internal colleagues and their external opponents who are working at the same level or grading. If an individual perceives that his/her pay is much lower relative to others doing a similar job in another organisation (or within the same organisation), she/he might well perceive distributive injustice. However, if she/he perceives that his/her own organisation is rewarding as much as possible and the system for distributing such rewards is transparent and fair, he/she will probably perceive a situation of procedural justice.

Maund (2001:446) states that a person would be likely to have low satisfaction related to pay but commitment to the employer is likely to be high. A key theory having implications for managers when it comes to organisational rewards is equity theory, which is related to the potential rewards that are promised to an individual to fulfil her/his needs when performing her/his tasks. Equity theory centres on an individual's desire to be treated equitably in relation to others and to avoid inequality – the belief that he/she is treated unfairly when compared with another individual (Maund 2001:447). These act as a force to pull people into meeting the objectives of an organisation; hence the need for reward and remuneration issues to be part of the organisation's overall strategy within which managers should develop a remuneration policy that helps with the recruitment, retention and motivation of all employees.

The researcher aimed to integrate all these theories in order to form the basis of this study. Public management skills like decision-making, communication, and management etiquette were considered. In employing all these theories, the writer sought to find out how the delivery of services by this organisation is affected if employees are dissatisfied in their jobs, or feel that they work in an unhealthy environment, and if they feel they not rewarded according to their contribution to the organisations.

3.8 PEOPLE AS ASSETS

The meaning of assets found in dictionaries usually refers to asset as including any possession, any useful quality and items that are included in the balance sheet. Pike (2001:7) states that all the items that are regarded as assets are usually bought and owned by the owners of businesses and are regarded as investments. For all the other assets to produce they need to be acted upon by a human being, hence the owner of an organisation also has to hire an employee who will act upon the other assets and make them produce the required product. For example, an organisation that deals with freight can have all the resources like storage, cars as well as customers to service by delivering their goods from one point to the other. For the car to move it needs a driver to act upon it and then it can deliver what is expected from it. Hence, the owner of an organisation has to invest in hiring qualified employees who will help the business deliver and achieve its purposes. Pike (2001:7) highlights some typical investments in people made by businesses, below:

- Salaries paid to human resources managers, employment consultants and recruiting agencies.
- Time spent on interviews of new or potential employees which would otherwise convert to profits earned for the business.
- Time spent on performance appraisals and supervisory functions.
- Ongoing education and training of personnel (e.g. seminars, secondments, basic training in the procedures of the business, technical training, IT training).

- Time spent on employee conflict resolution.
- Life insurance, medical aids, pensions and others.

An investment in a particular employee may appear to be very small or arguably non-existent, but he/she may still need to be regarded as an asset to an organisation for other reasons. For example, a messenger or a driver is often overlooked as part of the public face of an organisation. His behaviour may be inconsistent with actual values and standards of the business: he may have a sloppy appearance, his deliveries may not be punctual, his driving may be sub-standard, but business may well be judged by its customers against the standards shown by that single employee.

All investments made in employees are a clear indication that people are also a very important asset to any business. It is to the benefit of the business to take very good care of this investment in people so that they can reap good profits through the commitment of employees to their work, that results in high productivity as well good representation of the company to the public (Pike 2001:8).

3.8.1 ASSET AT RISK

While it is true that many risks are common to all people, irrespective of their positions within an organisational structure, and which would usually result in the same sort of management strategies being applied, in general terms one would expect different strategies to be applied to the different levels within any particular hierarchy. Pike (2001:116) speaks of incompatibility, where employees who are incompatible with each other or with management styles, values or ethics are potentially a huge liability for any business. Incompatibility can lead to power struggles, undermining of other employees, de-motivation of others in relationship with the incompatible persons, resentments and associated consequences, inefficiency and the like.

3.9 ASPECTS OF HUMAN CAPITAL

William (2009:229) states that a government's ability to fulfill its public purposes depends on how well the employees are chosen, developed, compensated and supervised. As the expectations of the public workforce and its expertise continue to grow, the demand for progressive management is stronger than ever. Managing the newer generations of public servants calls for intelligent changes in both formal policies and organizational culture, if public agencies seriously regard them as human capital.

Human capital deficiencies are perhaps most costly in the managerial ranks. If they are not adequately prepared for their responsibilities, the entire system suffers. Most supervisors were selected for their technical knowledge and competence, not for such interpersonal managerial skills as measuring performance and developing the abilities of subordinates.

The quality of public service depends on two forms of human capital that these people bring to their jobs and put to use, as outlined by William (2009:229):

- Intellectual capital is the sum of knowledge that individuals carry with them and apply within the organization that employs them. This enables them to engage in decision-making functions and empowers their organizations to learn. As agencies recruit new personnel, they seek those who already have a desired level of this capital and are capable of developing more.
- Social capital rests in the relationships among members of organizations and professional communities that enable them to trust each other and communicate honestly on mutual concerns and cooperate on actions. It is a learnt quality that connects attitudes with constructive behavior. For example, social capital exists when employees from several organisations work together to meet the urgent needs of a new immigrants group or when public health agencies share information on influenza outbreak.

Social capital cannot be created through government directives; rather enlightened managers will model these relationships and nurture their development in subordinates. Government at all levels finds it necessary to develop and upgrade employees' skills to enhance both performance in current positions and their promotion potential.

The concept of human capital implies that proper investment can increase its value to the agency. Part of this training focuses on improving employee understanding of the policies they implement and the context in which they operate. Thus, country's social workers may attend a seminar on the means to enable single mothers with small children to enter the workforce or advance their education.

Measuring the value of people means to acknowledge the two aspects of that issue, that is, the economic and the spiritual (Fitz-enz 2000:4). This means accepting the intrinsic spiritual value of people and focus on the economic side. It is the researcher's view that spiritual aspect of workforce includes the drive that make them commit themselves to their work, their attitude to their work and the management of an organisation, the desire to achieve the organisational goals while determining and pursuing their personal goals and the satisfaction or dissatisfaction they develop when doing their work. All these cannot be physically seen in an employee but is all spiritual as it is an inward aspect of a human being, yet these are the drivers of economic contribution of employees. In essence, all measures of value contribution are really measures of human value to the generation of economy as economic units and spiritual beings.

Only people generate value through the application of their intrinsic humanity, motivation, learned skills and tool manipulation. Fitz-enz further states that in addition, there must be a way to deal with the myth that only standard financial information is accurate. The knowledge, skills and attitudes of the workforce separate the winning

organisations from the “also-rans”. It is a complex combination of factors. According to Fitz-enz (2000:6), management’s imperative is to put useful data at the fingertips of its human capital on a timely basis and to train them how to use such data. The ability and experience of person allows him/her to:

- Convert data into meaningful information.
- Turn information into intelligence related to a business issue.
- Share that intelligence with others.

The motivation to share data is the un-recognized barrier to information systems and value extraction. Having data *per se* is no more useful than having any other resource unless we know how, why and when to share it. The inevitable conclusion must be that long-term profitability is dependent on the creation of an information-sharing culture. It is the prerequisite to any attempt to manage intellectual capital.

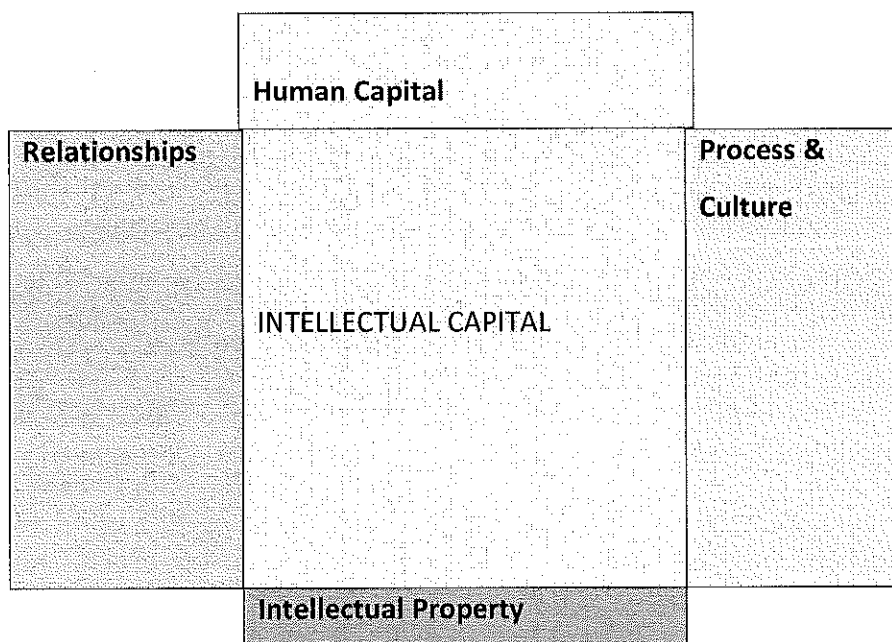
3.9.1 INTELLECTUAL CAPACITY

Intellectual capacity is the ability of a company to extract value from the organization’s intellectual capital (Fitz-enz 2000:10). Intellectual capital is composed of two types of organisational capital: intellectual property and a complex intertwining of process and culture, plus relational capital and human capital.

Organisational capital includes intellectual property and process data. Fitz-enz (2000:10) contends that executives often look at organisational capital from an internal ownership perspective. He believes that this is a protectionist view, which is not totally bad but is certainly limiting in terms of exploiting its potential. Executives want to know how to secure their intelligence contained within their documents and processes, as well as within the minds of their employees.

The figure below exhibits the process of intellectual capital as extracted from Fitz-enz (2000:10):

Figure 3.4: Intellectual Capital



Source: Fitz-enz (2000:10)

The above figure shows the intellectual capital set up. People are catalysts who activate the intangible, inert forms of intellectual capital and the equally passive forms of tangible capital-material and equipment to improve operational effectiveness. To optimize and measure return on investment in human capital, we have to understand how it interacts with other forms of capital, both tangible and intangible.

3.9.2 SKILLS DEFICIENCIES OF THE WORKFORCE

The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the whole world. Such qualities as physical strength and mastery of a particular piece of machinery are no longer important for many jobs. Noe *et al* (2004:50) argue that more employers are looking for mathematical, verbal and interpersonal skills, such as the ability to solve math problems or reach decisions as part of a team. Often, when organisations are looking for technical skills, they are looking for skills related to computers and using the internet. Today's employees must be able to handle a variety of personal responsibilities, interact with customers and think creatively.

To find such employees, most organisations are looking for educational achievements. A college degree is a basic requirement for many jobs today. Competition for qualified college graduate in many fields is intense. At the other extreme, workers with less education often have to settle for low paying jobs. Some institutions are unable to find qualified employees and instead rely on training to correct skill deficiencies. Other institutions team up with universities, community colleges, and high schools to design and teach from basic reading to design blueprint reading (Noe *et al* 2004:51).

3.9.3 PUTTING HUMAN CAPITAL VALUE ADDED

According to Mello (2002:4), adopting strategic view of human resource in larger part involves considering employees as human 'assets' and developing appropriate policies and programs as investments in these assets to increase their value to the organisation and the market place. Effective organisations realize that their employees do have value, much as the organisations' physical and capital assets have value.

When choosing one measure over others for a performance reporting system, management must keep in mind that what they select is a reflection of what they value. What they select will be the issues on which their people will focus their attention and

energies. In addition, if they are going through some type of organisational change, they can use metrics to focus the direction of change. If the move is aimed at improving customer responsiveness and service, then they should measure that. Likewise, if it is targeting cost reduction or product quality, they can use those types of metrics to drive the change in that direction. Hamel and Prahalad in Fitz-enz (2000:30) argue that change programmes often fail due to lack of proper measures. Failing to use a correct measure for human capital is likely to lead to shortage of talent. The organisations usually expect that the talent shortages will be solved through a combination of actions, according to Hamel and Prahalad in Fitz-enz (2000:30):

- More home-bound people will be hired via telecommuting.
- Older-able workers and early retirees will come back in part time jobs ranging from consultants to clerks.
- The practice of accommodating and hiring persons with disabilities will increase.
- Vocational training is already surging. Many people aged 20-50 with limited formal education have entered computer and electronics schools.
- Immigration will help, but it will not provide masses of technically skilled personnel.
- Some work will be outsourced.

The bottom line is that there are people available, but they might not be traditional types. According to Fitz-enz (2000:96), some companies have been their own worst enemies in hiring. An ongoing study of the high rate of job offer rejections shows that the process is the chief problem. Applicants come to a company because they want to work there. Sometimes the hiring process is not friendly. Interview appointments are broken, interviews are poorly conducted, and communication breaks down. By the time offers are made, applicants are frustrated with the way the institution has treated them. Effective recruitment is most often assessed in terms of hiring costs and time to fill jobs. The quality of hired staff can also be evaluated, although it is more difficult. The

satisfaction of the hiring manager can be surveyed. Staffing or recruitment is affected by internal factors, such as company growth, separation rates and development programmes, and externally by the labour market.

3.10 SOURCES OF LABOUR SUPPLY

The sources of labour supply to the organisation are both internal and external. The organisation should have good information available about internal labour supply from such sources as personnel records which should contain details of previous experience and qualifications, training records and performance appraisal forms, which might also give promotability ratings. From these sources, managers will be able to gain a good idea of the likelihood of meeting future requirements from internal supply. According to Cushway (1994:36), analysing the external labour market is more difficult and it may not always be possible to recruit easily people with the right attributes, the only option often being for the organisation to 'grow its own'. In considering the potential supply of labour, Cushway (1994:36) suggests the following factors that should be taken into account:

- The location of an organisation and the general perception of the area.
- Accessibility by public transport.
- The likely skills available in the local population and traditional working patterns.
- The local unemployment level.
- Proximity to large population centres.
- Competition from other employers.
- The competitiveness of the organisation's pay and benefits levels.
- Local educational facilities.
- Government policies, statutes, training initiatives and others.
- The organization's image.
- Demographic changes.
- Changes in the industrial and commercial make-up of the area.

3.10.1 COSTING HUMAN RESOURCE REQUIREMENTS

One of the main reasons it is necessary to plan human resources effectively is that they are a very significant part of almost any organisation's costs. Cushway (1994:38) suggests some of the costs that need to be taken into account as part of the process as follows:

- Basic pay and bonuses, profit-related pay, overtime, shift payments, cash supplements and others.
- Benefits such as cars, health insurance, holidays, pension and share options.
- Statutory costs such as national insurance, pension contributions and maternity pay.
- Recruitment advertising.
- Preparing job descriptions and personnel specifications.
- Staff time spent interviewing.
- Possible cost of employing selection consultants.
- Medical examinations.
- Training costs including salaries, training materials and equipment, accommodation costs, lower productivity during training and costs of trainers.
- Relocation costs including expenses associated with moving and loans.
- Leaving costs such as redundancy, severance, outplacement, loss of productivity during notice period.
- Fringe benefits, for example, sports and social facilities, staff restaurant and awards for long service.
- Personnel administration costs.

Any human resource planning process will need to take into account all the above costs and any others associated with the employment process, because of their potential as key measures in analysing business performance and developing future strategy.

3.10.2 ECONOMICS OF THE EMPLOYMENT RELATIONSHIP

Neilson (2007:2) believes that the employment relationship has two basic components: the hiring process and the compensation process. The hiring process begins when the institution decides what qualifications to require of its applicants. Why do some jobs require a Bachelor's degree while other jobs do not? After posting their requirements, the institution searches for a worker, but how does the institution know when to hire a particular worker or to hold out for someone better? On the other side of the market, when does a worker accept a job or wait for a better offer? After the institution decides on a worker with whom to proceed, the two parties must negotiate a contract, and this bargaining process is of interest to economists. The hiring process does not end with the successful agreement. Some organisations train their workers, and some institutions start their workers with probationary periods during which they receive low pay and can be fired immediately if their performance is unacceptable.

Neilson (2007) argues that compensation must achieve two goals. First, it must be sufficiently high to attract workers to the job and keep them there. Second, it must provide workers with an incentive to produce output because workers who do not produce do not generate any revenue or profit for the organization. Organisations use many methods to motivate workers directly for output, such as when a sales person is paid on commission. Workers decide how hard to work in response to the firms' compensation plans. Institutions must design compensation plans that induce workers to put forth a level of effort that maximizes the firm's profit (Neilson 2007:2).

3.10.3 MAINTAINING

Once the precious human asset is in house, it must be maintained and retained, hence retention mechanisms must be in place. This is done principally through pay and benefits, the remuneration system. Non-monetary reward and recognition is more of a retention and motivational effort than maintenance program. From the hierarchy of needs viewpoint, people seek basic safety and security first from their employers.

According to Fitz-enz (2000:97), paying a fair wage and providing a reasonable degree of security through benefits programmes are accepted as the means for maintaining a skilled workforce. With a national shortage of talent, so many incentive payment programmes have been adopted that it is difficult to tell which are for maintenance and which are for retention. Sign-on bonuses have become a popular tool for acquiring talent. Many start-ups are giving stock options to all employees in the hope of retaining them. Whatever the motivation, there are methods for assessing the prudence and value of monetary payments. Fitz-enz (2000:97) argues that if organisations looked ahead and developed and retained their human capital, they would not have to spend nearly so much to get talent and keep it.

3.11 HEALTH ASPECT

The Occupational Health and Safety Act encourages employers to ensure that all employees work under safe conditions with health facilities being provided to all employees. It is therefore imperative for the employers not only to try to prevent accidents and ill-health as encouraged by the legislation, but also to be proactive and take measures to promote improvements in safety and encourage developments to ensure good health to minimize absenteeism among employees. According to Foot & Hook (2002: 348-349), absenteeism refers to failure to report to work. This behaviour is often associated with dissatisfaction. Absenteeism can also be caused by ill-health of employees, transport problems, family responsibilities, accidents and other factors.

The high cost of absenteeism is a strong financial reason for taking measures to promote and improve health. Many employers have provided health screening services and membership of private health insurance schemes for their managers, and some are extending this provision to the work force as a whole. Increasingly, organisations are actively trying to promote a healthier style of life among their employees.

Foot & Hook (2002: 348-349) outline some of the measures that have been tried:

- Help for smokers to quit, with support/self-help, groups and psychologists offering advice and support.
- A healthy diet, with a wider choice of health foods on the menu at work.
- Membership of a health club or purchase of multi-gym exercise equipment for employees to use to get fitter.
- Stress management programmes.
- Policies and education programmes on Human Immuno-deficiency Virus (HIV)/A Immuno Defficiency Syndrome (AIDS).
- Policies and education on substance abuse.

3.11.1 HIV-AIDS

Another present day issue that many commentators regard as the single biggest threat to the South African economy in the medium to long-term, is HIV-AIDS.

An ailing workforce and declining population are frightening prospects for any emerging economy. Of even greater concern is the fact that the World Health Organisation (WHO) estimates that only 5 per cent of infected people worldwide know that they are infected. A Business Report in Pike (2001:27) notes that a typical 1 500 employee manufacturing company could suffer a 20 per cent slump in profit over the next ten years because of HIV-AIDS, the source of the report being Momentum Risk Management Consultancy. The costs of death benefits could triple and disability payouts would likely double, leading to a 70 per cent reduction in employee contributions to the retirement fund. Other effects would be increased absenteeism, reduced productivity, more funeral and compassionate leave, and increased costs of recruitment and training.

However, HIV-AIDS is a fact of life. Although occupationally there are not many careers which are likely to expose workers to the virus directly, it is nevertheless a major problem in areas which are heavily reliant on migrant labour or hostel dwellers. The virus affects

people from all walks of life, but is particularly rife in the poorer sectors of the community. This requires managers to deal with HIV-AIDS issues at a number of levels, which include education programmes on the dangers of the virus and ways of avoiding it that need to be implemented at every level of workforce. Pike (2001:28) suggests that at a practical level, if the workforce is in fact dying off, proper contingency plans need to be in place to ensure that the business is not short of assistance. Regular screening of workers should be conducted and plans implemented both to protect other workers if necessary and also to replace ailing workers who are no longer capable of fulfilling their roles.

At an emotional level, HIV-AIDS is still somehow stigmatized. Management must be trained to understand the need for extreme sensitivity in handling HIV/AIDS infected staff, to be 'desensitized' from any prejudices and counseled in non-discriminatory practices. No person may unfairly discriminate directly or indirectly, against an employee in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth. Hence any discrimination towards any employee on the grounds of being infected with the virus can result in severe penalties and punitive damages for the employer (Pike 2001:30).

3.11.2 HEALTH, SAFETY AND SECURITY

The physical and mental health and safety of employees are vital concerns. The Occupational Safety and Health Act of 1970 (OSHA) has made organizations more responsive to health and safety concerns. The traditional concern for safety has focused on eliminating accidents and injuries at work. Additional concerns are health and safety issues arising from hazardous work with certain chemicals and newer technologies. Through a broader focus on health, human resource management can assist employees with substance abuse and other problems through employee assistance programmes (EAP), in order to retain satisfactory employees. Employee wellness programmes to

promote good health and exercise are becoming more widespread. Workplace security has grown in importance, in response to the increasing number of acts of workplace violence. Human resource must ensure that managers and employees can work in a safe environment (Mathius & Jackson 2000:13). Nowadays, it is accepted that every employer should take specific steps to safeguard the health, safety and welfare of employees. To this end, medical benefit schemes have been established, accident prevention and safety schemes have been introduced, and provision has been made for the appointment of welfare officers (Cloete 1994:173).

3.12 DEVELOPING THE WORKFORCE

Having acquired and maintained a viable workforce, the next step is to develop the workforce to its fullest potential. Human capital is unique, in that it is the only asset that can be developed. If a bicycle were to be sent for training for flying classes it would never learn to fly because a bicycle is an asset that cannot be trained, unlike the human resource that can be trained in many aspects of the operations of the institution. Human capital development can be accomplished through various forms of education and training and by on-the-job experience. Training provided can be formal or informal and on-job training. According to Fitz-enz (2000:98), before an institution can decide to “make” rather than “buy” talent, it has raw material in-house. The “make” decision versus the “buy” decision is a lot easier if one has data on the relative costs of acquiring, maintaining, and retaining a given set of skills. Useful data include cost per hire, average compensation expense, and the rate and cost of turnover. Development takes many forms. Every action from supervisory coaching to self-training, formal classroom courses and job rotation to external programmes, is a form of development. The value of training and development goes well beyond cost payback. If one spends money helping people learn and grow, one makes a deposit in their loyalty bank. Training effects are measured best through changes in trainee job performance and the ensuing improvements in productivity, quality or service. The company invests in development programs to achieve business goals (Fitz-enz 2000:99).

3.13 JOB SATISFACTION

According to French (1994:111), job satisfaction can be defined as a person's emotional response to aspects of work, such as pay, supervision and benefits or to the work itself. The word "morale" is often used interchangeably with the word "satisfaction", but morale has more of a group or organisational connotation.

French further argues that job satisfaction is a complex notion that manifests itself in different ways in different people. Whether job satisfaction is high or low depends on a number of factors, including how well a person's needs and wants are met through work, working conditions themselves, the extent to which an individual defines himself or herself through work and individual personality traits. Job satisfaction is an important part of human resource management ever since it was thought that a firm correlation existed between satisfaction and performance. At that time, high satisfaction was thought to be a cause of high performance. It was assumed that management could improve performance simply by satisfying workers through pleasant working conditions, adequate rewards, and the like. Now, however, it is accepted that this cause and effect relationship is an incorrect view of the connection between satisfaction and performance.

Modern theories and research suggest that focusing solely on satisfying workers will not result in high performance and productivity. The relationship may be the other way round: high performance may cause high job satisfaction, which is re-enforced by the rewards that accompany performance. In other words, performance leads to rewards that in turn produce satisfaction (French 1994:111).

3.13.1 CONSEQUENCES OF JOB DISSATISFACTION

It seems reasonable to assume that a person who is highly dissatisfied on the job is less likely to perform at peak levels. Maund (2001:446) states that a person would be likely to have low satisfaction related to pay but that commitment to the employer is likely to

be high. This can mean that an employee is likely to be committed to remain with the institution even though dissatisfied with the job and pay, but may look for other means to keep him/her motivated and appreciated within an organisation. Equity theory suggests that workers who are frustrated in attempts to attain some desired outcome in their jobs will either aim for alternative goals within an organisation, for example, giving up on the idea of being promoted to supervisor and aiming to become elected union steward, or exercise some kind of defensive behaviour in an attempt to reduce the tension, for example, complain to co-workers.

3.13.2 MEASURES TO IMPROVE EMPLOYEE ATTITUDES AND JOB SATISFACTION

An employee's attitude is an intangible entity that tangibly affects profits. Employees with good attitudes towards work and their organisation are more profitable than employees who hold negative attitudes about their endeavors and their employer. Organisations can assess certain employee attitudes and then take action to improve the work environment. In doing so, the organisation also can favourably affect both their workers' attitudes and measurable factors such as turnover, absenteeism, productivity, management time spent on attitudinal problems and inferior workmanship and waste (Mercer 1989:149).

Mercer (1989:149) outlines four human resources management techniques that can improve employee satisfaction and at the same time, upgrade the bottom line:

- attitude surveys;
- exit interviews;
- realistic job previews, and
- reducing employee grievances.

It should be noted that for the purposes of this study, only the first two techniques are going to be reviewed.

3.14 ECONOMICS OF INCENTIVES AND INFORMATION

One of the central tenets of economics is that people and firms respond to incentives. Neilson (2007:4) states in the language of employment relationship, if the institution wants the worker to produce a certain amount of output, it must design a compensation scheme that will induce the worker to produce exactly that amount of output. This problem is usually complicated by the fact that the institution cares about how hard the worker works but cannot compensate the worker for the effort. Instead it must compensate the worker for something tangible, such as output or time spent at the job. Sometimes, however, the worker exerts considerable effort but has no output to show for it, such as when a sales person works every day but does not manage to close any business deal in a month.

The institution must find a way to deal with the fact that pay is not perfectly correlated with effort. It must design a compensation scheme that enables it to hire only highly skilled workers and not less-skilled ones if the institution does not need less-skilled employees, and vice versa. Maund (2001:439) states that researchers believe that if the rewards are suitable and appropriate, they will stimulate individuals to make the effort to take actions which are directly relevant to the strategy of the organization. That is, the way in which jobs are graded, and how pay scales are attached to those grades will set the opinion that the individual has about her/his job and the effort that he/she will make. However, the system needs to be seen to be fair or it will adversely affect performance.

3.15 RETAINING

The last step in human capital management game is to retain talent. According to Jackson & Schuler (2009:190), retention includes all the activities an employer does to encourage qualified and productive employees to continue working for the organisation. The objective of retention activities is to reduce the unwanted voluntary turnover by employees the organisation would like to keep in its workforce. Effective

recruitment and retention practices attract individuals to the organisation and increase the chances of retaining them.

Fitz-enz (2000:98) states that employee relations programmes, attitude surveys, and various other means are used to learn what it takes to keep talent in the organisation. Improving retention generates several values:

- Reduced recruiting costs
- Reduced training costs
- Less supervisory time required

He further argues that in public contact jobs, maintenance of customer service and referrals by satisfied customers, thereby reducing marketing costs. Many companies conduct exit interviews with employees who have quit in the hope of learning the reasons behind their decisions to leave. Clearly, the main measure of retention efforts is the separation rate. Beyond the raw percentage, the key questions are: Who is leaving? Why? At what point in his/her career? What drove the person to consider employment elsewhere? Where is he/she going? Finally, the most intriguing question is, what in a competitor's offer appealed to the former employee that he or she thought was unavailable with the previous organization? If the organisation wants to get someone's attention regarding turnover, the answers to these questions can help.

All these issues mentioned are mainly the determining factors and some key trends that affect human capital in organisations from an asset management standpoint. Drucker, as quoted by Fitz-enz (2000:3), states that the greatest challenge faced by organisations is to respond to the shift from an industrial to a knowledge economy. Training and development of employees plays a very important role in retaining human resources within an organisation as it increases the knowledge and understanding of the organization for which they work.

3.15.1 TRAINING AND DEVELOPMENT

According to Torrington & Tylor (2002:98), there are two widely expressed, but wholly opposed perspectives on the link between training intervention of employees and turnover. On the one hand is the argument that training opportunities enhance commitment to an employer on the part of an individual employee making them less likely to leave voluntarily than they would if no training were offered. On the other hand, training makes people more employable and hence likely to leave in order to develop their careers elsewhere.

Training which is paid for by the employer is a good “deal” less likely to raise job mobility than that paid for by the employee or the government. An institution’s specific training is also associated with lower turnover than training which leads to the acquisition of transfer of skills, because employees are only trained on the specific skills that apply to the specific institution providing training, hence make it not very easy for employees to try different employment based on the type of training they have gained.

Torrington & Tylor (2002:99) argue that whatever the form of training, an employer can develop a workforce which is both ‘capable and committed’ if quote then double inverted commas by combining training interventions with other forms of retention initiative. The most expensive types of training intervention involve long-term courses of study such as a Master of Business Administration or accounting qualification. In financing such courses, employers are sending a very clear signal to the employees concerned that their contribution is valued and that they can look forward to substantial career development if they opt to stay. The fact that leaving will also mean an end to the funding for the course provides a more direct incentive to remain with the sponsoring employer.

3.16 STAFF TURNOVER

French (1994:113) states that turnover can be defined as a calculated ratio of the number of employee separations during a month to the number of employees on the payroll at the middle of the month at the end of the month and at the end of the year. The study that was conducted in Australia on turnover determined that high turnover was part of a broader set of problems, including lowered production and quality, higher costs, low satisfaction with superiors, work anxiety, absenteeism and accidents. The researchers concluded that long-term solutions to turnover are to be found in "identifying and remedying specific issues producing dissatisfaction as well as more substantive programmes of organization's development or other forms of planned change" (French 1994:113).

3.16.1 IMPLICATIONS FOR MANAGERS AND HUMAN RESOURCE SPECIALISTS

Connections between satisfaction and attendance and satisfaction and turnover are rather complicated, and the costs of absenteeism and turnover provide ample reason for managers and human resource specialists to be concerned with job satisfaction. Although not all turnover or absenteeism can or should be prevented, it is obvious that high levels of both can be extremely costly to an organisation. Further, high dissatisfaction tends to be costly in many other ways. When workers perform below their full potential, the organisation suffers from reduced effectiveness and efficiency. Top managers would be wise to assess satisfaction levels in their organisations – by unit, by level, and by job category. One way to do this is to use climate or satisfaction surveys at intervals and then to take appropriate remedial action (French 1994:114).

3.16.2 IMPACT OF STAFF TURNOVER

The debate about the level which staff turnover rates have to reach in order to inflict measurable damage on an employer continues to take place in different levels of management in organisations. The answers vary from organisation to organisation. Torrington & Tylor (2002:212) argues that in some institutions, it is possible to sustain a highly successful institution with turnover rates that would make it impossible to

function in other sectors. Some chains of fast food restaurants, for example, are widely reported as managing with high turnover rates in excess of 300 percent. According to Torrington Tylor (2002:212), this means that the average tenure for each employee is only four months, yet institutions concerned are some of the most successful in the world.

3.16.3 REASONS WHY PEOPLE LEAVE THEIR JOBS

People leave jobs for variety of reasons, many of which are wholly outside the power of the organisation to influence. One very common reason for leaving, for example, is retirement. It can be brought forward or pushed back for a few years, but ultimately it affects everyone. In many cases people leave for a mixture of reasons, certain factors weighing more highly in their minds than others. The following is one approach to categorizing the main reasons people have for voluntarily leaving a job, each requiring a different benefit from the organization, as outlined by Torrington Tylor (2002:214):

3.16.3.1 Outside Factors

Outside factors relate to situations in which someone leaves for reasons that are largely unrelated to their work. The most common instances involve people moving away when a spouse or partner is relocated. Others include the wish to fulfill a long-term ambition to travel, pressures associated with juggling the needs of work and family, and illness. To an extent, such turnover is unavoidable, although it is possible to reduce it somewhat through the provision of career breaks, forms of flexible working and/or child care facilities.

3.16.3.2 Functional Turnover

The functional turnover category includes all resignations which are welcomed by both the employers and employees alike. The major examples are those which stem from an individual's poor work performance or failure to fit in comfortably with an organisational or departmental culture. While such resignations are less damaging than

others from an organisation's point of view, they should still be regarded as lost opportunities and as an unnecessary cost. The main solution to the reduction of functional turnover lies in improving recruitment and selection procedures so that fewer people in the category are appointed in the first place. However, some poorly engineered change management schemes are also sometimes to blame, especially where they result in new work pressures or work place ethics.

3.16.3.3 Push Factors

With push factors, the problem is dissatisfaction with work or the organisation, leading to unwanted turnover. A wide range of issues can be cited to explain such resignations. Insufficient development opportunities, boredom, ineffective supervision, poor levels of employee involvement and personality clashes are the most common precipitating factors. Organisations can readily address all these issues. The main reason why so many organisations fail to do so is the absence of a mechanism for picking up signs of dissatisfaction. If there is no opportunity to voice concerns, employees who are unhappy will inevitably start looking elsewhere.

3.16.3.4 Pull Factors

The opposite side of the coin is the attraction of rival employers. Salary levels are often a factor here, with employees leaving in order to improve their living standards. In addition, there are broader notions of career development, the wish to move into new areas of work for which there are better opportunities elsewhere, the chance to work with particular people, and more practical questions, such as commuting time. For any employer losing people as a result of such factors, there are two main lines of attack which the employer can consider. First, there is a need to be aware of what other employers are offering and to ensure that as far as possible this is matched, or at least that a broadly comparable package of pay and opportunities is offered. The second requirement involves trying to ensure that employees appreciate what they are currently being given. The emphasis here is on effective communication of any 'unique

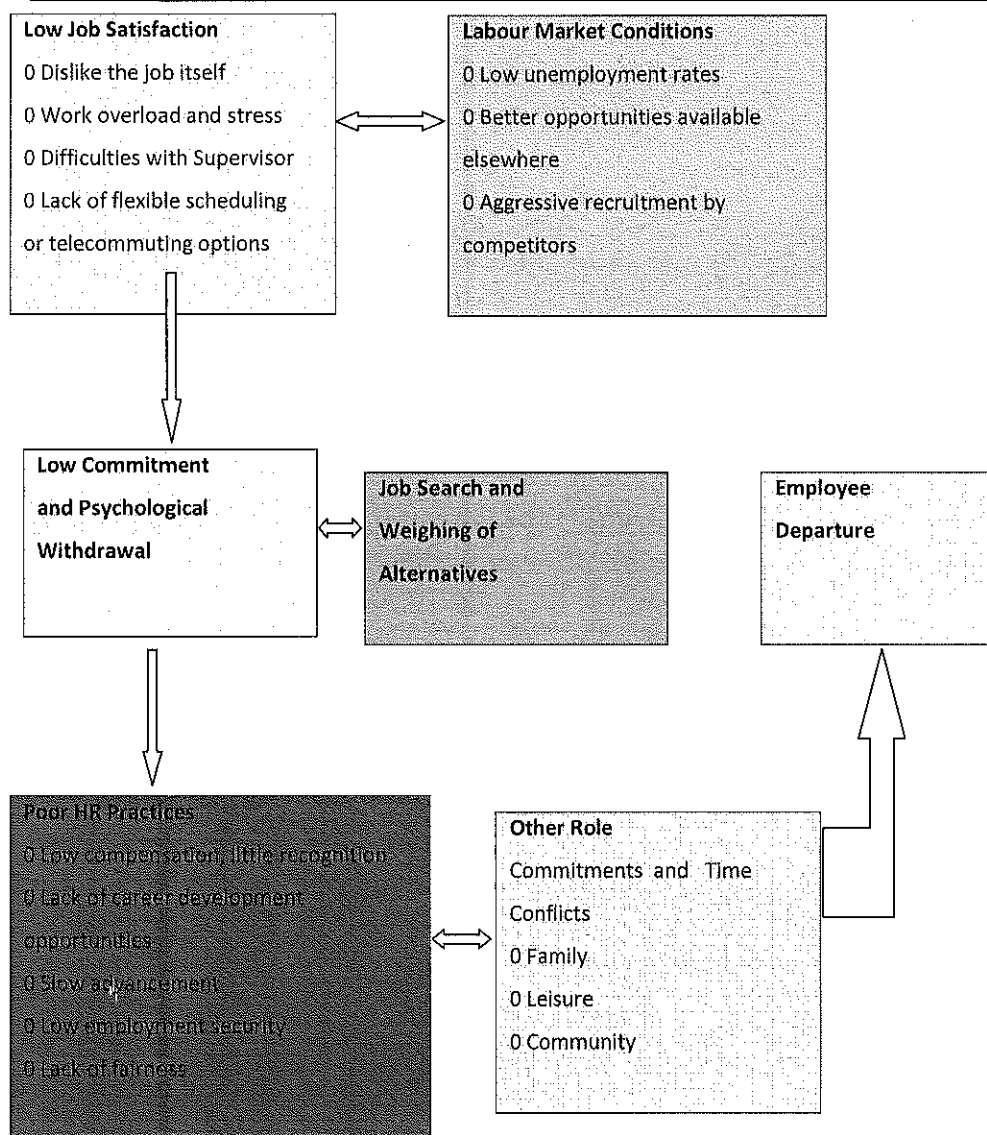
selling point' and of the extent to which opportunities comparable to those offered elsewhere are given.

3.16.4 UNDERSTANDING THE REASONS FOR TURNOVER

Some employee turnover is unavoidable, even in the best organisations. People retire or move for non-job-related reasons. Jackson & Schuler (2009:217) state that not all turnover is bad, and research suggests that too little turnover can actually harm firm performance. Sometimes organisations encourage employees to leave where the objective is usually to shrink the size of the workforce overall or simply to help unproductive workers realize that they may be better off finding alternative employment. But the lion's share of turnover that is caused by dissatisfied employees is not desirable. Reducing turnover among the best performing employees can contribute to improved firm performance.

Each organisation and each employee is unique; hence the reasons for employee turnover usually differ from one organisation to another. Jackson & Schuler (2009:217) argue that in some organisations, job dissatisfaction may be a big problem, whereas in other institutions poor pay might be a major concern to employees. Sometimes employees leave for personal reasons that have nothing to do with their employer, perhaps because a spouse is moving to another city. Jackson & Schuler further suggest that to reduce turnover, each organisation should diagnose the reasons why the good talent voluntarily decides to look elsewhere for employment. The reasons for employees to quit their jobs may seem obvious, yet many employers simply do not have a good understanding about what is most important to their top performing employees.

Figure 3.5: Causes of Voluntary Employee Turnover



Source: Jackson & Schuler (2009:218)

To understand the reasons behind the employees' decisions to seek other employment, some organisations conduct exit surveys. Jackson & Schuler suggest that about the time employees leave the organisation, they are asked several questions that usually focus on assessing the employees' satisfaction with things such as benefits, work conditions, career advancement and development, supervision and pay. Such information may be gathered

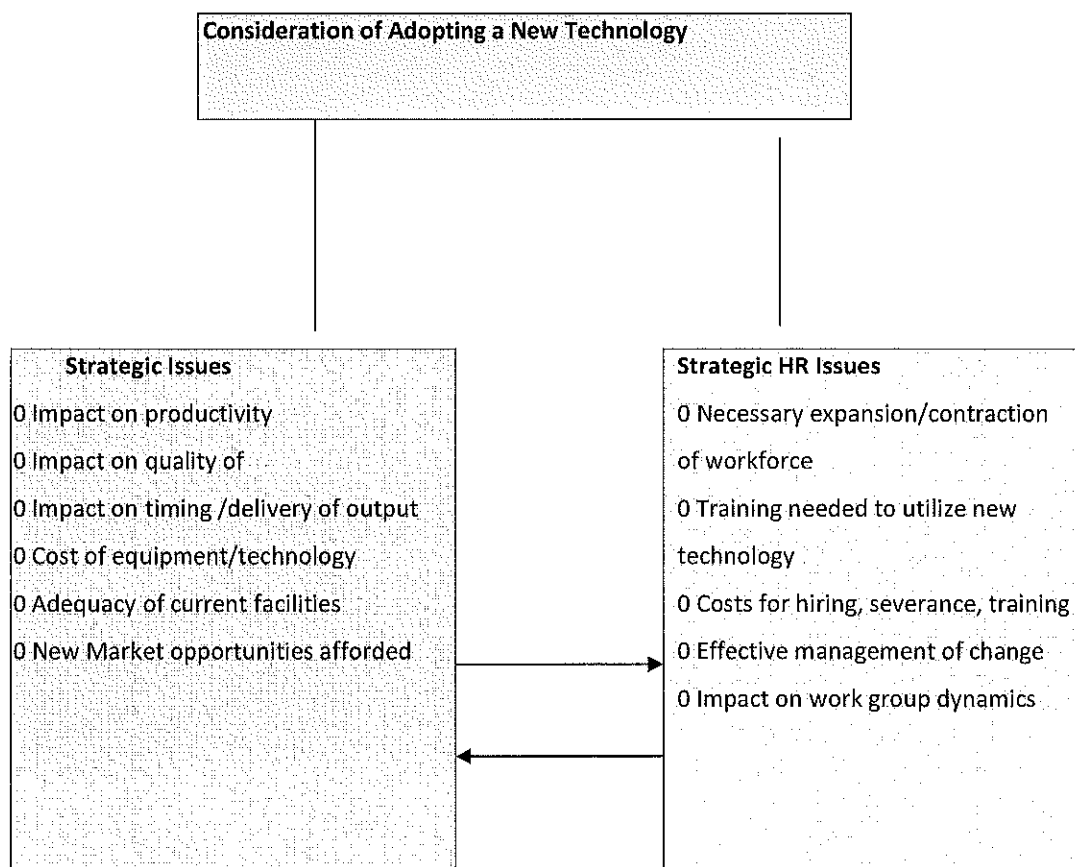
using an interview, a paper-and-pencil survey, or an online survey. Regardless of the method used, the information gathered will not be useful to the employer unless the employee is candid. From Figure 3.5 above, it is easy to see that many causes of turnover are under the employer's control. By improving their human resources practices, employers can often make changes that reduce the rate at which employees leave their organisations.

3.16.5 IMPACT OF TECHNOLOGY

The world is increasingly developing in almost all aspects of life. One of the most significant trends affecting human resources and people in organisations is technology. Mello (2002:38) argues that an organisation's technology is the process by which inputs from an organisation's environment are transformed into outputs. Mello continues to state that technology includes tools, machinery, equipment, work procedures and employment knowledge and skills. All organisations, be they manufacturing or service, public or private, large and small, employ some form of technology to produce something for the open market place or for a specific group of constituents.

With constant advances in technology and work processes, organisations are under increased competitive pressure to implement, if not develop on their own, more efficient means of operations. Mello (2002: 38) states that the financial considerations of whether to adopt a new technology must be balanced with a number of strategic issues, and more specifically, a number of specific human resource issues. Figure 3.6 below highlights some of the issues that human resource management needs to take into account when deciding to adopt new technology, as outlined by Mello (2002:38):

Figure 3.6: Issues for integrating new technology

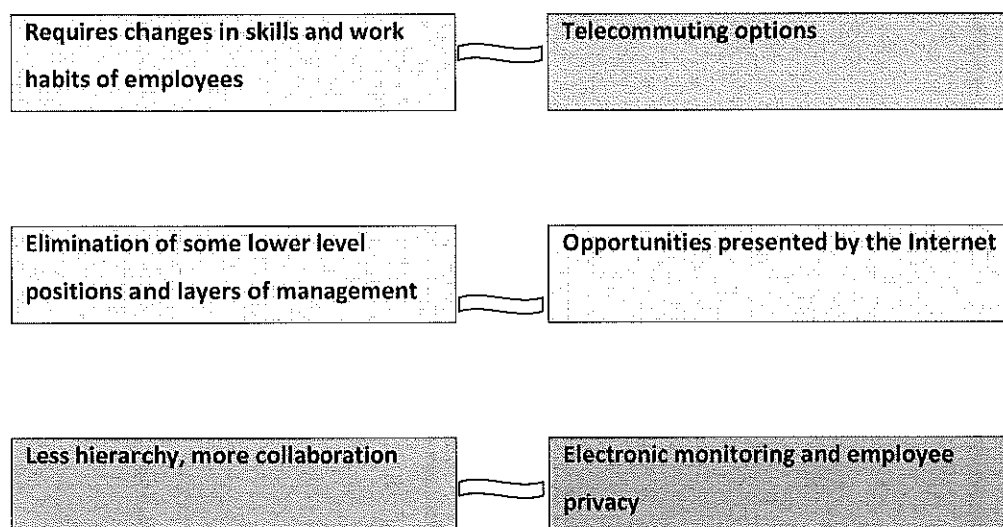


Source: Mello (2002:39)

As newer technologies are developed and implemented, the skills and work habits required of employees change as well. There is a much greater need to continue to upgrade existing employee skills today than there has been in the past. Mello argues that gone are the days when employees utilized the same skills and equipment to perform their jobs for decades at a time. At the same time that technological change is creating a demand for workers with more sophisticated training and skills, a significant number of new workforce entrants have limited technical skills, and in some cases, little or no

training beyond basic literacy. However, many organisations are finding it quite challenging to bridge the gap between the skills new workforce entrants possess and those required in the market place, in an efficacious manner. Research shows that the implementation of advanced technologies has also resulted in many organisations eliminating lower level positions held by employees who performed tasks that can now be accomplished through automation. This has resulted in reduced employee head counts, with those remaining employees having higher levels of training skills. Mello (2002:40) states that automation technologies require more technically trained employees who act as trouble-shooters to repair, adjust, or improve existing processes. Figure 3.7 exhibits the impact of technology on organisations:

Figure 3.7: Impact of Technology on Organisations



Source: Mello (2002:39)

The figure above illustrates that technological change has also resulted in hierarchical distinctions being blurred and more collaborative team work where managers, technicians, and analysts work together on projects. Technology has also created more flexible, dynamic organisational structures that facilitate change and adaptation to changes in the organisation environment. These alternative structures take the form of unbundled corporations, autonomous groupings or subsidiaries, or smaller, streamlined units designed to be more responsive to changing customer needs and competitive pressures. Mello (2002:40) further states that technology has also facilitated the relocation of work from the office to the home, and that telecommuting has become more prevalent and is estimated to grow. The rapid growth of the Internet has also significantly affected how organisations are managed. Company websites have been utilized to reach many market segments and customers who would otherwise be inaccessible to the organisation.

An increasing number of businesses and consumers purchase goods and services online. Electronic commerce has created new challenges for managing a new and evolving sector of the economy. At the same time, the Internet is being increasingly utilized for managing employees and the employment process. The use of information technology and the Internet by employees have raised concerns regarding the privacy of employee work activities. According to Mello (2002:41), a recent survey by the American Management Association discovered that close to 90% of employees have used their employer-provided computer for personal business on company time, including shopping and personal web surfing. Although electronic monitoring of employees' workstations may protect the employer from liability and guard against deterrents to productivity, it raises some serious concerns about personal privacy. An employer must have a written policy regarding monitoring of both electronic and voice mail of employees. Employees should know that their telecommunications may be monitored and that appropriate disciplinary action will be taken against those who violate company policy.

3.17 MISMANAGEMENT AND POOR LEADERSHIP

Poor or weak leadership and management can be the death of any institution. Pike (2001:121) argues that when a team is in trouble, its leadership is very often a problem. One best ways to understand leadership is by seeing what happens when it is not there. Leadership is important not only in good times, but more particularly in bad times. Hence poor leadership in an organisation has the potential to sink the business at any time, whether things are going well or badly. Pike (2001:122) highlighted the following problems in leadership and management that are likely to cripple the business:

- Leaders who are ignorant or stupid;
- Over-trained leaders; (The researcher feels that it is not very clear what Pike means by over trained leaders since every business strives to have as many trained as possible, staff that is trained on many areas of operations as possible so as to have multi-skilled staff who can work in any area of the business operations).
- Leaders who are too talented;
- Leaders who are too kind;
- Leaders who are closed to new ideas;
- Leaders who put themselves ahead of the team;
- Leaders who do not really know the team, its members, their strengths and weaknesses;
- Inconsistent leaders;
- Leaders who cannot be followers;
- Leaders who refuse to acknowledge team members;
- Leaders who play preferential treatment among employees;
- Leaders who do not allow failure;
- Leaders who protect and blame;
- Unethical leaders;
- Leaders who fail to model team behavior;
- Leaders who do not have passion for the role, team and vision;

- Leaders who are unwilling to take risks;
- Leaders who cannot permit or mediate conflict;
- Leaders who do not value diversity;
- Leaders who are passive;
- Inappropriate management style (e.g. autocratic, bureaucratic, dictatorial);
- Inability to enroll or evoke staff into corporate vision or strategies;
- Poor communication skills and practices;
- Inadequate performance appraisals;
- Inability to delegate or create partnership;
- Poor supervisory skills;
- Inability to give support to subordinates or solicit support from superiors, and
- Failure to hold people accountable or hold self- accountable to superiors.

3.17.1 Influence of Managerial Style and other Factors on Performance

It is apparent that increased performance is dependent on a number of factors such as managerial style and the quality of leadership charged with responsibility of directing subordinates. However, achieving increased employee output is by no means simplistic and does not rest only with leadership. The question of low productivity should be approached from other angles as well. It is therefore necessary to identify some of the hindrances to increased productivity so as to find solutions to the difficulties encountered in seeking higher output (Hilliard 1995:4).

It is clear that public manager's attitude towards subordinates is vital to the way in which they will perform their work. If at any stage a public manager appears to be dictatorial, it could have a direct impact on the performance she/he can expect. This is the reason why managers in general try to win confidence of their subordinates by involving them in all or most of the decision-making process. It is essential that an appropriate style of leadership is adopted for the public sector, which will enhance productivity and will reduce unnecessary bureaucratic red tape. Therefore, the caliber

of the leaders themselves should be considered, that is, leaders should be chosen for their ability to inspire and motivate personnel and for their vision for the organization. The types of managerial styles are outlined by Hilliard (199:6) as follows:

Autocratic Management Style.

Autocratic leaders or supervisors are usually rigid, intolerant and demand unquestioning obedience or compliance from subordinates. It is thus a boss- centered leadership style. This is certainly not an ideal type of leadership style to promote productivity, although employees usually still get the work done in some or other way.

Democratic Management style

The democratic style of leadership is roughly akin to a participatory form of leadership in that subordinates are encouraged to participate in the planning and decision making processes. It is thus a subordinate centered leadership technique. Due to the need for a great deal of consultation and meetings with subordinates before final decisions can be taken, it is rather time consuming type of leadership, but none the less highly desirable one.

Laissez-Fare Management Technique

Here, the manager does not interfere much in the work of subordinates. They are largely left to their own devices, and the institution is rather informally, usually without rigid rules and procedures. This leadership style results in a great deal of uncertainty and aimless on the part of subordinates who do not always know where they are heading because the goals of the enterprise or institution have been vaguely defined.

It is essential that an appropriate style of leadership is adopted for the public sector which will enhance productivity and will reduce unnecessary bureaucratic red tape. Therefore, the calibre of the leaders themselves should be considered, that is, leaders should be chosen for their ability to inspire and motivate personnel and have vision for

the organisation. The next section will highlight the factors that adversely influencing performance of the employees in an organisation. The next section will highlight the factors that adversely influence performance of the employees in an organisation.

3.17.2 Factors Adversely Influencing Performance

The aspects outlined below, according to Hilliard (1995:6), may negatively affect the performance of the subordinates and hence impede the quest for public service excellence.

3.17.2.1 Aloof and insensitive managers

An understanding attitude and cordial human relations could go a long way in encouraging a more productive workforce, whereas being constantly critical and distant and persistently finding fault with one's employees will have the opposite effect. In order to spur the workforce on to greater productivity, one needs to hand-pick high calibre persons for leadership posts. Their charisma should be able to motivate employees to perform at their peak, and their persuasive personalities should foster a positive ethos or culture throughout the entire enterprise or institution. Besides contributing to decreased productivity, insensitive management may well be the undoing of an institution.

3.17.2.2 Rapid Technological Progress

Often the pace of technological change is so fast that it becomes almost impossible to keep abreast of the latest developments. Employees could suffer from "technophobia" and other sorts of fears generated by new-fangled gadgets and unfamiliar machinery. Consequently, continuous training and re-training are required to keep personnel up to date with evolving technology. However, on-the-job training is not always the ideal choice as without proper formal training there could be temporary or even permanent lowering of productivity. Conversely, improved equipment and technology, together with the necessary expertise to utilize it, could lead to increased performance.

3.17.2.3 Increased Complexity of Work

New technological advances could be accompanied by an increase in the complexity of work. Employees who are charged with new kinds of work are frequently ill-equipped or only partially prepared for it. It takes time to master new skills and grasp new technology, and for some the learning process is longer than for others. During their transitory period, productivity tends to decline or service delivery decrease in quantity and quality.

Employers should take these adjustments and learning phases into consideration when planning to meet deadlines and when assessing the developmental training needs of employees.

3.17.2.4 Militant Trade Unionism and Unsatisfactorily Labour relations

Although trade unions may be seen as an employee's 'democratic' weapon in resisting exploitation, unions could also cause much harm to an ailing economy. The use of strike action also means that man-days are lost, which can be converted into financial terms. This, in turn, could lead to lowered productivity.

3.17.2.5 Relocation to Other Premises

A public institution may at some stage need to relocate to other premises. This could cause delays in the introduction of new methods and procedures and result in a decline in productivity. Time is lost while moving as well as during the startup time needed afterwards for refurbishment and re-tooling. It may also demand the employees' readjustment to different surroundings, possibly acclimatisation and the forging of new social contacts. The payment of relocation costs or locomotive allowances does not always compensate for the inconveniences associated with moving from one geographical area to another.

3.17.2.6 Resentment

According to Pike (2001:125), resentment is defined as ill will held against someone or something for a period of time for apparently good reasons. Breaking down the above definition, Pike makes two observations:

- ill will which is a separating and destructive state of mind. It is a choice that human beings make and it gives them permission to behave in a way they choose.
- ill will which is held against someone or something. This is resentment that can be held not only against other individuals, but also against generic groups of people – employers, companies, governments, polluters, smokers, the world, life - these are all valid targets of an individual's ill will.

Resentment is possibly the most divisive and destructive force that can face any business entity, partly because it is not always easy to identify, but mainly because the consequences are often not fully appreciated, understood or acknowledged. Pike (2001:125) argues that managers are more often unable to deal with resentment in a way that will clear the problem. Pike further gives a typical example of sort of dynamic which goes with a resentment situation as outlined below:

Figure 3.8: Resentment: A case study

Case Study: Resentment

Barry and Jane have been working alongside each other in the customer service department of a city retailer for over two years, and they hate each other's guts. Their relationship has become so toxic that it frequently boils over and compromises the quality of customer interactions. Because of their mutual resentment, Barry does not pass on queries that only Jane can resolve. Barry claims that Jane deliberately alters information that Barry has then passed on to customers. The interpersonal war goes on, and caught in the crossfire is the most innocent and most important of parties – the customer.

Source: Pike (2001:125)

Figure 3.8 above illustrates the harm caused to the productivity of employees by the resentment that exists between the two employees. It is clear that the manager is probably aware of the resentment but is unable to deal with resentment in a way that will clear the problem. It also illustrates that the result of the resentment is the suffering of the customer who expects to receive good service from the retailer. Given the bad experience of the customer, he/she is likely to consider buying the service from the alternative supplier of the same service who is a competitor to the city retailer. The resentment of employees and the failure of the manager to deal with resentment end up causing the loss of a customer and profit.

3.17.3 COMMON ISSUES AFFECTING EMPLOYEE TURNOVER

Whether it is regarded as part of planning process or more a question of effective performance management, it is important for the organisation to incorporate a retention strategy. Failure to do so could result in high turnover rates. Cushway (1994:37) outlines the following common issues affecting employee turnover:

3.17.3.1 Pay and benefits – these should be perceived internally as fair, as considerable dissatisfaction can arise if people do not feel that they are being treated as well as their colleagues are. Similarly, if the organisation does not pay as well as its competitors it may well lose staff over time.

3.17.3.2 Recognition and prospects – wherever possible, the managements' appreciation should be conveyed for a job well done. Effective workers should be promoted where possible, provided they are equipped to do the next job, but in the absence of such opportunities, praise is always welcome.

3.17.3.3. Working conditions – poor working conditions will cause dissatisfaction.

3.17.3.4 Job design – the jobs themselves should be designed to suit the individual as far as possible and should provide variety, interest and opportunities for learning and growth, or dissatisfaction is likely to result.

3.17.3.5 Working relationships – poor working relationships will cause upsets and result in absenteeism and increased staff turnover.

3.17.3.6 Performance – if people feel inadequate or not up to the job, morale will suffer, so they must be given clear guidance on what is expected of them and any necessary training.

3.17.3.7 Commitment – if people do not feel committed to the organisation they will pursue their own agendas. It is for the managers to explain the organisation's purpose and objectives and try to gain commitment to them.

3.17.3.8 Poor selection and promotion – appointing someone who is not ready for the job he or she is asked to do, may well result in rapid turnover of this member of staff or others.

3.17.3.9 Expectations – if expectations are raised about progress within the organisation or about the rewards available, but then are not met, the resulting disillusion can lead to increased turnover and ineffective supervision or management.

3.17.4 Advantages of Staff Turnover

There are sound arguments that can be made in favour of a degree of staff turnover. The following are advantages as outlined by Torrington & Tylor (2002:212):

- Organisations need to be rejuvenated with “fresh blood” from time to time to avoid becoming stale and stunted.
- New leadership is often required periodically to drive change forward.

- New faces bring new ideas and experiences which help make organisations more dynamic.
- A degree of turnover helps managers to keep firmer control over labour costs than would otherwise be the case. This means that when income falls, it is possible to hold back from replacing leavers until such time as it begins to pick up again.
- Organisations are able to minimize staffing budgets while maintaining profit levels during the learner periods.
- Redundancy bills are also lower in organisations with relatively high staff turnover because they are able to use natural wastage as the main means of reducing their workforce before compulsory lay-offs are needed.
- Some employee turnover is 'functional' rather than 'dysfunctional' because it results in the loss of poor performance and their replacement with more effective employees.

3.17.5 ARGUMENTS AGAINST STAFF TURNOVER

While there are good things that can be achieved through staff turnover, there are arguments against staff turnover which are equally persuasive, as outlined by Torrington & Tylor (2002:213):

- Sheer costs associated with replacing people who have left, including the cost of placing a recruitment advertisement.
- Time spent in administering and conducting selection process.
- Expenses required in inducting and training of new employees.
- Measurable losses sustained as a result of poorer performance on the part of less experienced employees.
- For bigger organisations employing specialist recruiters, these costs can add up millions of rand a year, with substantial dividends to be claimed from a reduction in staff turnover levels by a few percentage points.

- People who leave represent a loss of a resource in whom the organisation has invested time and money.
- The damage is all greater when good people, trained and developed at the organisation's expense, subsequently choose to work for competition.
- High staff turnover rates are symptomatic of a poorly managed organisation. They suggest that people are dissatisfied with their jobs or with their employer and would prefer to work elsewhere.
- It sends a negative message to customers and helps create a poor image in the labour market, making it progressively harder to recruit good performers in the future.

3.17.6 HOW TO MEASURE STAFF TURNOVER

Turnover is a typical and costly result of poor attitudes among employees. That is, employees who hold negative opinions about their work or their employer are more apt to resign or act in such a manner that they get fired than employees who feel more pleased with their work situation. As with any work behaviour that is costed out, turnover can be measured in dollars and cents too. Casio in Mercer (1989:150) outlines some of the main expenses that are associated with turnover:

3.17.6.1 Separation costs

- Exit interviews.
- Administrative and record-keeping actions.
- Separation pay and expenses.

3.17.6.2 Replacements costs

- Communicating job opening.
- Pre-employment administrative and record-keeping actions.
- Selection interviews.
- Tests, psychological assessments of management candidates, or assessment centre.

- Meeting to discuss candidates.

3.17.6.3 Training costs

- Booklets, manuals and reports the new employee must become familiar with.
- Education in workshops, seminars, or courses.
- One-to-one coaching by an expert while working on the job.
- Time to get up to par in suitably carrying out job duties.

3.18 ATTITUDE SURVEYS

Mercer (1989:150) contends that attitude survey is a structured method to assess the opinions of employees on matters that affect their job satisfaction and productivity. Mercer continues to argue that most organizations conduct attitude surveys (sometimes called a climate survey or opinion survey) when they sense that problems are brewing. They want to pinpoint the problems and nip them in the bud. Still other companies regularly conduct attitude surveys so that they can keep a finger on the pulse of their employees' opinion. According to Mercer (1989:151), regardless of how often an organization conducts such surveys, the purposes generally centre on finding out the following:

- Problems employees feel exist.
- If the organization does well in terms of creating a suitable environment, so it can continue with what works well.
- Changes that could make the organization an even better and more productive place to work.

Surveys should only be conducted if top management is thoroughly committed to:

- informing employees of the results of the survey, and
- actually implementing changes indicated by the survey results.

If these two actions do not occur, then employees are apt to perceive the survey as a waste of time. Even worse, if a survey results in no improvements being implemented, then employees are bound to somewhat feel betrayed and even less trusting of the organisation's management than they were before the survey. The survey itself usually consists of two main parts, which are questionnaire and individual interviews or group discussion sessions. Examples of a factor and the questions that might pertain to that factor appear in the figure below, as outlined by Mercer (1989:151):

Figure 3.9: A factor assessed in an attitude survey along with sample survey items concerning the factor

	Job satisfaction				
	Satisfaction with organisation				
	Compensation				
	Benefits				
	Career growth and opportunities				
	Supervision				
	Collaboration with others				
	Desire to quit (turnover)				
	Quality of work expected				
	Quantity of work expected				
	Attitudes of top management				
	Personnel policies				
<hr/>					
Factor: Supervision					
Survey Number and Item	1	2	3	4	5
<hr/>					

1. My manager helps me when I need help
2. It is easy to talk with my manager
3. My manager gives me feedback on how well I am doing often enough
4. I receive excellent supervision
5. It is easy to find my manager when I need to talk with him/her

Ratings:

- 1 = Strongly agree**
- 2 = Agree**
- 3 = Neutral/neither agree nor disagree**
- 4 = Disagree**
- 5 = Strongly agree**

Source: Mercer (1989:151)

3.19 EXIT INTERVIEWS

The fact that attitude surveys have been conducted does not mean that employees will stop leaving an organisation. It is imperative for an organisation to conduct exit interviews with all the employees resigning from an organisation in order to further establish the attitude they are having about an organisation as well as the reasons why they eventually opted to leave the organisation. Mercer (1989:156) states that an exit interview is a variation of an attitude survey: it assesses employee's attitudes after they have decided to leave the company. In contrast, a typical attitude survey explores employees' attitudes while they still work for the organisation. Exit interviews usually prove most helpful when they uncover causes for turnover. These causes can be many and varied. After employees decide to leave an organisation, they often become more open about the concerns that led them to resign.

In general, an exit interview follows a fairly set format, often consisting of the following:

- Return of company property by the employee;

- Explanation of the wages and benefits that the company will pay to the employee after departure;
- Examination of those reasons the employee is leaving. This part of the interview may vary, depending on whether the separation is a result of resignation, firing or layoff.

3.20 RETENTION PLANS

Retention plans should be based on an analysis of why people leave an organisation. According to Armstrong (1991:314), exit interviews may provide some information but they are unreliable, and people rarely give the full reasons why they are leaving. A better method is to conduct attitude surveys at regular intervals. The retention plan should address each of the areas in which lack of commitment and dissatisfaction can arise. Armstrong further outlines the actions to be considered under each heading in the formulation of a retention plan as given below:

- Pay problems arise because of uncompetitive, inequitable or unfair pay systems.
Possible actions include:
 - Reviewing pay levels on the basis of market surveys;
 - Introducing job evaluation or improving an existing scheme to provide for equitable grading decisions;
 - Ensuring that employees understand the link between performance and reward;
 - Reviewing performance related pay schemes to ensure that they operate fairly;
 - Adapting payment-by results systems to ensure that employees are not penalized when they are engaged only on short runs;
 - Tailoring benefits to individual requirements and preference;
 - Involving employees in developing and operating job evaluation and performance-related pay systems.

3.21 STAFF RETENTION STRATEGIES

The straightforward answer to the question of how best to retain staff is to provide them with a better deal, in the broadest sense, than they perceive they could get by working for alternative employers. Torrington & Tylor (2002:216) state that terms and conditions play a significant role, but other factors are often more important. For example, there is a need to provide jobs which are satisfying, along with career development opportunities, as much as autonomy as is practicable and, above all, competent line management. Below are five measures that have been shown to have a positive effect on employee retention as outlined by Torrington & Tylor (2002:217):

3.21.1 Pay

There is some debate in the retention literature about the extent to which raising pay levels reduces staff turnover. However, there is also evidence to show that, on average, employers who offer the most attractive reward packages have lower attrition rates than those who pay poorly (Gomez-mejia & Balkin 1992:292-4). This assumption leads many organisations to use pay rates as their prime weapon in retaining staff (Cappelli 2000:105 in Torrington 2002:217). The consensus among researchers specialising in retention issues is that pay has a role to play as a satisfier, but that it will not usually have an effect when other factors are pushing an individual towards quitting. Raising pay levels may thus result in greater job satisfaction where people are already happy with their work, but it will not deter unhappy employees from leaving.

According to Sturges and Guest in Torrington (2002:217), while challenging work will compensate for pay, pay will never compensate for having to do boring, un-stimulating work. This confirms views expressed by Herzberg (1996:15) that pay is a hygiene factor rather than a motivator. This means that it can be a cause of dissatisfaction at work, but not of positive job satisfaction. People may be motivated to leave an employer who is perceived as paying badly, but once they are satisfied with their pay, additional increases have little effect. The other problem with the use of pay increases to retain

staff is that it is an approach that is very easily matched by competitors. Where the salaries that are paid are already broadly competitive, little purpose is served by increasing them further. The organisation may well make itself more attractive in recruitment terms, but the effect on staff retention will be limited; moreover, wage costs will increase.

3.21.2 Contractual Restraints

Restraints are devices that are associated with management contracts, or with those people like salesmen. A restraint is any term in a contract which puts restrictions on what employees can do after they leave, such as a restriction on working for competitors. Research shows that restraints are rarely used and that they are used very selectively in the field of skilled employment. Catt & Scudamore (1997:14) argue that on the whole, human resource practitioners take a jaundiced view of contractual restraints. They see them as unsatisfactory and largely unenforceable particularly where the restraint interferes with the individual's right to earn a living, and when it comes to it, who in their right minds would try to enforce a contractual restraint anyway. In the real world of employment, the most significant thing about a restraint in someone's contract is that it acts as a deterrent to a potential recruiter, particularly if the potential recruiter happens to be a small business.

3.21.3 EXTENDING NOTICE PERIODS

According to Catt & Scudamore (1997:15), extending notice periods is the device of putting groups of skilled employees on longer periods of notice, for example, one month instead of the usual one week. Companies who have gone along this particular route normally did so in the first place because they saw it as a way of giving themselves extra time for finding replacements for skilled people who leave. The extra time is needed because experience shows that finding replacements is difficult, and with a bit of luck it might give the leaver/new starter an overlapping handover period.

3.21.4 RE-EMPLOYING EX-STAFF

This is not a usual practice but it does happen, particularly to employees who voluntarily resign from their jobs. The reason for this is that most employees resign from their current jobs because they have found better paying opportunities, hence they can hardly consider re-employment. However, the employees who retired or left the employment by taking packages are usually considered when recruited to be re-employed by their previous employer.

Systematically, re-contracting leavers a few months after they have gone (those you want back, of course) can be a very worthwhile exercise. According to Catt & Scudamore (1997:16), from the company's point of view re-employing ex-staff has the following advantages:

- It is the cost of a telephone call;
- It could save the time and expense of recruiting replacements;
- It is someone who can do the job, and
- If it works out it has a sobering effect on any others who may be contemplating leaving (in fact, it is a very good retention device in itself).

By asking, the company is making it easier for the ex-employee to come back. The ice is broken and there is no feeling of having eaten humble pie.

3.21.5 Managing Expectations

Research evidence has shown that employers benefit from ensuring that potential employees gain a job realistic job preview before they take up job offer. The purpose is to make sure that new staff enter an organisation with their eyes wide open and do not find that the job fails to meet their expectations. Torrington & Tylor (2002:220) suggests that a major cause of job dissatisfaction, and hence of high staff turnover, is the experience of having one's high hopes of new employment dashed by the realisation that it is not going to be as enjoyable or stimulating as anticipated. Research has proven the importance of these processes in reducing high turnover during the early months of

employment. It is important not to mislead candidates about the nature of the work that they will be doing.

Sturges and Guest (1999:16) argue that an unmet expectation is one of the explanations for staff turnover. This makes it clear that when employees do their work, they are likely to be expecting a particular reward that they have in their minds which may not necessarily be communicated with the employer in explicit terms. One example is when an employee is acting in a managerial position while human resource management is still going through all the recruitment process. When these expectations are not met and a different person is appointed in the same position, the employee is likely to get de-motivated and will eventually consider alternative offers from other employers.

3.21.6 Induction

Another process often credited with the reduction of turnover early in the employment relationship is the presence of effective and timely induction. Torrington & Tylor (2002:218) believe that it is very easy to overlook in the rush to get people into key posts quickly and it is often carried out badly, but it is essential if avoidable early turnover is to be kept at a minimum.

It is important that individuals are properly introduced both to the organization and to their particular role within it. These introductions are usually best handled by different people from the human resource management section as well as the specific department in which the employee is directly operating.

3.21.7 Family-friendly Human Resource Practices

Research shows that between five and ten per cent of employees leave their jobs for family or personal reasons (IRS 1999:6). These statistics suggest that one of the more significant reasons for voluntary resignations from jobs is the inability to juggle the demands of a job with those of the family. They indicate that there is a good business

case, particularly where staff retention is high on the agenda, for considering ways in which employment can be made more family friendly. As a result of legislation under the Working Time Regulations 199 and the Employment Relations Act 1999, United Kingdom employers are now obliged by law to provide the following minimum floor rights, as outlined by Torrington & Tylor (2002:220):

- 18 weeks maternity leave for all employees with more than six months' service paid, according to a formula set out in the Act.
- Additional unpaid maternity leave (to twenty-ninth week of a new child's life) for employees with over a year's service.
- Reasonable paid time off for pregnant employees to attend ante-natal clinics.
- Specific health and safety measures for workers who are pregnant or have recently given birth.
- Four weeks' paid holiday each year.
- A total of three months' unpaid parental leave for mothers and fathers on the birth or adoption of a child.
- Reasonable unpaid time off for employees to deal with family emergencies such as the sickness of a child or dependent relative.

Many employers have decided to go a good deal further down this road than is required by law. The most common example is the provision of more paid maternity leave and the right where possible for mothers to return to work on a part time or job-share basis if they so wish. Crèche provision is common in larger workplaces, while others offer child care vouchers instead. Career breaks are offered by many public sector employers, allowing people to take a few months off without pay and subsequently to return to a similar job with the same organization.

3.21.8 Stopping Skilled People Leaving: Retention Devices

There are some organisations which have very little turnover of people, including skilled grades, and often it is found that these are not necessarily organisations which pay the highest rates. In a few cases, they are organizations in the enviable position of having little or no competition for the labour they employ, for example, organisations in isolated geographical locations. Catt & Scudamore (1997:12) state that what binds these organisations together is that somehow they have managed to instill a spirit of 'feel good' in their employees; the feeling that they are being looked after and that they belong to something worth belonging to, something they would never willingly want to leave. Research shows that getting to the level where retention ceases to be an issue is usually the result of painstakingly good management practice over many years.

3.21.8.1 BUYING LEAVERS OFF AND PERKS AS RETENTION DEVICES

Catt & Scudamore (1997: 14) suggest that money is at the root of the moves to stop skilled people leaving. Money here is in the form of:

- Buy-offs – matching or improving on whatever leavers have been offered.
- Selective pay increase – identifying high turnover groups and targeting them with a raise.

Money is the blunt instrument of retention and recruitment technology. There is no doubt that in most cases it works but the problem for most larger organisations is that they are not free engineer buy-offs or selective pay increases without:

- Going to the top of the tree for approval (which takes time);
- Creating anomalies and upsetting the balance of the pay structure (differentials);
- With buy-offs, running the risk of encouraging others to chance their arm and put their notice too.

Pay is a motive and a complex subject. Organisations should therefore have some strategies in place to buy off the leavers who, as mentioned above, are already approved by top management, to make it easier to convince the leavers to stay within an organization.

3.22 LIVING WITH SKILLS SHORTAGES

Organisations who cannot recruit skilled people tend to attribute their lack of success to one of the three reasons:

- No suitable applicants exist (they are simply not there);
- The organisation is operating in a bad area;
- The organisation does not pay enough and cannot afford to pay more.
- The signal to those organisations is to give up and where they go from there depends very much on them.

Turning away customers is not very satisfactorily approach to living with skills shortages. The following are some interventions that can be considered in handling skills shortages as outlined by Catt & Scudamore (1997:7):

- Putting work, for example, to subcontract the work to an external independent contractor. The only snag here is costs.
- Stepping up overtime, where there is price to pay in terms of wage costs, with overtime payments at premium rates.
- Rearranging shift patterns where shifts are worked, for example, if three fitters provide round the clock maintenance cover by working eight hour shifts (6am to 2pm/2pm to 10pm/10pm to 6am); One leaves then the remaining two employees can continue to provide cover by working 12 hour shifts (6am to 6pm/6pm to 6am). The implications here are much the same as working more overtime.
- Bringing in temporary staff in times of skills shortages, but asking agencies to find skilled temporary staff probably has even less chance of success than recruiting permanent staff. Temps are expensive and not always up to scratch. Also agencies' ideas on acceptable skills levels are not always in tune with those of their clients.

The other aspect to living with skills shortages is just how long some organisations are prepared to run with the problem. Some organisations have had vacancies that exist for months and occasionally years, and no plans in place as to when these would be finally

filled. Trying to side step skills shortages rarely works as opposed to facing the problem and finding solutions at early stages.

3.23 CONCLUSION

All organizations exist to fulfill certain goals. All organisations require different type of resources in order to fulfill such goals. Resources required by organisations include equipment, materials, vehicles, human resources, buildings and computers. Among all resources required by organisations, it is human resources only that have the ability to act upon all other resources to make them produce what is expected of them. Human resource management recognizes the centrality of human resource for all organizational activities, and therefore consideration of people management aspects would be expected in the strategic planning input from managers in all organisational functions e.g. production and marketing. Likewise, the importance of active management of people matters becomes more clearly an integral part of every line manager's job. This chapter has presented different views given by different researchers of the human resource management aspect. It can be clearly seen that staff turnover is a challenge for most organizations worldwide. This chapter has discussed most human resource aspects, including recruitment, maintenance and retention of staff in organisations. The next chapter will discuss the research methodology that was adopted in conducting this study.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

The research design is commonly referred to as the structure of research. There are basically two types of research methods, qualitative, sometimes referred to as phenomenological, and quantitative, which is also known as positivistic.

The structure of research is based upon the subject matter to be investigated, which determines whether the research is either quantitative, qualitative or both. The structure of this study is both quantitative and qualitative in nature. It is descriptive as it attempts to describe the behaviour of employees when they resign from Eskom, and tries to establish the causes of such behaviour. This study is also descriptive in that it is a case study of Eskom's Distribution Division. It is qualitative as it attempts to explain the role, behaviours, motivations and rationale of specific actors, namely managers, current employees, previous employees and the human resource practitioners. An important outcome of the study is to identify the cause of staff turnover and then create a model that can be used to manage the staff turnover in Eskom's Distribution Division. This chapter will focus on the research method used in this study to identify the causes of staff turnover in the Distribution Division.

4.2 RESEARCH PROBLEM

The purpose of this study was to identify and evaluate the causes of loss of staff as well as the impact it has on the delivery of electricity services to the communities by Eskom, since this is a public organisation commissioned by the government to deliver services and improve the lives of the communities, mainly the previously disadvantaged communities. The importance of personnel management in the achievement of institutional objectives is self-evident in that an organisation can only achieve its goals when the contribution of employees is acknowledged (Andrews 1998:v). The study

further evaluated the impact of outsourcing of activities by Eskom to vendors. Noe *et al* (2004:30) argue that outsourcing gives the company access to in-depth expertise and is often more economical as well.

4.3 AIMS OF THE STUDY

The study aimed to:

- identify and outline the causes of staff turnover in Eskom;
- evaluate the impact of staff turnover on the delivery of electricity services to the communities of South Africa;
- investigate whether ill-health matters have a direct influence on loss of skills in Eskom;
- evaluate the impact of outsourcing of business activities to external service providers;
- evaluate the impact of the management style of managers on the skills loss and skills retention in Eskom, and
- propose a model that can be used by Eskom to minimize the loss of skills.

4.4 KEY QUESTIONS TO BE ASKED

The following key questions have been identified as critical:

1. What are the reasons for staff turnover at Eskom?
2. Are the welfare challenges of the employees properly addressed?
3. Are the rates paid to vendors for outsourced activities more competitive as opposed to employees benefit packages?
4. To what extent does Eskom provide education and support on health care matters related to employees?
5. To what extent does the management style of managers impact on skills loss and skills retention?
6. What model can Eskom introduce to retain scarce skills in the electricity fraternity?

4.5 SIGNIFICANCE OF THE STUDY

The study will be of value to the officials of Eskom and the other state-owned entities, the shareholders as well as the beneficiaries of the services. The study proposes a model to manage staff turnover to the management which will help them identify important factors they need to consider in an attempt to retain their employees and still have high quality production from satisfied employees. The study also offers strategies to win the loyalty of employees and increase their commitment to the organisation. Further to that, based on equity theory, the study afforded the key role-players and stakeholders the opportunity to express their viewpoints to the researcher about the entity respectively. Maslow's theory enabled the researcher to identify the individual perceptions of employees in relation to their needs which have impact on the skills loss. Herzbergs' theory enabled the researcher to identify the shortcomings on the organization's side in relation to the work environment and organisational policies and administration of this aspect of the business.

4.6 VALUE OF ACTION ORIENTED RESEARCH

Bless & Higson-Smith (1995:61) emphasize the value of action oriented research as it is about:

- Solving particular problems facing communities;
- Helping individuals, organisations, and communities to learn skills and get resources so that they can function more effectively in future;
- Providing a way of spreading the understanding gained through research to people and communities who can benefit from those findings;
- Attempting to understand the person and the community within the broader social context;
- Aiding communication between social researchers and communities in need of assistance;

- Shaking the “ivory tower” of many social scientists and makes their work directly beneficial to society.

4.7 LIMITATIONS OF THE STUDY

The main limitation of the study was that only two regions that fell within the Distribution Division were examined as the case study. This methodological approach therefore poses a problem for extrapolation and generalizing across the whole of Eskom.

All the respondents refused to complete the declaration section of the questionnaire or to be recorded on a tape recorder for interview questions. They mentioned that they were concerned that they would be exposed to victimization by management should it be discovered that they commented and gave their views in this study.

4.8 SAMPLING PROCEDURE

The sampling procedure entails drawing a representative sample which includes all the elements of the universe, which can be finite or infinite. According to Loubser (1996:251), a population or universe is the aggregate of elements from which the sample is selected. The target population refers to the group of people or institutions who form the object of the survey and about which conclusions and recommendations are drawn. Jinabhai (1998:247-248) argues that the sampling unit refers to the entity which is the focus of the study.

According to Hussey & Hussey (1997:55), a sample is a subset of a population and should represent the main interest of the study; a population is any precisely defined set of people or collection of items which is under consideration. Examples of a set of people in a business research project might be the working population of a particular country or company. Griennel & Williams (1990:127) state that in most cases, a 10%

sample should be sufficient for controlling sample errors. They maintain that a minimum number of 300 cases are needed for quantitative research.

Bless & Higson-Smith (1995:85) state that sampling theory is the scientific foundation of this everyday practice. It is a technical accounting device to rationalise the collection of information, and to choose in an appropriate way the restricted set of objects, persons, events and others from which the actual information will be withdrawn. Sekaran (1992:226) argues that a sample is a subset of the population; however, not all the elements of the population would form the sample. The advantages of sampling are that, obtaining a sample is less time-consuming; gathering data on a sample is less costly since the costs of research are proportional to the number of hours spent on data collection, and sampling is a practical way to collect data when the population is infinite or extremely large.

In this study, the researcher used a sample of 10% of the targeted population available within the identified areas in the KwaZulu-Natal and Gauteng Regions.

- Total population: 3 000 employees (estimated); however, only 10% were sampled. The sample number was 300 participants, which included the following numbers and the return of 282 responses thereof:

Targeted Participants	Number of Responses
➤ 150 Lower levels employees	- 84 Respondents were interviewed and 66 of responses received through questionnaires for this category.
➤ 50 Supervisors	- 50 Responses were received.
➤ 20 Line Managers	- 20 Responses were received.
➤ 70 Ex-employees	- 52 Responses were received.
➤ 5 Human Resource Practitioners	- 5 Respondents were interviewed.
➤ 5 Trade Union Representatives	- 5 Responses were received.

4.8.1 Sampling Strategy

The researcher employed both probability sampling and non-probability sampling. Probability sampling entailed the use of questionnaires for all the targeted population, that is, ex-employees, Trade Union Representatives, current employees, and line managers. Non-probability sampling entailed for group interviews with lower level employees and human resource practitioners.

4.8.1.1 Probability sampling

Bless & Higson-Smith (1995:88) state that probability sampling occurs when the probability of including each element of the population can be determined. Bless *et al* further state that it is therefore possible to estimate the extent to which the findings based on the sample are likely to differ from what would have been found by studying the whole population, that is, the accuracy of the generalisation from the sample to the population.

In this study, the population was divided into rural and urban. The majority of the Technical Service Centres are in rural areas while the minority of these centres are situated in urban areas. The percentage of the ex-employees in the samples was 23% of the total sample.

4.8.1.2 Non probability sampling

Welman & Kruger (2001:189) suggest that members of the focus group should be the key informants who, because of their positions or experience, have more information than ordinary group members and are better able to articulate this information. For this study, the researcher selected current employees in the lower levels, line managers and human resource practitioners who are directly involved with the formulation of policies on human resources as well as the enforcement and implementation of those policies.

4.8.1.3 Stratified Random Sampling

According to Bless & Higson-Smith (1995:91), the principle of stratified random sampling is to divide a population into different groups called strata, so that each element of the population belongs to one and only one stratum. Within this, a simple sample method is used. Although many samplings are performed, each is done for a relatively small population only. It permits great accuracy even for small samples, which effectively reduces the costs of sampling.

4.8.1.4 Access to the Samples

The researcher sought permission from the Regional Human Resource Manager of the organisation to conduct the study. A letter of permission to conduct research was shown to participants in the study before the research commenced.

The researcher utilized the vendor data base to get information on ex-employees who are current suppliers of services to Eskom as well as line managers to access the respondents, thereby ensuring a high completion and return rate of the questionnaires. Distribution and collection of questionnaires were done per specific area as identified in the Provinces. The researcher personally delivered questionnaires to the participants by hand and through the e-mail system. The researcher collected questionnaires personally from the participants and also accepted questionnaires returned through e-mail or fax, and politely reminded them about the importance of the study.

4.9 RESEARCH TECHNIQUES

According to Varkevisser in Pillay (2000:56), data collection techniques enable researchers to systematically collect information in order to answer questions in a conclusive way. Data collection is a method of obtaining information from a group of respondents by means of direct contact, personal interviews or self-administered questionnaires. This study used these two methods of interviews and self-administered questionnaires.

The mainstream business in the power industry is the prime focus of the study, with particular reference to Eskom Holdings Ltd, which is also the subject of the case study. The study is descriptive in nature and the methodologies employed are appropriate for a qualitative study.

According to Hussey & Hussey (1997:12), quantitative approach is an objective method in nature and concentrates on measuring phenomena. Therefore, a quantitative approach involves collecting and analyzing numerical data and applying statistical tests.

The study sought to collect data on the aspect of staff turnover as experienced by Eskom and analysed it by applying statistical data. The secondary area of the power industry is the suppliers of professional and non-professional services, as well as suppliers of commodities.

4.9.1 Descriptive Research Technique

According to Hussey & Hussey (1997:6), descriptive research involves examining a phenomenon to more fully define it or to differentiate it from other phenomena.

Descriptive research captures the flavour of an object, a person or an event at the time the data is collected, but that flavour may change over time. Other research results may change even more rapidly. Research on unemployment is conducted quarterly, half yearly or annually. Thus descriptive research can be used to examine change by comparing older results with new results. Further to this description, Hussey & Hussey (1997:12) state that descriptive research is research which describes phenomena as they exist. It is used to identify and obtain information on the characteristics of a particular problem or issue. For example, descriptive research may answer such questions as:

- What is the absentee rate in particular offices?
- What are the feelings of workers faced with redundancy?
- What are the qualifications of different groups of employees?

The data collected are often quantitative and statistical techniques are used to summarize the information.

4.9.2 Primary Research Technique

Suitable techniques for collecting data in a descriptive research study include interviews (face-to-face and telephonic), case studies and questionnaires, all of which will be employed in this study.

4.9.2.1 Data Collection Using Interviews

Interviews are a method of collecting data by which normally face-to-face contact is made with the participant who is asked to answer questions. According to Burgess (1982:107) as cited by Bless & Higson (1995:73), the importance of an interview can be summarized as the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate, inclusive accounts that are based on personal experience.

Informal and formal interviews were held with industry participants, including Eskom employees who are in lower levels as well as the human resource practitioners. Hussey & Hussey (1997:156) suggest that in a qualitative approach, interviews would contain unstructured questions which have not been prepared beforehand. Since the problems are largely identified by previous research in other corporate organizations, some unstructured questions are favoured which are believed to probe deeper and reveal what may be issues that have not been revealed by previous research in corporate organizations. However, it is necessary to have a structured framework to work with, for interviews. This is done to avoid omitting essential aspects which are required to

complete the study (Ledbitter 2000:11). Based on this, a list of questions was formulated in advance for the purposes of this study.

This method was adopted when the researcher held focus groups with lower level employees and the human resource practitioners. Sharma (ref) states that when compared to mail surveys or telephone interviews, the personal interview enjoys the following advantages:

- It is most accurate;
- It generates the most amount of data;
- It obtains the highest response rate;
- It is the most flexible method;
- It provides maximum control over sample respondents, and
- There is an optimal questionnaire return rate.

4.9.2.2 Case Studies

Bless & Higson-Smith (1995:44) define a case study as a way of organizing social data and looking at the object to be studied as a whole. All aspects are considered, which means that the development over time of the event or person constitutes an important dimension.

A case study will be carried out on Eskom, a State-Owned Enterprise that is mandated to ensure the provision of communication services, provision of sustainable transport system, generating, transmitting and distributing electricity respectively to the whole country of South Africa and other states in the Southern Africa. The case study is designed to describe the problems experienced by the employees of this public corporation that cause them leaving their employment at Eskom.

4.9.2.3 Data Collection Using Questionnaires

Questionnaires are typically used to glean information from large numbers of people about the way they think and behave. Furthermore, questionnaires are usually employed in survey research because of their capacity to reach large numbers of respondents. According to Hussey & Hussey (1997:161), a questionnaire can be defined as a list of carefully structured questions chosen with a view to eliciting reliable responses from a chosen sample. The authors identify closed questions for positivistic or quantitative responses and open ended questions for phenomenological or qualitative answers, which allow for the respondent to select his/her own views or opinions. Imenda & Muyangwa (2000:150) state that questionnaires, as is the case with other instruments, should be designed in such a way that each major section corresponds to one of the research questions, hypotheses or objective. Each question of the questionnaire should also have a corresponding section in the literature review chapter.

4.9.2.3.1 Construction of the Questionnaire

The following are some important guidelines when designing a questionnaire, as outlined by Marshall (1997:40):

- Use plain English;
- Estimate the lowest educational standard likely to feature in your sample and pitch your language at that level;
- Begin with some easy questions;
- Move through the topic logically and consistently; and
- Make the questionnaire look professional and attractive.

Imenda & Muyangwa (2000:150) state that in constructing a questionnaire, the researchers must take into account a number of considerations for the study to succeed. The following are some considerations when designing a questionnaire:

- Questions should be easy for the respondent to understand and to answer;
- The questionnaire must be easy to administer;
- The flow or the length of the questionnaire must encourage and sustain the interest of the reader;
- Intended responses should be easily editable and modifiable;
- Consideration of the subject matter of the study and who is going to ask the question must be noted;
- Needs of the respondent should be considered first;
- Questionnaires should possess the same properties as good law in that it should be clear, unambiguous and uniformly workable;
- Its design must minimize potential errors from respondents and coders, and
- Since people's participation in survey is voluntary, a questionnaire has to help in engaging and eliciting answers as close as possible to feelings, opinions and/or ideas in relation to the issues of interest.

In addition to the above, McMillan & Schumacher (1993:24) suggest the following considerations when designing a questionnaire:

- The items should be clear and simple. Vague, ambiguous words and complex phrases should be avoided;
- Double-barreled questions should be eliminated, that is, those that contains more than one idea or address more than one concern. This eradicates the problem of respondents being bogged down with an item because they are in agreement with only one part of the item;
- Questions should be relevant to avoid participants responding carelessly, and
- Negative items should be excluded since these could be easily misinterpreted if respondents unconsciously skipped the negative words, for example, "not" or "no".

According to Imenda & Muyangwa (2000:151), the following must be avoided whenever a questionnaire is constructed:

- Avoid leading questions, that is, questions which somehow suggest a preferred answer;
- Avoid jargon, that is, use of high-level professional language or terminology;
- Avoid complex sentences with various sub-clauses and double negatives;
- Make sure instructions for completing the questionnaire are clear;
- Make sure that the subject matter of the question is readily identifiable, that is, conceptually as well as linguistically;
- Avoid ambiguous questions;
- Avoid the use of inappropriate vocabulary;
- Questions that lead to bias or distorted responses, for example, use of leading questions or questions linked to authority figures, and
- Sensitive or embarrassing issues should also be handled with care. Direct questions about unacceptable attitudes or behaviours often lead to understatement of those characteristics by respondents. Positive attitudes or behaviours, on the other hand, are usually overstated.

Questionnaires are a suitable method of collecting data when the sample population is large and the information required is mainly specific. Sending questionnaires by post is a relatively effective, low cost method but response rates can be low, necessitating follow-up visits in order to ensure that sufficient data from the required number of respondents is forthcoming.

The researcher's purpose in using a questionnaire was to gain information on the labour matters that lead to staff turnover in Eskom Distribution. According to Collen (1994:104), there are several advantages of using the questionnaire as a method of investigation. The following are some of the advantages:

- It is less time-consuming than interviews;

- It can be completed at any convenient time;
- More people can be reached , thus obtaining a broader spectrum of views;
- Standard instructions are given to all the respondents and the appearance, mood or conduct of the researcher does not influence the results;
- On controversial issues, it is easier to elicit a response from a questionnaire than an interview;
- The administration, scoring and analysis of a structured questionnaire are relatively easier, and
- The tendency for respondents to provide responses that please the researcher or write what the researcher wants is diminished.

Every tool used in a study has its good and bad aspects. The following are the bad aspects of the questionnaire, as identified by Bless & Higson-Smith (1995:122-123), and which this study took note of. Response rate for questionnaires tends to be very poor because of these reasons:

- No time;
- The respondent may not have received the questionnaire from his/her manager/supervisor/head of department;
- The participants' lack of interest and misplacing of the questionnaire, or not being bothered to fill it in, and
- The respondents' lack of knowledge of the issues contained in the questionnaire.

4.9.2.3.2 Design of the questionnaire

The section of the report dealing with staff turnover required responses from ex-Eskom employees and current Eskom employees specifically in the KwaZulu-Natal and Gauteng Regions. The current Eskom employees included line managers, supervisors, human resource practitioners and lower levels employees. The ex-Eskom employees' questionnaire was general and did not differentiate their previous positions or types of

work they did while they were employed. This means that any ex-Eskom employees' response was welcome irrespective of whether they were managers or not. Since the study was aimed at identifying the causes of staff turnover in Eskom, a set of questionnaires was sent to a specific number of potential respondents in order to be reasonably assured of 100% completed responses.

The design of the questionnaire went through three drafts which gave it a good chance of refinement until the final research tool was achieved through the help of the promoter. All the effort put into designing the questionnaire was to achieve the objectives of this study. The following important aspects were considered:

- The positions occupied by the respondents;
- The intellectual level of the respondents;
- Their relevance to the objective of the study;
- The sequencing of the statements, starting with introductory questions and gradually and politely getting into the gist of the study, without posing threatening questions, and
- The details of the various types of statistical techniques were employed.

The questionnaire for this study was designed to include open-ended questions, structured questions, and closed-ended questions.

According to Rossi (1983:124), an open-ended question is a question that requires the respondent to write down a response word for word. They are time-consuming, uneconomical and usually result in respondent fatigue setting in as they require considerable thinking and thus have a demotivating effect which often results in a poor response rate. Their use should be kept to a minimum although they may provide the researcher with insight into the situation being researched that is not usually obtainable with structured questions. In addition, open-ended questions are difficult to analyse, have no meaningful system of classification, and can be selected in advance. The

researcher is further not able to anticipate the various responses to the open-ended questions. In contrast, Schneider (1993:47) argues that the open-ended questions do not impose restrictions upon the respondent. They are also appropriate where a wide range of openness and responses are anticipated and where deep rooted motives, feelings and expectations of the respondent can be expressed.

Rossi (1994:124) further argues that a structured question is a question that contains specific, mutually exclusive categories of responses from which the respondent selects a category that best suits his/her response.

Closed-ended questions indicate a range of possible answers. They give a choice of answers or guidelines on the procedures to follow. There are elements that are crucial to be contained in order for the questionnaire to be realistic and suitable to source the genuine responses from the respondents. The following are some of the elements of closed-ended questionnaires as outlined by Simon & Burstein (in Jinabhai 1998:266) :

- Keep the study's purpose clearly in mind at all times. This will help ensure that all questions related to the study area are asked and that necessary questions that are irrelevant to the study are left out.
- Begin by writing down the topics which require information without worrying about the wording and logic;
- Number the topics in a logical manner;
- Pretest the questionnaire by personally going out and asking the questions in an open-ended manner;
- Re-write ambiguous questions, reorganize questions where necessary, change some open-ended questions to closed-ended questions and generally tighten up the questionnaire;
- Write an introduction that will persuade potential respondents to participate;
- Improve the questionnaire;
- Go into the field for part of the interviews, and

- Check the preliminary results for the satisfactory completion of the work.

The questionnaire must also be reliable. In order for the questionnaire of this study to be reliable, the researcher considered the following criteria that can be used to design a reliable questionnaire, as outlined by Melville & Goddard (1996:43), which must ensure that the questionnaire:

- Is complete and elicits all the data required;
- Asks only relevant questions;
- Gives clear instructions;
- Starts with general questions, and
- Have objective questions with sensitive questions at the end.

In addition to the above, the following guidelines as suggested by Scriven (1974:62) were borne in mind when conducting this study:

- Objectivity;
- Precision;
- Verification;
- Parsimonious explanation;
- Empiricism; and
- Logical reasoning.

Having considered the above criteria in designing the questionnaire, the researcher received very quick responses from the respondents. The researcher used the Likert scale to determine the degree of agreement or disagreement, with a provision for unsure, for each statement that was provided in the questionnaire. Zimbardo & Ebbeson in Pillay (2000:68) argue that this research method measures a person's attitude score as the sum of his individual rating; hence the researcher found the Likert scale suitable for use in this study as the study seeks to find the attitudes of employees within Eskom that lead to staff resignations from this entity.

Spector (1992:1) highlights some characteristics of the Likert scale as follows:

- The scale must contain multiple items;
- Each individual item must measure something that has underlying, quantitative measurement continuum;
- Each item has no 'right' answer (different from multiple choice), and
- Each item in a scale is a statement to be read.

According to Kumar (2005:150), the analysis is limited to statements such as respondent 'a' has a more positive attitude than respondent 'b'. The researcher cannot conclude, for example, that the attitude of respondent 'a' was twice as positive as respondent 'b'. The net effect is that a score only places respondents in a position relative to one another. Essentially, the Likert scale does not measure the attitude *per se*, but helps to rate a group of individuals in descending or ascending order with respect to their attitudes towards the issues in question.

4.9.2.3.3 Description of the questionnaire

The research tool that was adopted in this study was the questionnaire. The questionnaire was carefully constructed to facilitate maximum responses from the respondents. It was also constructed to elicit greater detail concerning the research and it was directed to Eskom's current employees as well as Eskom's previous staff who had resigned. The questionnaire aimed to survey the factors that influence the staff turnover in Eskom with an intention to create a model that can be used to manage staff turnover.

Since the study is focusing on Eskom staff and the matters that affect their work environment, the questionnaire was divided into the following sections:

SECTION A	BIOLOGICAL PARTICULARS
SECTION B	KNOWLEDGE ON STAFF TURNOVER
SECTION C	MANAGEMENT STYLE
SECTION D	KNOWLEDGE ABOUT HEALTHCARE MATTERS
SECTION E	OUTSOURCING OF ESKOM ACTIVITIES
SECTION F	WELFARE MATTERS
SECTION G	SERVICE DELIVERY

Section A was used to get more information on the level of education, gender, and level of appointment. With regard to Section B, respondents were given a brief explanation of the concepts on staff turnover so that the researcher could understand the level of respondents' understanding of the concept of staff turnover. Sections C to F aimed at getting more information on the perception of employees with regard to the type of management style the managers portray in the work environment, health care matters, impact of outsourcing Eskom activities, welfare matters and the impact of all these on the delivery of electricity services to South African communities.

A covering letter addressed to the respondent outlined the importance and nature of the study. The respondents were assured that their responses were to be handled with maximum confidentiality and anonymity. The covering letter reflected the institution where the researcher is studying and in addition, was signed by the researcher. This was done to validate its authenticity and solicit co-operation from the respondents by stressing the importance of the study. Instructions for the completion of the questionnaires were given and the respondents were informed that the questionnaire had been designed for computer analysis. They were informed that should they wish to furnish additional information, there was space available for comments. Copies of the letters and questionnaires are attached in the annexure.

4.9.2.3.4 Coding

The questionnaire included the pre-coded questions in the sequence of alternatives given. Coding entails assigning numeric codes to each response which falls in a particular category. The provision was made for an open alternative response since it was not possible to generate all the alternative responses as depicted by Martains (1996:301): "Other: (Please specify...) or comment...". The inclusion of pre-coded questions facilitates data capturing.

4.10 STATISTICAL TECHNIQUE

According to Jinabhai (1998:276), the objectives of any study are to determine the type of statistical techniques to be used. Each question measures some relevant aspects of the survey and each question may generate one or more responses to a question. This gives rise to a variable which has certain characteristics and determines the type of statistical analysis to be applied. Statistics is used in the analysis of data to aid in decision-making. According to Sandy (1990:01), the term statistics designates a summary measure of the numerical characteristics of a sample.

A large number of statistical techniques are available for analysing data and the researcher is often confronted with the problem of selecting the most appropriate technique. The technique selected to analyse data is also dependent upon the nature of the survey undertaken, the characteristics of the population, the level of measurement and the sample size (Jinabhai 1998:276). According to Moodley (2001:38), statistics may be seen as a method of organizing and analysing quantitative data. Moodley further states that statistics and numbers do not interpret themselves and the meaning of the statistics is derived from the research design.

Welman & Kruger (1992:212) concur with Moodley (2001:38) that statistical techniques cannot select themselves, interpret the results that they have obtained or draw conclusions on behalf of the person applying them. The choice of the appropriate

statistical techniques and interpretation of the results obtained remain the exclusive responsibility of the researcher using them.

4.10.1 Descriptive Statistics

Welman & Kruger (2000:213) state that descriptive statistics is concerned with the description and summarisation of the data obtained for a group of individual units of analysis. Descriptive statistics is a type of research that is primarily concerned with the nature and the degree of existing situations or conditions. On the one hand, the purpose is to describe rather than to judge or interpret (Landman 1988:59). On the other hand, Kinnear & Taylor (1991:546) state that the objective of descriptive statistics is to provide summary measures of the data contained in all the elements of a sample.

According to Sekaran (1992:259), descriptive statistics describes the phenomena of interest and is used to analyse data for classifying and summarising numerical data.

4.11 SECONDARY RESEARCH TECHNIQUE

According to Bless & Higson-Smith (1997:99), the difference between primary and secondary data can be explained when researchers collect their own data for the particular purpose of their research; such data is called primary data. Very often, however, researchers have to use data collected by other investigators in connection with other research problems.

Hussey & Hussey (1997:86) state that secondary data is therefore that which already exists, which includes books, articles in journals, magazines, newspapers, conference papers, reports, archives, published statistics, company annual reports and accounts, as well as organisational internal reports.

Secondary data gathered for this study has been obtained from a library search of books, journals, newspapers, television news and Eskom's internal reports and records from Internet.

4.11.1 Literature Review

The researcher in this aspect based the study on theoretical framework by reflecting what different authors say about labour turnover as a human resource challenge in the corporate world. Literature provides the foundation upon which the problem is investigated. Fulrell (1988:17) states that the literature review includes the reading of documented material which is found in libraries or elsewhere. The documents include reports, articles, periodicals, books, diaries, biographies, autobiographies and unpublished material. Bless & Higson Smith (1995:23) identify some reasons why a literature review is necessary below:

1. To sharpen and deepen the theoretical framework of the research, that is, to study the different theories related to the topic.
2. To familiarise the researcher with the latest developments. The researchers should become acquainted with the problems, hypothesis and results obtained.

The authors also point out to the potential dangers of the literature review, including being influenced by what has been written, and accepting what has been proposed without criticism instead of exploring new avenues. Hussey & Hussey (1997:109) outline the importance of the literature review as follows:

- It improves one's knowledge of the chosen subject area;
- It has a significant impact on the research project, and
- It demonstrates that one understands of the subject.

The primary purpose of the literature review contained in this study is to be able to apply the theories, strategies, concepts and models contained in established corporate organisations as far as staff turnover is concerned.

4.12 CONCLUSION

For any research to be reliable and acceptable, scientific research methods are to be applied in any research conducted with the aim of identifying causes of certain problems and providing and recommending solutions. Each research project is different from the next project and may require different research techniques to be applied in order to derive reliable and acceptable results. Therefore suitable research technique must be carefully selected and applied for a specific type of a research project that will produce reliable and acceptable results. This chapter has discussed the research design in detail, highlighting the aims and objectives of the study, key questions to be asked in the study, and the significance of the study. It further highlighted the sampling procedure and the data collection techniques. The statistical techniques used in the study were also presented and discussed in this chapter. The following chapter will present and analyse data collected using the above data collection methods.

CHAPTER 5

PRESENTATION AND ANALYSIS OF DATA

5.1 INTRODUCTION

In the previous chapter, the technique that was used in collecting data was presented and discussed. In this chapter, the results of the investigation will be categorized, discussed and interpreted. It will be recalled that the aim of the study is to develop a model that can be used by Eskom to manage staff turnover. In order to create the model, some insight into the reasons and causes for employees continuously resigning from this organisation must be gained. In an attempt to achieve this goal, questionnaires and interviews were used as a method of collecting data. These were conducted with 300 respondents who are current employees and those that have resigned from Eskom.

Statistical analysis is very important when analysing data. According to Norusis (2000:01), good data analysis involves a mixture of common sense, technical expertise and curiosity. Data analysis is the art of examining, summarizing and drawing conclusions from the data. The Statistical Package for Social Sciences (SPSS) is a comprehensive and flexible statistical analysis and data management system. SPSS can take data from almost any type of file and use them to generate tabulated reports, charts and plots of distribution trends, descriptive statistics, and conduct complex statistical analysis (www.indiana.edu).

5.2 STATISTICS

The following statistics were used in this research (Norusis 2000:01).

5.2.1 Graphical Representations:

Bar Charts. In bar chart, the length of each bar represents a data value or statistic. The length of the bar also depends on the number of cases in the category (Norusis 2000:01).

Pie Charts: A pie chart represents information from a frequency table that is easier to see if it is turned into a visual display. Each “slice” represents a row of the frequency table. A pie chart implies that the summary statistics can be regarded as parts of a whole, so counts, percentages, and sums are the most commonly used statistics (Norusis 2000:01).

5.2.2 Administering of questionnaire

The questionnaire (annexure B) was administered during the month of August 2011 immediately after it was approved by the Ethics Committee of the University of KwaZulu-Natal. This was distributed by email and by hand to all identified participants both in the KwaZulu-Natal and Gauteng Regions. All the respondents were easily accessible since the researcher and the respondents work in the same organization that is being studied. The respondents were given a due date by which to return the completed questionnaires. The responses were very good and the complete collection of data through questionnaires was done during the months of August and September 2011. It was only the ex-Eskom employees who were not easily accessible since most of their contact details had changed. However, a sizable number of the respondents who are ex-Employees did respond to the questionnaires.

5.2.3 Conducting Interview Questions

The interview for the lower level members of staff as well as the human resource practitioners were conducted concurrently with the administering of questionnaires. The interview questions (in annexures C and D) for lower level employees and human resource practitioners were also approved by the Ethics Committee of the University of

KwaZulu-Natal. The interviewees were approached individually and as focus groups. This was done through personal visits; some were interviewed by telephone. Unfortunately, all the respondents requested not to be recorded as they were concerned that their comments could expose them to trouble with the employer should it happen that the employer somehow finds the information. This was not regarded as a challenge since the letter of the informed consent stated clearly that the respondents were not obliged to disclose their names.

5.3 PRESENTATION OF DATA

Each questionnaire and interview question was coded. The biographical particulars of the respondents were categorized and coded (01 to 05) from question 1 to question 6 of the questionnaire. The questionnaire was further categorized into different themes. Knowledge of staff turnover was the second theme that covered questions 7 to question 10. In this theme, each question was numbered according to the respective alphabet, but the responses were all coded as above. Management style was the third theme, which covered questions 11 to question 18, and all the responses were coded. Knowledge about health care matters was the fourth theme, and it covered questions 19 to 23, with all the responses coded. Outsourcing of Eskom activities was the fifth theme, which covered questions 24 to 27; all the responses were coded as well in this theme. Welfare matters were the sixth theme, which covered questions 28 to 34, with all the responses coded. Service delivery was the sixth and the last theme of the questionnaire, which covered questions 35 to 40. The results of the responses in each question will be presented respectively below using the bar graphs and the pie charts. Themes 1 and 2 present the views of the respondents who completed questionnaires which include Eskom managers, Eskom current employees, trade union representatives and the ex-Eskom employees. The total number of the targeted respondents for these themes was 145 respondents.

5.3.1 Theme 1: Biological Particulars

5.3.1.1 Position

The following diagram will illustrate the positions held by the respondents who completed the questionnaires and these include Eskom current employees, trade union representatives, Eskom managers and ex-Eskom employees.

Figure 5.1: Positions of the respondents

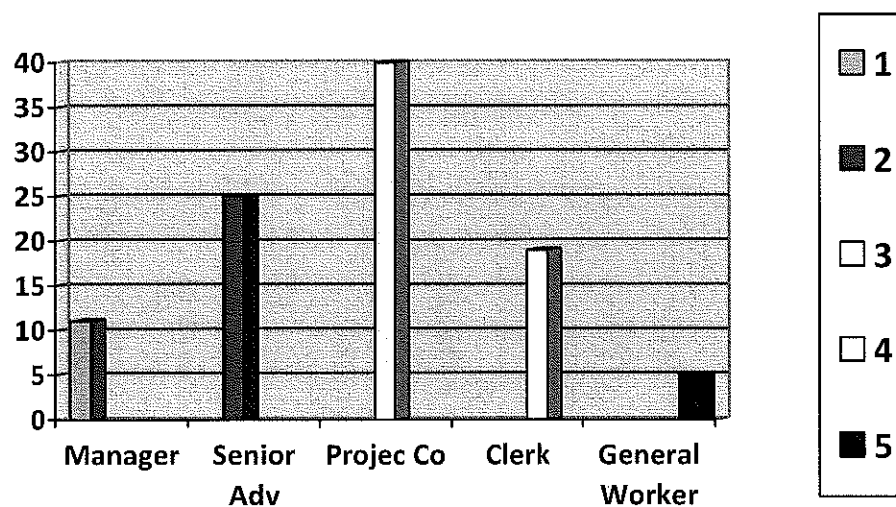


Figure 5.1 above shows the types of positions held by the respondents including the ex-Eskom employees. It can be seen on the graph that the Project coordinators were a larger part or 40% of the respondents as they come from the technical background. Approximately 11% of the respondents were managers. Approximately 25% of the respondents represented the senior advisors. Another 5% represented the general workers who usually are the helpers of the project coordinators since most of the work is outsourced to external contractors. The project coordinators report to the senior advisors and senior advisors to the managers. It should be noted that the senior advisor category includes the human resource practitioners. 19% of the respondents represented clerical services.

5.3.1.2 Departments in which respondents work

Figure 5.2: Departments in which respondents work

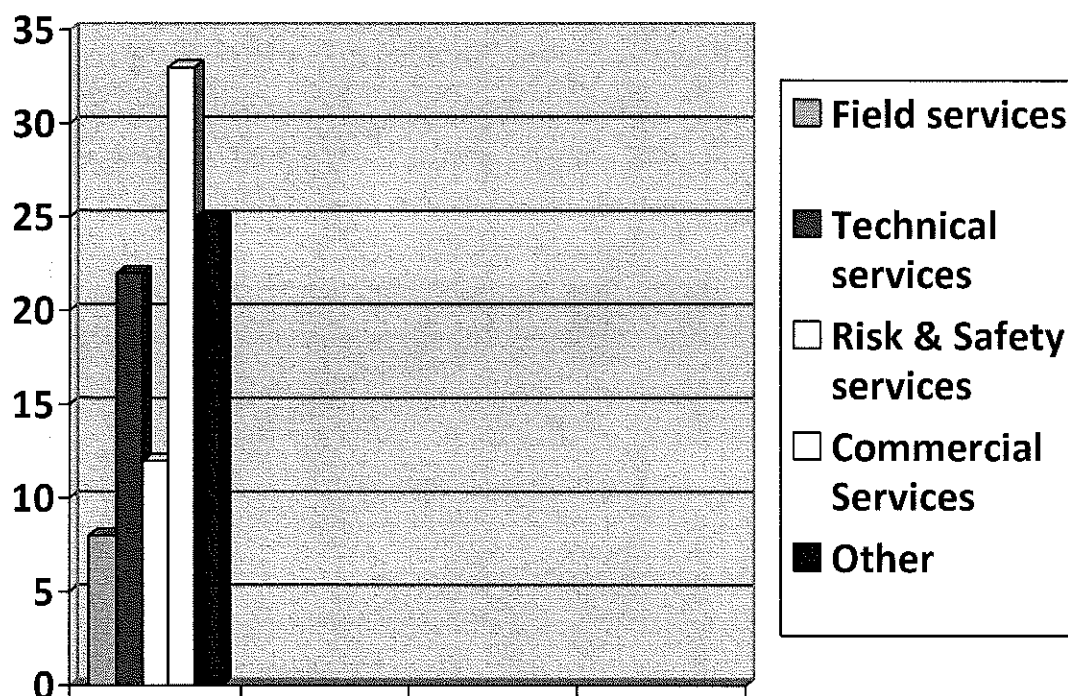


Figure 5.2 above presents the departments in which the respondents work, including the ex-Eskom employees. Approximately 8% of the respondents represented the Field Services, and 22% of the respondents represented Technical Services. Both Field Services and Technical Services departments are core to the distribution of electricity, where the actual construction of power lines that distribute electricity to the customers takes place. Approximately 12% of the respondents represented Risk & Safety Services. Approximately 33% of the respondents represented Commercial Services, 25% of the respondents represented other departments which include Human Resources Department, Finance Department and Programme Management Department. It can be seen that the larger percentage of the respondents came from Commercial Department and other departments mentioned above including Human Resource Department which

handles all the employee resignations as well as grievances that may exist between the employees and the management.

5.3.1.3 Educational Level

Figure 5.3: Educational level of the respondents

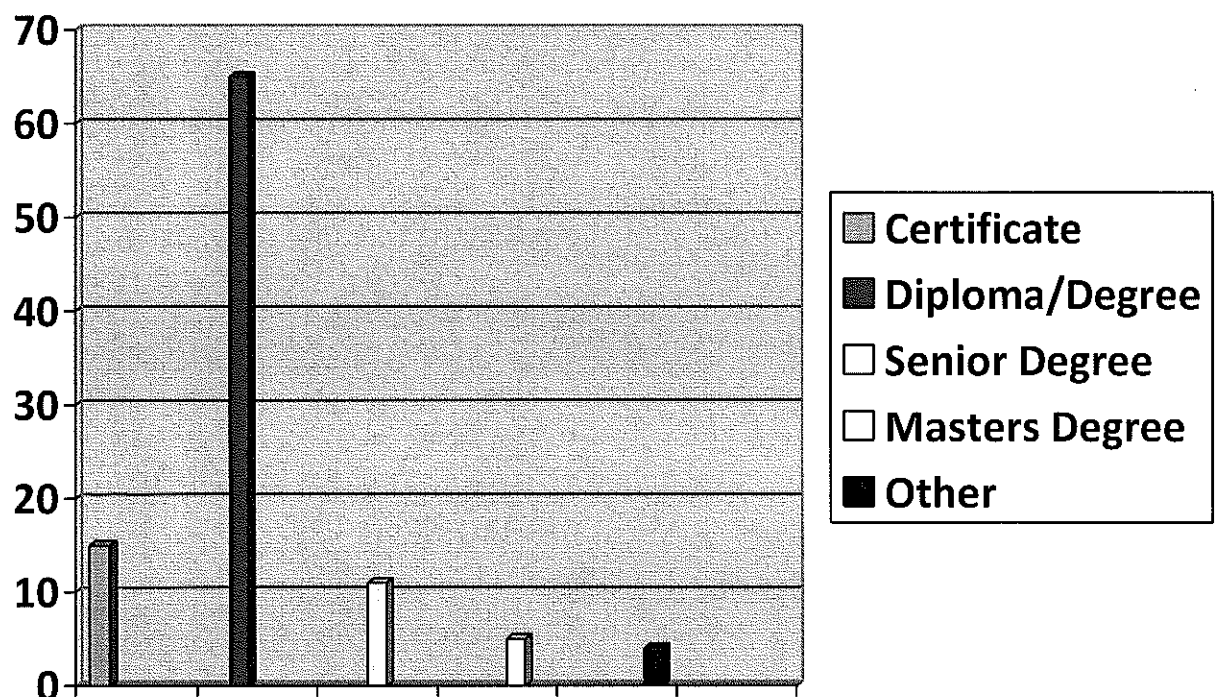


Figure 5.3 above presents the educational level of the respondents, including the ex-Eskom employees. Approximately 65% of the employees hold diplomas and degrees in different categories of the business. About 5% hold Masters Degrees, and 11% hold Senior Degrees. Approximately 15% of the respondents hold training certificates in different categories and about 4% of the respondents selected other option but could not specify what qualification category they fall in. This shows that the educational level of employees at Eskom is very high and therefore it can be expected that the services

delivered to the communities are excellent, since most of the employees are qualified and trained in their areas of specialisation within the organization.

5.3.1.4 Race (For Demographic Purposes)

Figure 5.4: Race of respondents

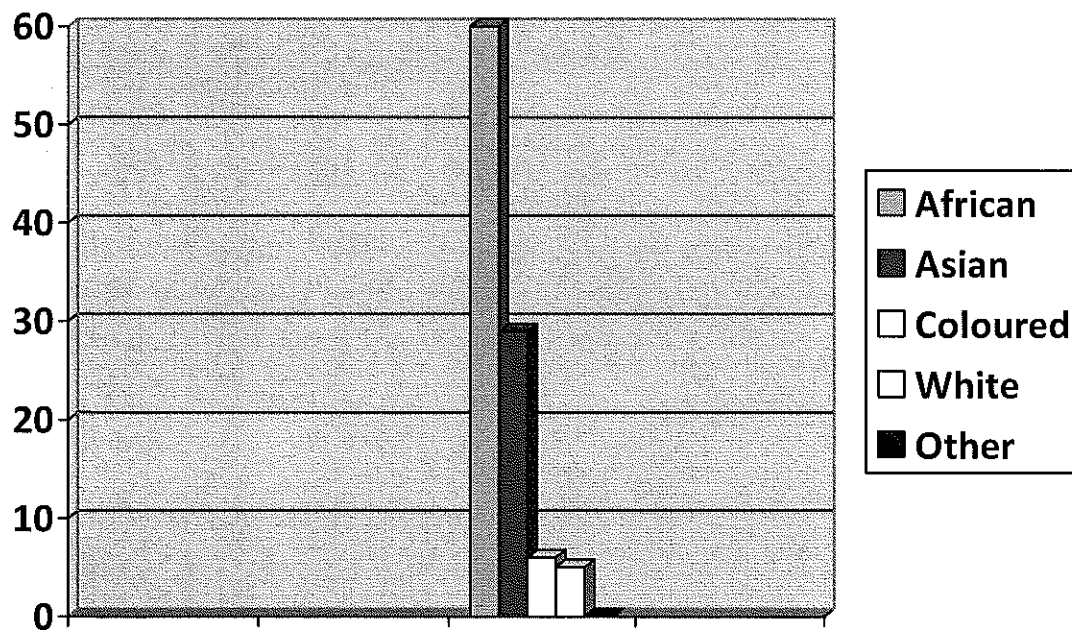


Figure 5.4 above illustrates the race groups that participated in the study and completed the questionnaires. Approximately 60% of respondents were Black Africans, 29% of the respondents were Asians, 6% were Coloured and 5% were Whites. This shows that the majority number of the respondents were Black Africans who are classified by the Constitution of the Republic of South Africa as previously disadvantaged individuals. These include Black African individuals, Asian individuals, and Coloured individuals. The total percentage of respondents that are classified as Black was 95%.

5.3.1.5 Age (For demographic purpose)

Figure 5.5: Age of the respondents

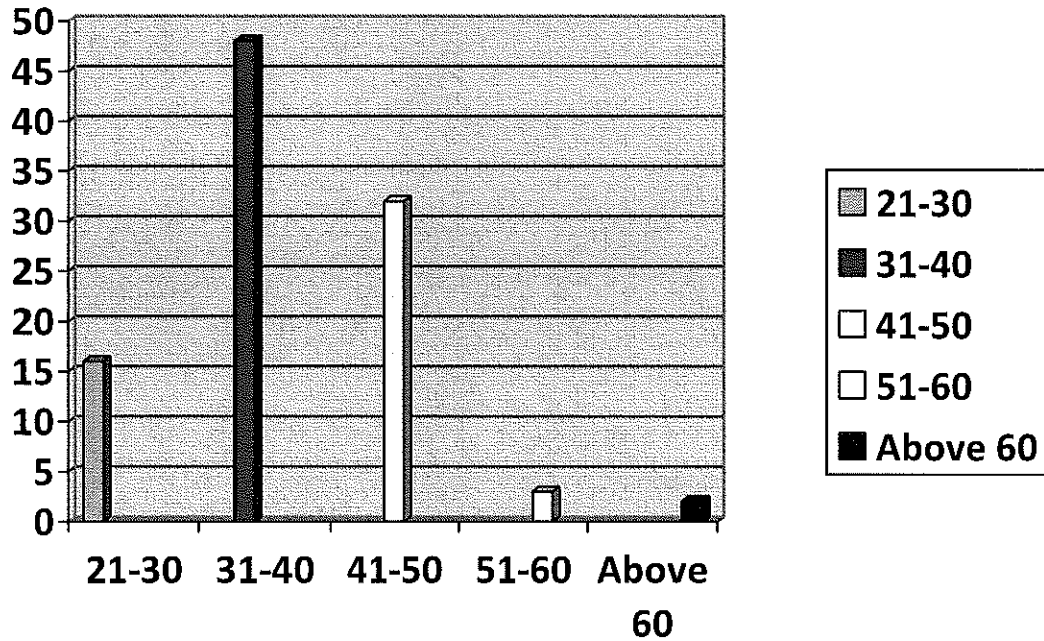


Figure 5.5 above illustrates the age groups of the respondents who participated in the study by completing the questionnaires. It can be seen that 16% of the respondents fall between 21 and 30 years. This represents the youth employed in an organization who are participating in the delivery of electricity services. Approximately 48% of the respondents fall between 31 and 40 years of age; these are young adults who are working in the electricity industry ensuring that electricity is delivered to the communities. The respondents who were between 41 and 50 years constituted only 31%, while the adults between 51 and 60 years were 3%; and approximately 2% of the respondents were employees above the age of 60.

5.3.1.6 Gender (For demographic purpose)

Figure 5.6: Gender of the respondents

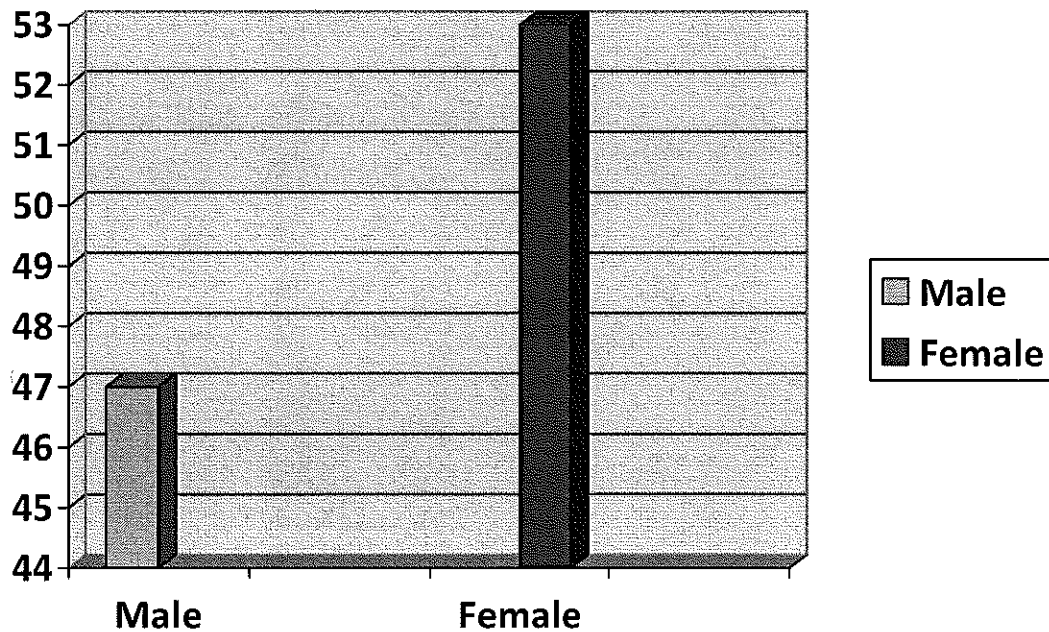


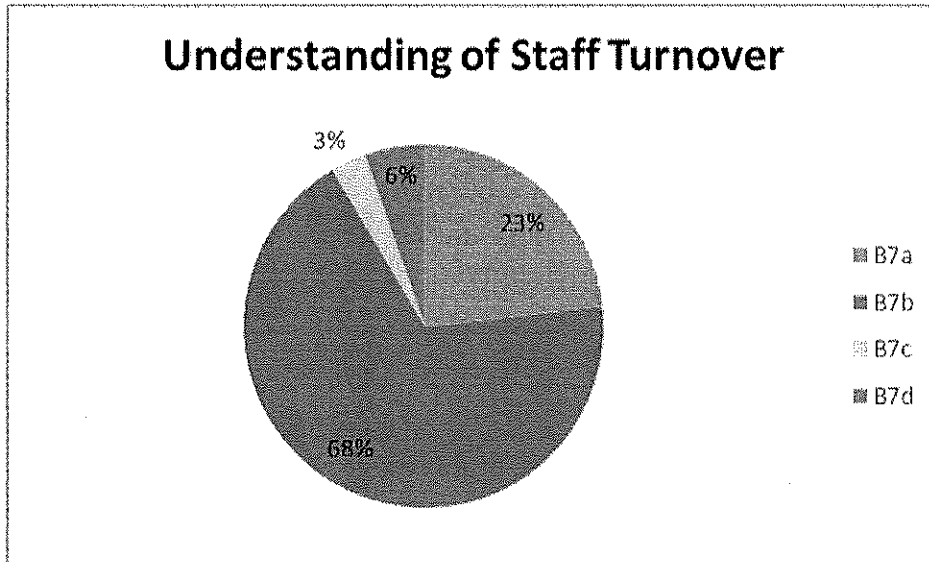
Figure 5.6 above illustrates the gender of the respondents who participated in the study and completed the questionnaire. Approximately 53% of the respondents were females and 47% of the respondents were males. This indicates that this organisation is likely to have more female employees in all its departments.

5.3.2 Theme 2: Knowledge on Staff Turnover

5.3.2.1 Understanding of Staff Turnover

Most respondents gave the following responses on staff turnover. These responses are ranked on the basis of how frequently they were mentioned in the table below:

Figure 5.7: Respondents' understanding of staff turnover



All the respondents who completed the questionnaires had different views, as presented above. Approximately 3% of the respondents cited "more employees experience personal challenges" as what they understand to be the meaning of staff turnover. About 6% of the respondents cited "more employees performing well in an organisation". Approximately 23% of the respondents cited "more employees being employed in an organisation". Approximately 68% of the respondents cited "more employees resign from an organisation" as what they understand to be the meaning of staff turnover. This means that the majority of the respondents are aware what staff turnover means.

5.3.2.2 Main reasons why most employees leave Eskom as their employer

Figure 5.8: Reasons for staff turnover

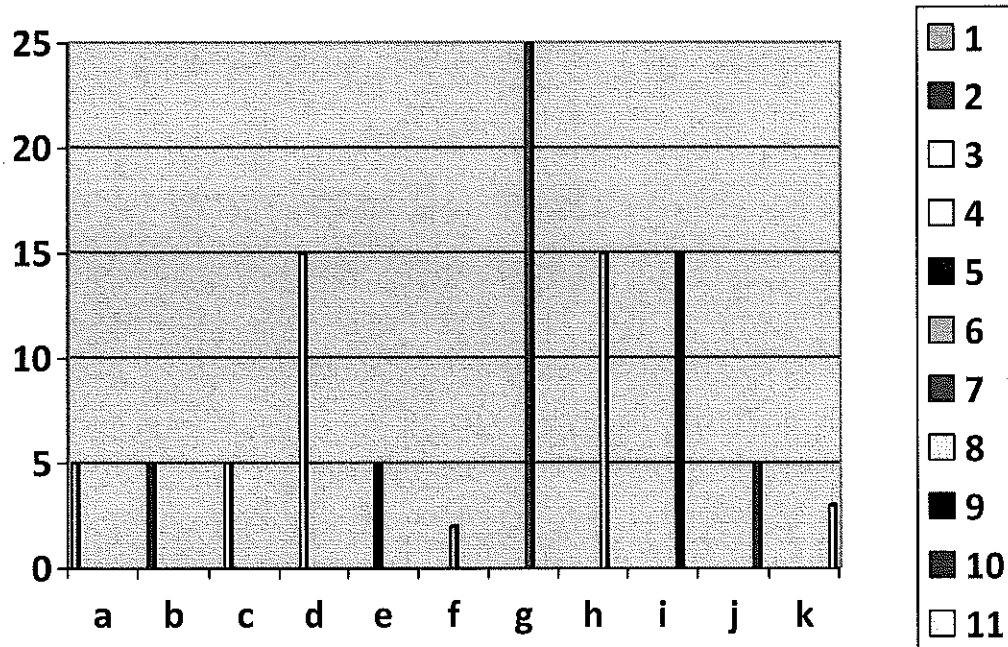


Figure 5.8 above illustrates the reasons why most employees leave Eskom as their employer. The respondents had different views on the above question. Approximately 5% of the respondents believe that employees resign because they have many challenges in their families. Approximately 5% of the respondents believe that managers are not supporting employees with their family challenges. About 5% of the respondents believe that employees are fired due to poor performance. Approximately 5% of the respondents believe that Eskom pays less compared to market related salaries. Approximately 2% of the respondents believe that employees are fired due to corruption. Approximately 3% of the respondents believe that employees resign due to sickness. About 15% of respondents believe that employees resign because they need to explore new opportunities. About 5% of the respondents believe that employees are not receiving recognition for excellent work. Approximately 15% of respondents believe that managers are biased when resolving conflicts among employees. About 15% of the respondents believe that Eskom outsources most of its work at best rates.

Approximately 25% of the respondents believe that most employees resign due to many unresolved conflicts between line managers and their subordinates.

5.3.2.3 Methods that can be used to encourage employees to remain loyal to Eskom

Figure 5.9: Methods to encourage loyalty of employees

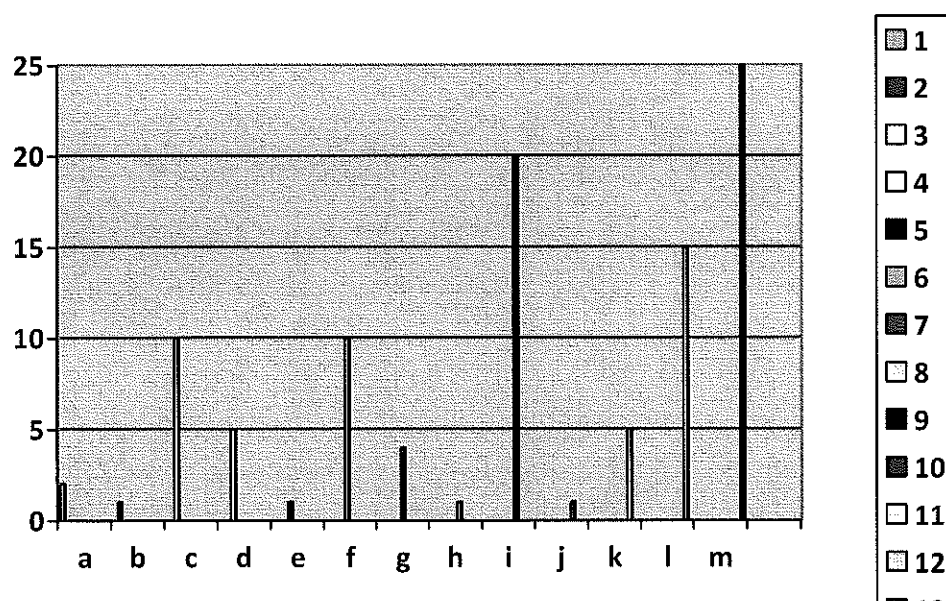


Figure 5.9 above illustrates the suggested methods that can be used to encourage employees to remain loyal to Eskom. Approximately 1% of the respondents believe that employees should take care of their health and safety. Approximately 2% of the respondents suggest that managers need to acknowledge employees' ideas by supporting them. Approximately 1% of the respondents suggest that employees need to respect and comply with the requirements of their jobs. Another 1% of the respondents believe that employees should avoid any act of corruption. About 1% of the respondents suggest that managers need to understand and support individual employees according to their individual needs. Approximately 4% suggest that employees should commit themselves in executing their work. About 5% of the respondents suggest that employees should always comply with all the organisational rules. About 5% of the respondents believe that employees doing the same work should

be paid the same salaries. About 10% of the respondents believe that it would help if managers could develop good team building strategies to unite and support their work teams. About 10% of the respondents believe that employees of Eskom should be treated equally with no preferential treatment given to certain employees. Another 15% of the respondents believe that it would help if managers could acknowledge employees' good performance. Approximately 20% of the respondents also believe that it would help if managers could practice fairness when resolving conflicts in their departments. Approximately 25% of the respondents believe that it would help if managers could avoid biasness in how they treat their subordinates.

5.3.2.4 Strategies that can be used to promote a strong, good and lasting relationship between Eskom and all its employees

Figure 5.10: Strategies to promote a long-lasting relationship between Eskom and employees

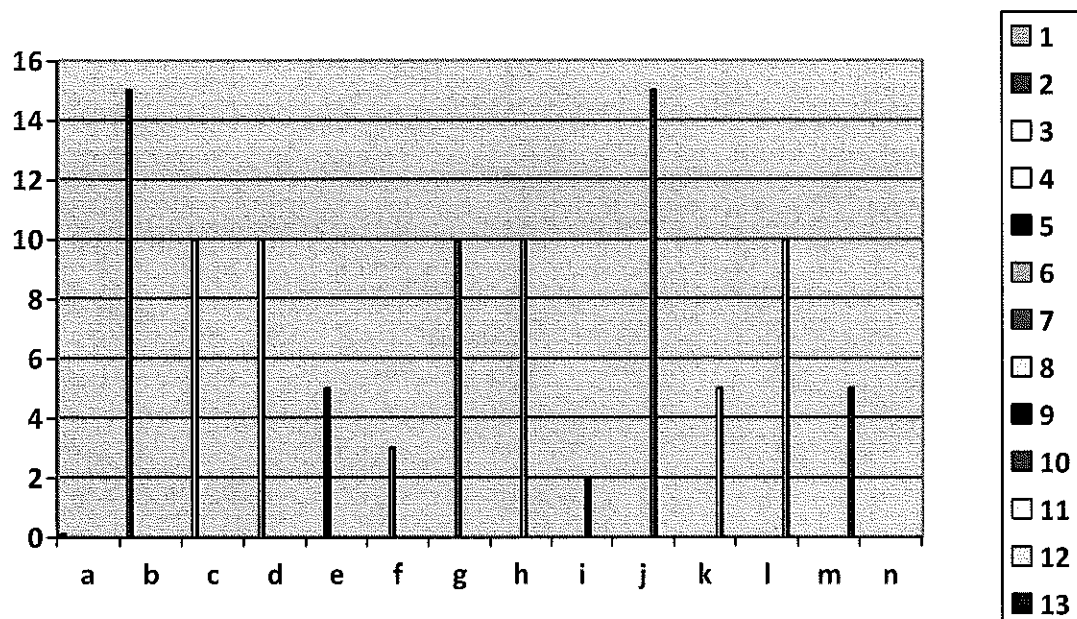


Figure 5.10 above illustrates the suggested strategies that can be used to promote a good, strong and lasting relationship between Eskom and all its employees. No respondents responded to question one (a) of this section, where the question

suggested that Eskom should allow employees to be absent from work without reporting. Approximately 2% of the respondents suggest that employees must avoid taking liquor at work. Approximately 3% of the respondents believe that employees should always show commitment to their work. Approximately 5% of the respondents suggest that Eskom needs to pay equal salaries to employees doing the same type of work. About 5% of the respondents believe that managers should avoid racially discriminating behaviours when dealing with employees. About 5% of the respondents believe that managers need to treat employees in the same manner. About 10% of the respondents suggest that Eskom should appoint suitable employees for relevant positions. Approximately 10% of the respondents believe that Eskom should ensure no bias exists when appointing employees. Approximately 10% of the respondents believe that Eskom should pay market-related salaries. This can be interpreted to mean that Eskom is currently not paying market-related salaries. About 10% of the respondents also believe that Eskom needs to provide more attractive employee benefits. About 10% of the respondents suggest that managers should apply fairness when conducting employee performance appraisals. Approximately 15% of the respondents believe that Eskom should appoint suitable managers for relevant jobs. About 15% of the respondents suggest that managers need to avoid being biased when resolving employee conflicts. It should be noted that no respondents responded on the last question of this section, where the respondents were expected to mention other strategies that can be used to promote a strong, good and long-lasting relationship between Eskom and all its employees.

5.3.3 Theme 3: Management Style

The questions that were asked in the questionnaire from questions 11 to 40 are the same as the interview questions to the lower level employees, with the exception of question 15 and question 16 in the managers' questionnaire, as well as question 26 of the interview questions to the lower level managers. The total number of the targeted respondents in this section was 295 as it excluded interview questions for the human

resource practitioners. Therefore, all the responses in these sections were analysed and presented together.

5.3.3.1 All Eskom managers treat employees under their supervision with respect

Figure 5.11: Managers treat employees with respect



Figure 5.11 above illustrates the perception of the respondents about the attitude of managers in Eskom when handling the employees on a day-to-day basis. Approximately 42% of the respondents feel that managers do not treat employees under their supervision with respect. Approximately 58% of the respondents believe that managers in Eskom do treat employees under their supervision with respect. This behaviour of managers in not treating employees with respect works against Eskom's values. Eskom's values include:

- Zero Harm;
- Innovation;
- Integrity;
- Sinobuntu (caring);
- Customer satisfaction; and
- Excellence.

Non-adherence to the integrity and sinobuntu (caring) values of Eskom especially by managers could easily cripple innovation and customer satisfaction values, and could result in employees considering leaving Eskom. On the other hand, the bigger percentage (58%) of the respondents believe that Eskom managers do treat employees with respect. This is a very good indication that Eskom as an organisation do value employees and treat them with integrity which could lead to excellence within the organization.

5.3.3.2 Most managers in Eskom are open to ideas that come from their subordinates

Figure 5.12: Managers' openness to employees' ideas

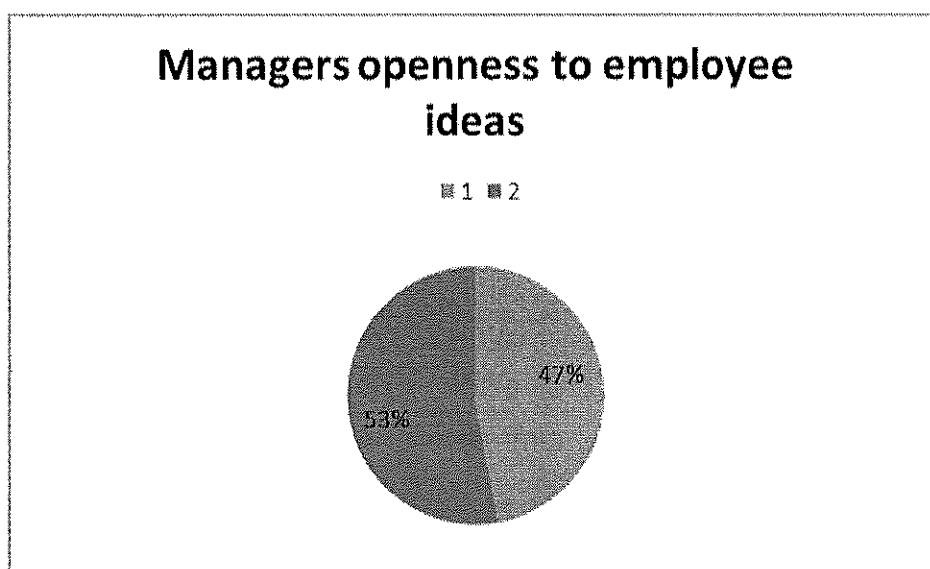


Figure 5.12 above illustrates respondents' perception about the openness of managers to ideas coming from their subordinates. Approximately 53% of the respondents believe that managers in Eskom are not open to ideas that come from their subordinates. Approximately 47% of the respondents believe that managers in Eskom are open to ideas from their employees to a certain extent. Most respondents commented that the managers always have the final word and are not prepared to take any viewpoints from their subordinates.

One of the examples given by a respondent was an opinion where a subordinate suggested to the manager that all four employees in supervisory positions must be given equal opportunity to act in their line manager's position since their manager was going on maternity leave. According to the comments of the respondent, this idea was not accepted by the line manager and resulted in one employee at supervisory level being delegated to act for 4 months in the managerial position. This deprived other employees of an opportunity to enrich their supervisory experiences with managerial experience.

5.3.3.3 Managers in Eskom encourage their employees to upgrade their skills through training facilities provided by Eskom

Figure 5.13: Upgrading of employees skills

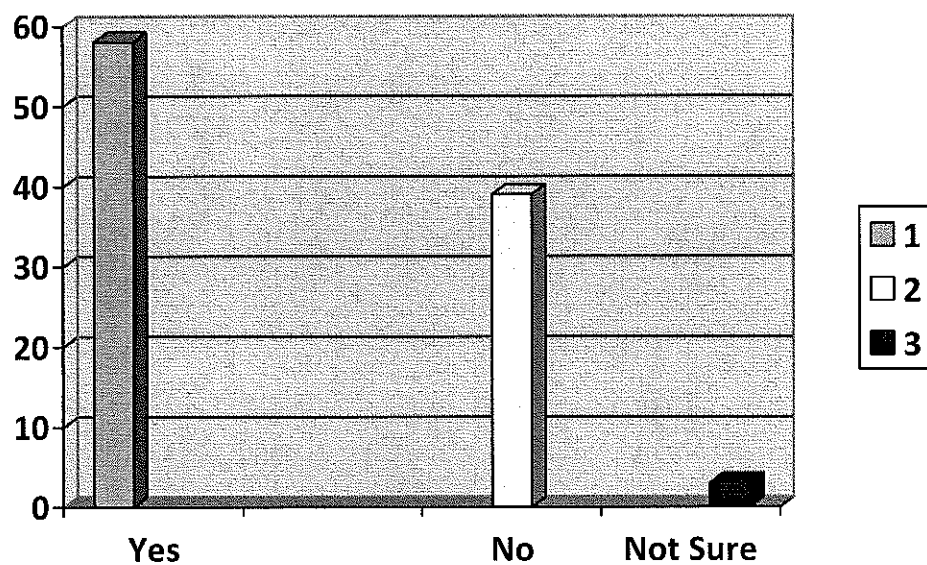


Figure 5.13 above illustrates the perceptions of the respondents about managers encouraging their employees to upgrade their skills through training facilities provided by Eskom. Approximately 39% of the respondents believe that managers are not encouraging their subordinates to upgrade their skills through training facilities provided by Eskom. Some of the comments made on are as follows:

- Managers do not give guidance on the type of courses the employees can study that are available within the Eskom training curriculum, related to the work they do.
- Managers usually approve training for an employee to whom they give preference.
- Managers are only concerned about work and not about subordinates' development. They do not give subordinates time off to attend training and to prepare for examinations.
- Some managers feel threatened when their subordinates are more skilled than they are.
- Some managers are only concerned with saving their budget so that their departments look good.

In contrast to the above views, approximately 58% of the respondents believe that managers do encourage their subordinates to upgrade their skills through training facilities provided by Eskom to a certain extent, especially training on software which most employees need to master to successfully perform their duties. Approximately 3% of the respondents commented that they were not sure of the answer to the question.

5.3.3.4 Do managers in Eskom have inappropriate management style (e.g. autocratic, bureaucratic)?

Figure 5.14: Management style of Eskom managers

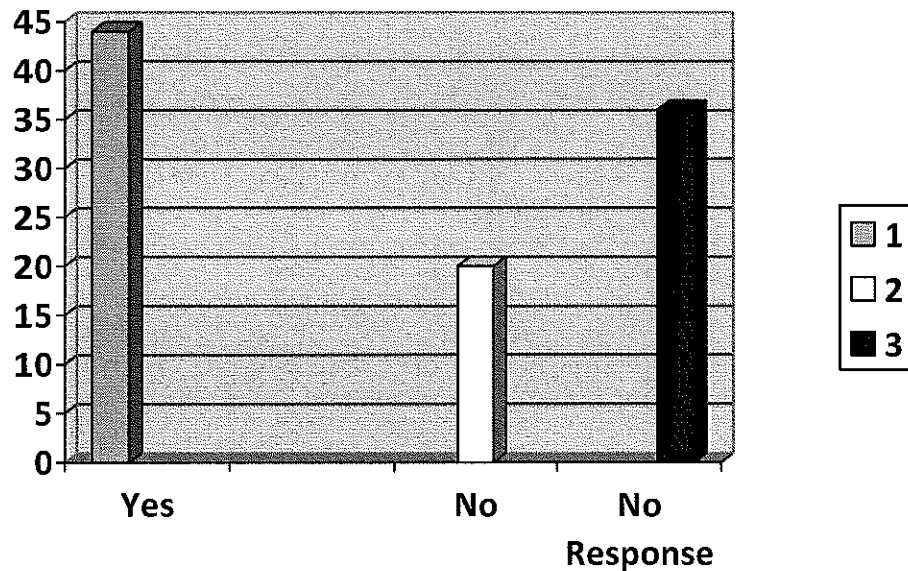


Figure 5.14 illustrates the respondents' perceptions of managers' management style. Approximately 44% of the respondents believe that managers have an inappropriate management style. The respondents pointed out that most managers in Eskom are autocratic and not willing to take any opinions from their subordinates. This means that only the managers' ideas are implemented in a department and all the subordinates have no say but to take instructions as they are. This type of management style instills fear among employees, as an autocratic management style is usually associated with disciplinary actions often taken against employees, lack of empathy and support to employees. According to Hilliard (1995:41), autocratic leaders or supervisors are usually rigid, intolerant and demand unquestioning obedience or compliance from subordinates. It is thus a boss- centred leadership style. This is not an ideal type of leadership style to promote productivity, although employees usually still get the work done in one way or another. Approximately 20% of the respondents believe that managers in Eskom do not have inappropriate management style; however, they show some autocracy in some aspects of the business decision-making. Approximately 36% of the respondents did not respond on this question.

5.3.3.5 Do managers in Eskom treat their subordinates differently?

Figure 5.15: Managers Treating Subordinates Differently

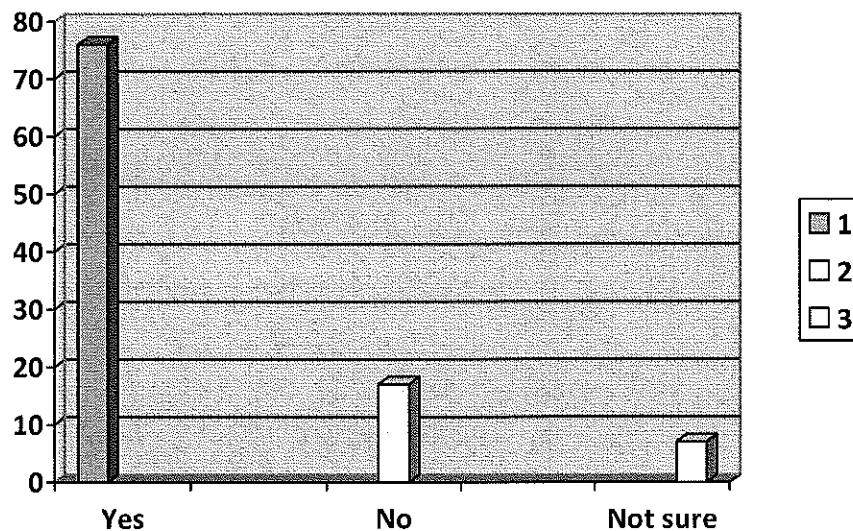


Figure 5.15 above illustrates the perceptions of the respondents about the ability of managers to treat their subordinates equally. Approximately 76% of the respondents feel that managers in Eskom do treat their subordinates differently. The respondents highlighted that most of the managers give preferential treatment to some of their subordinates and therefore make sure that those preferred employees are always put at an advantage in any aspect of the organizational operations. For example, those preferred employees will always be given first opportunity to go for any training, to act in the manager's stead should the manager be out on leave or other commitments, or to represent the manager in different meetings in cases where the manager cannot attend due to other commitments. Managers also nominate their favourites and give them incentives while other employees in a department are not given the same opportunities. Such exposure affords those preferred employees unfair advantages as compared to all other employees when they apply for managerial positions within an organization or in other organizations. However, about 17% of the respondents feel that managers in Eskom do not treat their subordinates differently. Some respondents

commented that it is only natural to like some people and dislike others and therefore it is given that managers will always treat employees differently, with preferential treatment to some and not to others. Approximately 7% of the respondents commented that they were not sure if managers in Eskom treat their subordinates differently.

5.3.3.6 Do managers in Eskom ensure that they acknowledge excellent work performed by their individual subordinates?

Figure 5.16: Managers acknowledge excellent work of subordinates

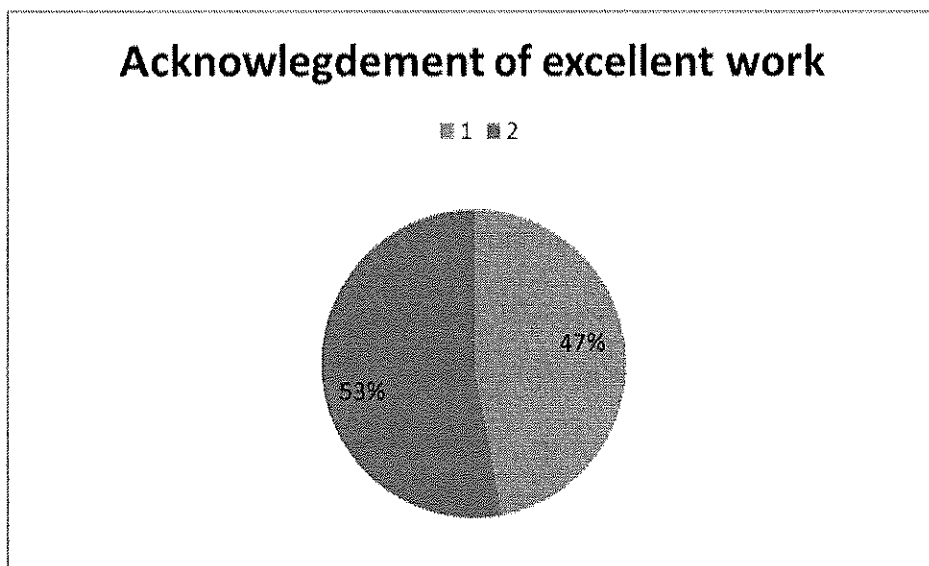


Figure 5.16 above illustrates the perceptions of the respondents about the ability of managers to acknowledge excellent work performed by their individual subordinates. Approximately 53% of the respondents believe that most managers do not acknowledge excellent work performed by their individual subordinates. Most respondents feel that managers only acknowledge the work of their preferred subordinates, turning a blind eye to other employees' excellent performance in their work. Most managers give monetary tokens or vouchers as approved by organizational policy to their preferred employees as an incentive for good performance. Approximately 47% of the respondents feel that managers do acknowledge the good work of their subordinates

even though they do not approve the monetary tokens or vouchers given to employees in general, noting that tokens are mainly given to their preferred employees even though there is no outstanding work they do when compared to other employees. Some respondents commented that it is usually the same staff members who are nominated and given awards every year and that this is a demotivating factor to all other employees who are not nominated despite their excellent work. In general, it is clear that the acknowledgement of excellent work by managers in Eskom is done, but it may require that Eskom conducts some training of managers equipping them with skills to apply equity principle when handling their subordinates.

5.3.3.7 Are managers in Eskom always biased when mediating conflict among team members?

Figure 5.17: Biasness when mediating conflicts

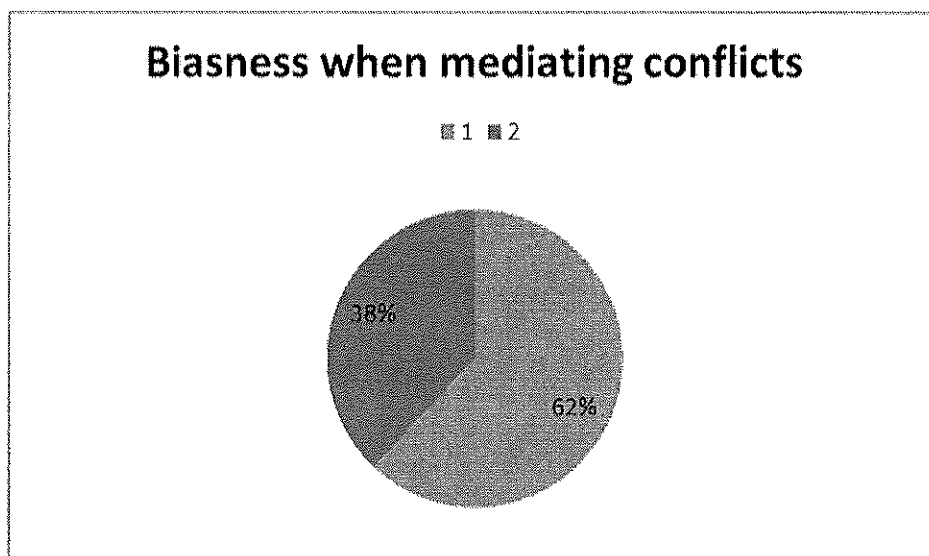


Figure 5.17 above illustrates the perceptions of the respondents regarding the ability of managers to remain neutral and not biased when mediating conflicts among their subordinates. Approximately 62% of the respondents believe that managers are always biased when mediating conflicts among subordinates. Some respondents commented that this behavior is always affected by the race, gender or position of the staff member

in conflict, and that the manager will always favour a person of his or her preference. Only 38% of the respondents believe that managers are not biased when mediating conflict among the subordinates. This behaviour of some managers confirms what Armstrong (1991:316) has alluded to, that a common reason for resignations is the feeling that management in general or individual managers and supervisors in particular, are not providing the leadership they should and are treating people unfairly.

5.3.3.8 It is Eskom's principle that managers should not allow failure in the performance of their subordinates

Figure 5.18: Eskom principle not to allow failure

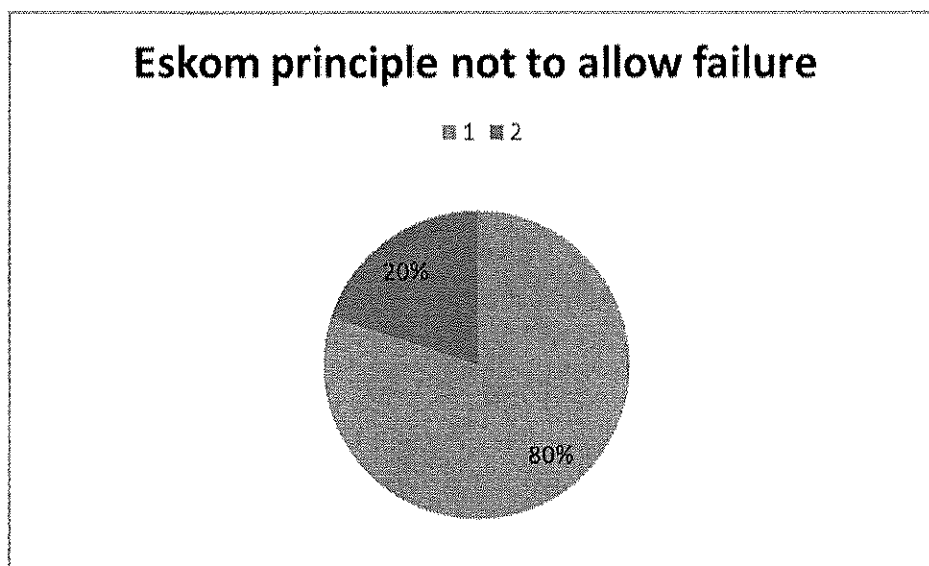


Figure 5.18 illustrates the perceptions of the respondents in terms of Eskom's principle that managers should not allow failure in the performance of their subordinates. Approximately 80% believe that Eskom cannot afford to have employees making any mistakes due to the nature of services they provide. Hence, they believe that managers should not allow any failure in the performance of their subordinates. Most of the respondents commented that managers should give feedback immediately to subordinates and should not wait for the performance appraisal period to penalize employees for failures they had during the execution of their duties. About 20% of the

respondents believe that managers in Eskom should allow failure in the performance of their subordinates since some employees are still in their learning stages and being trained. They must also consider the fact that some employees may have challenges in their work and home environments which could cause them to lack full concentration when executing duties. However, care must be taken to ensure that such employees are closely monitored and supported while they are at work to minimize the risk.

5.3.4 THEME 4: KNOWLEDGE ABOUT HEALTH CARE MATTERS

5.3.4.1 Most managers in Eskom avoid working with employees with health challenges

Figure 5.19: Managers avoid working with health challenged employees

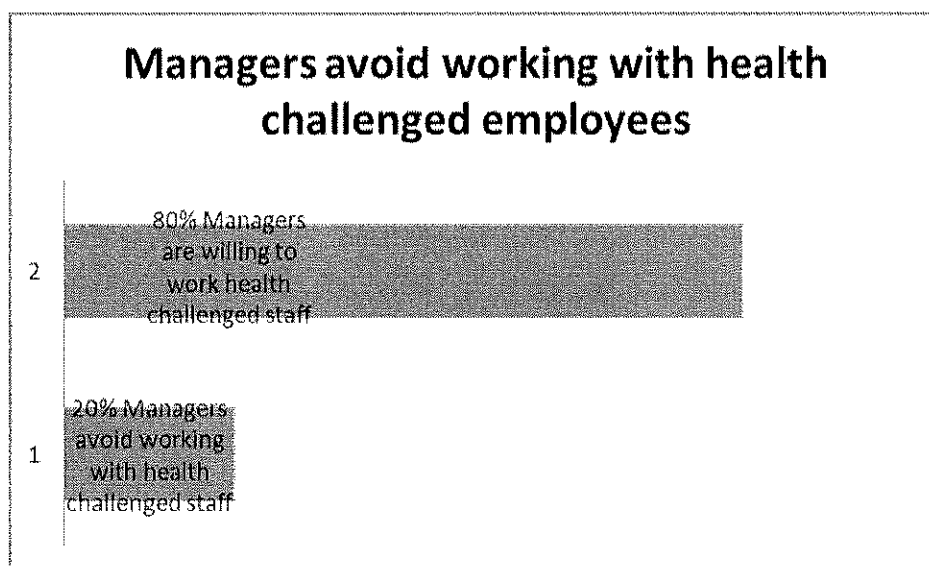
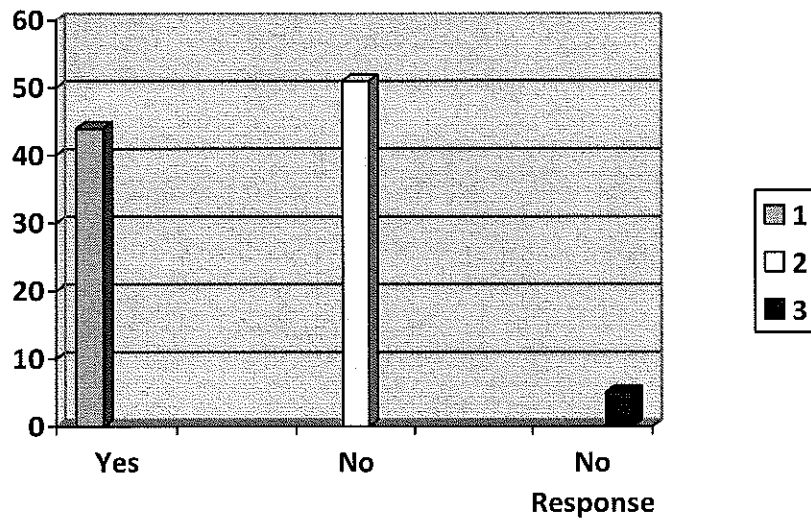


Figure 5.19 above illustrates the perceptions of the respondents about the willingness of managers to work with subordinates who have health challenges. Approximately 80% of the respondents believe that all managers have never shown any resistance in working with health challenged employees. Some respondents, mainly managers, commented that Eskom policies do not allow for managers to discriminate against employees based on their health status, and should managers be found doing this they would be

disciplined. Approximately 20% of the respondents believe that it may be there, practiced by certain managers but it is against Eskom's policies and not acceptable.

5.3.4.2 Are there employees who leave their employment in Eskom due to sickness?

Figure 5.20: Employees leaving Eskom due to sickness

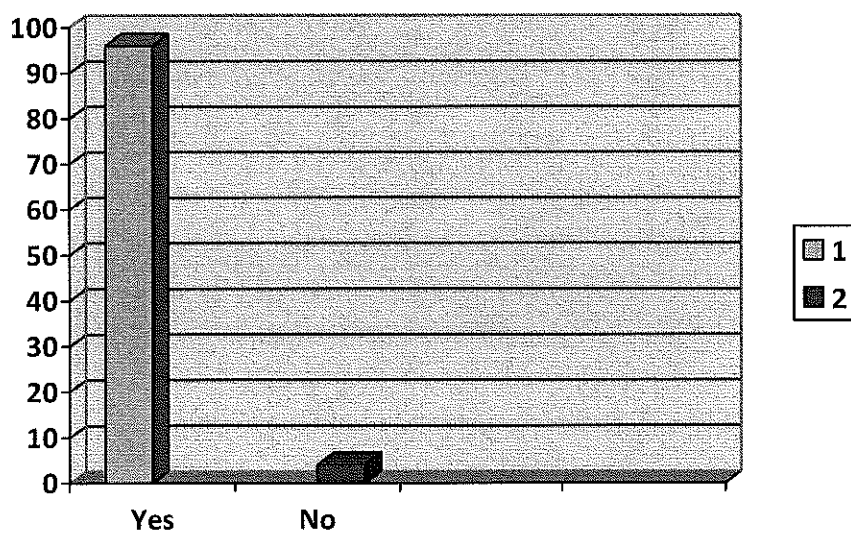


The Occupational Safety and Health Act of 1970 (OSHA) has made organisations more responsive to health and safety concerns. The traditional concern for safety has focused on eliminating accidents and injuries at work. Additional concerns are health and safety issues arising from hazardous work with certain chemicals and newer technologies. Figure 5.20 above shows the perceptions of the respondents regarding the matter of employees leaving Eskom due to sickness. Approximately 51% of the respondents believe that no employees they are aware of have left Eskom due to sickness. Most of them commented that some employees leave Eskom due to old age. About 44% of the respondents believe that some employees do leave Eskom due to sickness. Some of the respondents commented that a small percentage of employees die of sickness while they are still employed by Eskom and that often the cause of death of employees is not usually mentioned when announcements of deceased employees are made, except

when it is through an accident. Approximately 5% of the respondents did not respond to this question.

5.3.4.3 Do all employees have access to health care facilities available in all Eskom sites?

Figure 5.21: Access to health care facilities



It is important for the employers not only to try to prevent accidents and ill-health as encouraged by the legislation, but also to be proactive and take measures to promote improvements in safety and encourage developments to ensure good health to minimize absenteeism among employees (Foot & Hook 2002: 348-349). Open access to health care facilities and information need to be ensured by the employer and must be communicated to the employees. Figure 5.21 above shows the perception of the respondents about the availability of healthcare facilities in Eskom sites and the access thereof. Approximately 96% of the respondents believe that Eskom has made available healthcare facilities and services including compulsory medical aid scheme in all sites, and that it is available to all employees. The only difference is that permanent healthcare facilities are only found in area offices and regional head offices. All other

sites are visited by the mobile clinics once in a month for employees to have their health check-up. About 4% of the respondents believe that Eskom has not done enough to provide access to healthcare facilities to all employees. Most of the respondents commented that Eskom should make available permanent health care facilities in every site as opposed to the current system where Eskom only provides mobile clinics in certain days of the month. It should be noted that these occupational healthcare services include access to Eskom's internal health clinic, Employee Assistance Programme, and health check-up and that all these are free services to the Eskom employees. The responses above show that Eskom has made a concerted effort in ensuring that healthcare facilities are put in place and open to employees for use, although there is still room to improve these provisions.

5.3.4.4. Eskom has not provided enough information to help employees understand HIV/AIDS matters.

Figure 5.22: Provision of Information on HIV/AIDS matters

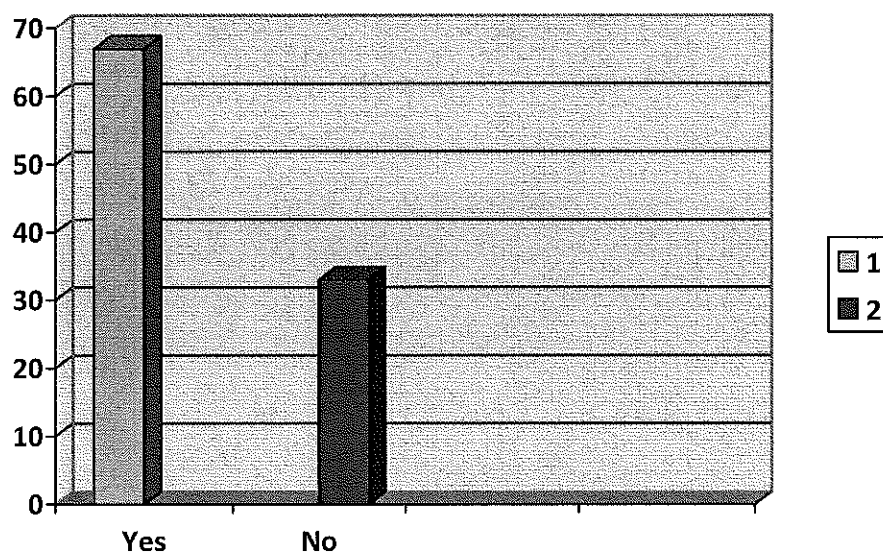


Figure 5.22 above shows the perceptions of the respondents regarding Eskom's ability to provide enough information to help employees understand HIV/AIDS matters. Approximately 67% of the respondents believe that Eskom has done well in educating all

employees on HIV/AIDS matters. Most of them commented that Eskom has even employed HIV/AIDS practitioners who only specialize in helping employees handle and understand this disease. Some of them feel that Eskom has done enough but it depends on individual employees to use the services on HIV/AIDS made available to them by the employer. About 33% of the respondents feel that Eskom still has to do more in educating employees on HIV/AIDS matters. The above results indicate that Eskom management has made a concerted efforts to ensure that managers are trained to understand the need for extreme sensitivity in handling HIV/AIDS infected staff, to be 'desensitized' from any prejudices, and counseled in non-discriminatory practices. The large percentage of respondents shows that Eskom has enforced the understanding in all the workforce that no person may unfairly discriminate, directly or indirectly, against any employee in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth. Hence any discrimination towards any employee on the grounds of being infected with the virus can result in severe penalties and punitive damages for the employees and the employer (Pike 2001:30).

5.3.4.5 All employees in Eskom are forced to have a medical aid facility available to them.

Figure 5.23: Medical aid facility enforced

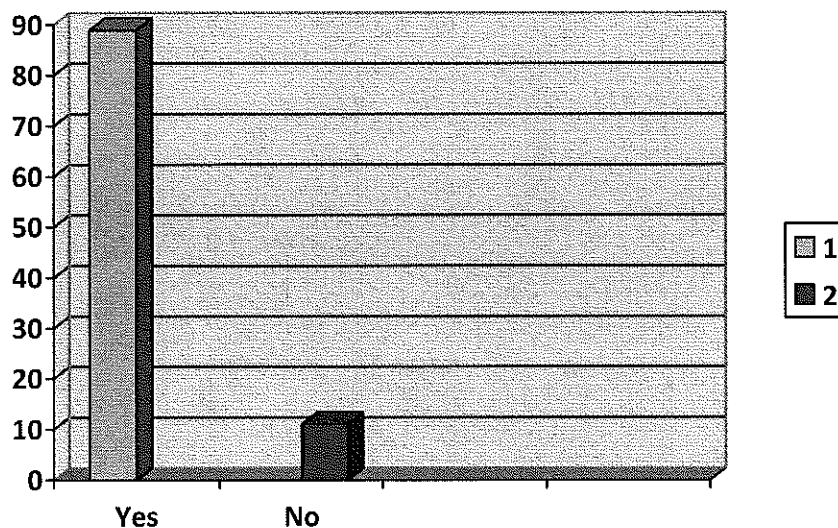


Figure 5.23 above shows the perceptions of the respondents about the enforcement of a medical aid facility on Eskom employees. Approximately 89% of the employees believe that Eskom ensures that all employees in their employ have medical aid available to them as long as they are still employed by Eskom. Some respondents commented that Eskom ensures that medical aid for each employee is subsidized up to 60% of the total medical aid premium and that all employees are forced to get medical aid at the time they are employed. No employment agreement between Eskom and an employee can be signed without the proof of availability of a medical aid subscription or an application to subscribe to a medical aid company. This proves Eskom to be really committed to the good health of their employees. Approximately 11% of the employees believe that Eskom does not ensure that their employees have medical aid facility. In view of the above comments by other respondents, it seems that Eskom's policies do not allow any employment agreement to be concluded if there is no evidence that the medical aid is available for the employee and the fact that Eskom is subsidizing the medical up to 60%. It could happen that these respondents were not permanently employed by Eskom but employed on temporary basis through a recruitment agent where Eskom will not

subsidize any medical aid for such employees but this is a responsibility for the recruiting agent.

5.3.5 THEME 5: OUTSOURCING OF ESKOM ACTIVITIES

5.3.5.1 Eskom outsource up to 90% of their work to external service providers

Figure 5.24: Eskom's outsourced work

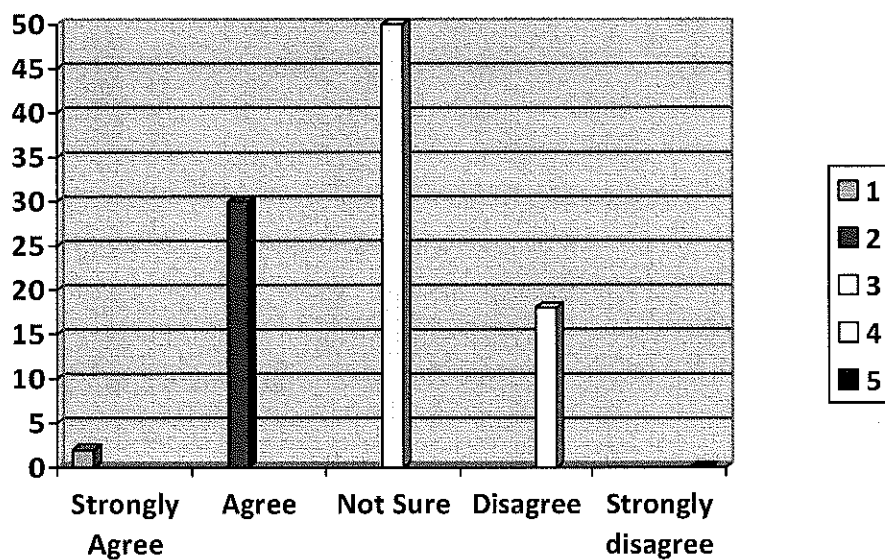


Figure 5.24 above illustrates the perceptions of the respondents about the outsourcing of Eskom's work. Approximately 50% of the employees were not sure of what percentage of work Eskom outsourced to the suppliers. Some of the respondents made comments that they are aware that Eskom does outsource a huge percentage of its electrical construction and engineering works but cannot confirm that it is up to 90%. Approximately 30% of the respondents agree with the fact that Eskom outsources most of its work to external suppliers, especially the electrical line construction, substation building and others. About 18% of the respondents disagree that Eskom outsources most work to external service providers. Approximately 2% of the respondents strongly agree that Eskom outsources up to 90% of work to external service providers. It seems

that the respondents are aware that Eskom does outsource some work to external service providers even though they are not very sure of the amount of work that is outsourced. However, outsourcing of work opens an opportunity for Eskom to have access to in-depth expertise and is often more economical as well (Noe *et al* 2004:49).

5.3.5.2 Eskom pays better rates for all their outsourced work compared to their employee packages

Figure 5.25: Better rates paid for outsourced work

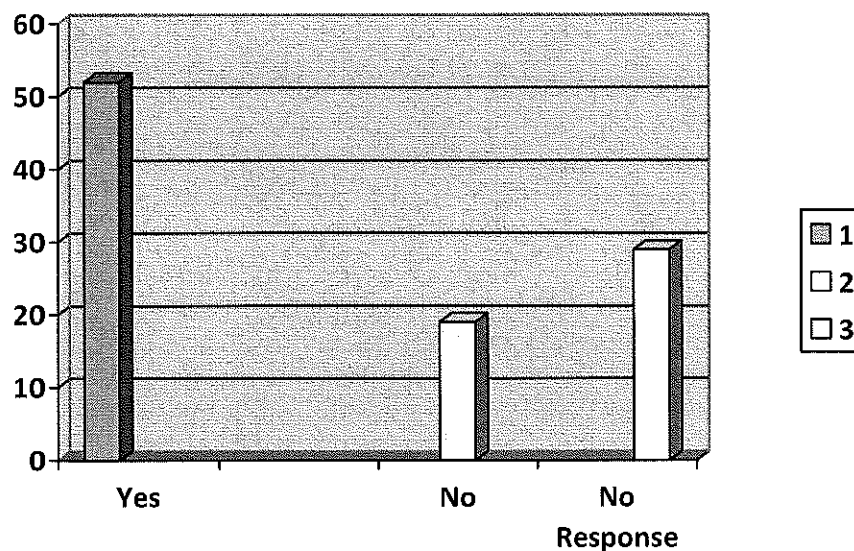


Figure 5.25 above illustrates the perceptions of the respondents regarding Eskom's payment of better rates for outsourced work. Approximately 52% believe that Eskom does pay better rates to external suppliers for outsourced work as opposed to employee packages. About 19% of the respondents believe that Eskom does not pay better rates to external suppliers for outsourced work as compared to their employee packages. Approximately 29% of the respondents did not respond to this question.

5.3.5.3 Eskom has a shortage of technically qualified staff to carry out all technical work.

Figure 5.26: Shortage of Eskom technically qualified staff

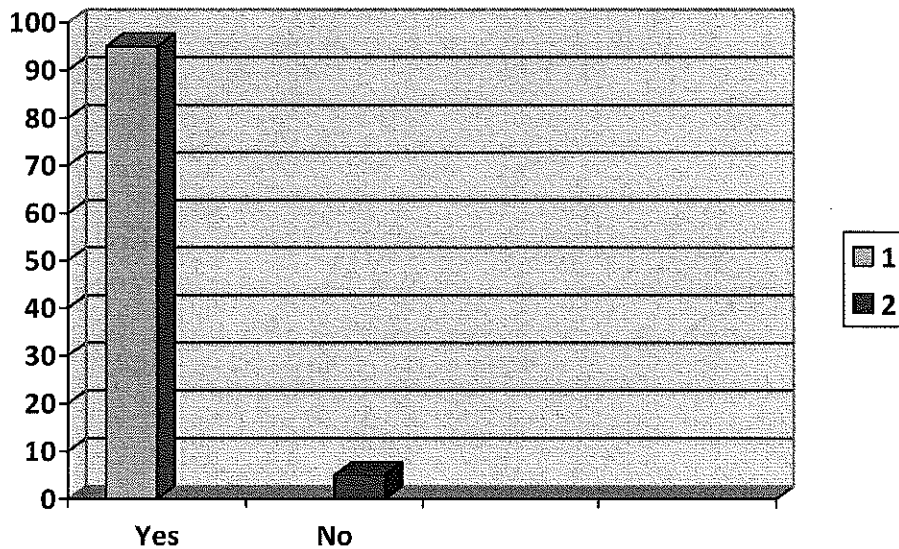


Figure 5.26 above illustrates the perceptions of the respondents about Eskom's shortage of technically qualified staff to carry out technical work. Approximately 95% of the respondents believe that Eskom has a high shortage of technically qualified staff, which results in Eskom having to outsource most of its work to external suppliers. Approximately 5% of the respondents believe that Eskom does have enough technically qualified staff to carry out its technical work even though some work needs to be outsourced to external suppliers.

5.3.5.4 Most of the employees who resign from Eskom become suppliers of goods and services to Eskom

Figure 5.27: Resigned employees become Eskom suppliers

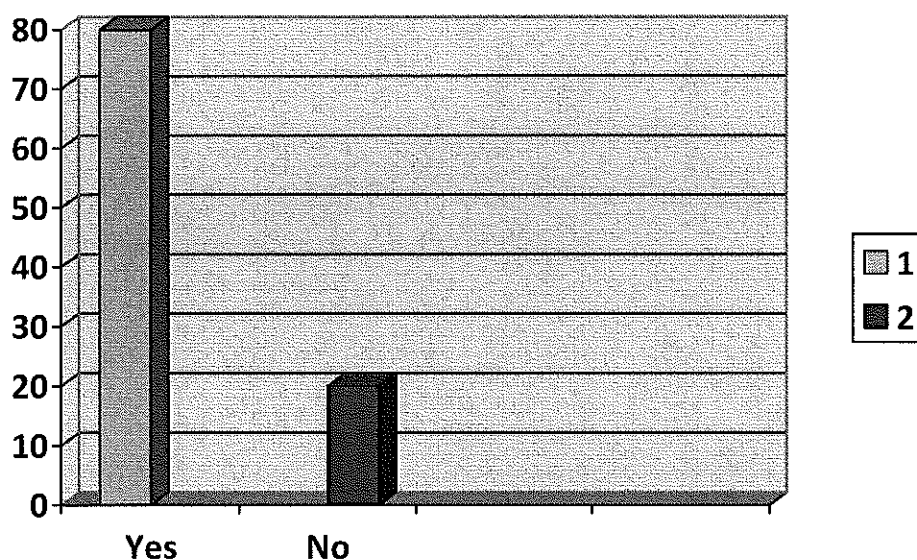


Figure 5.27 above shows the perceptions of the respondents towards employees who resign from Eskom and become suppliers of goods and services to Eskom. Approximately 80% of the respondents believe that many people who resign from Eskom often become suppliers of goods and services to Eskom and this is because of the better rates paid to suppliers as compared to employee packages. Only 20% of the respondents believe that not all employees resign from Eskom because they want to be the suppliers of good and services to Eskom. Most of the respondents commented that many employees resign because they want to explore new opportunities of employment in other organizations, and become suppliers of goods and services to other organizations as well. The respondents further commented that some employees resign because of old age, sickness, better opportunities in other countries and other reasons.

5.3.6 THEME 6: WELFARE MATTERS

5.3.6.1 Most managers ensure that all qualifying employees get their benefits from the company

Figure 5.28: Qualifying employees given their benefits

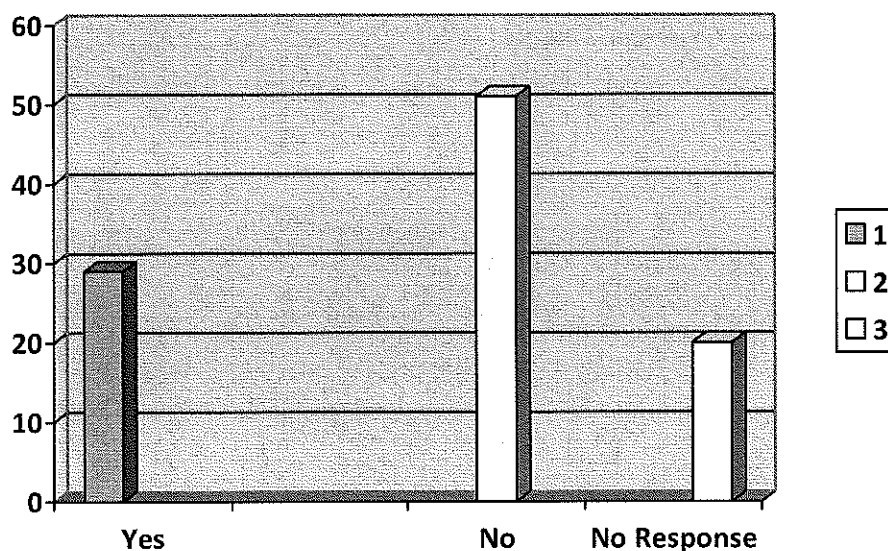


Figure 5.28 above illustrates the perceptions of the respondents about employee experiences in getting the benefits they qualify for. Approximately 51% of the employees believe that most managers do not ensure that all qualifying employees get benefits from the company. Most of them commented that only the employees that are preferred by managers get their benefits easily, while most of the employees are given a very difficult time when asking for managers to approve their applications for benefits. The respondents commented that some employees have to wait for more than 5 years to get the approval of their managers to get the benefits. The benefits due to employees include the car scheme, salary advance, training opportunities, promotional material and others. The respondents further commented that in some cases, some managers refuse to sign for the refund for the employees for travelling and subsistence which results on an employee losing the monies they used for Eskom business purposes. Only 29% of respondents agreed that managers do ensure that all qualifying employees get

their benefits from the company. This indicates that there is a problem with regard to the employees accessing the benefits that are due to them, since they can only access these through their managers. Approximately 20% respondents did not respond to this question.

5.3.6.2 Most managers promote acceptance of HIV/AIDS infected employees in the work place.

Figure 5.29: Promotion of acceptance of HIV/AIDS infected employees

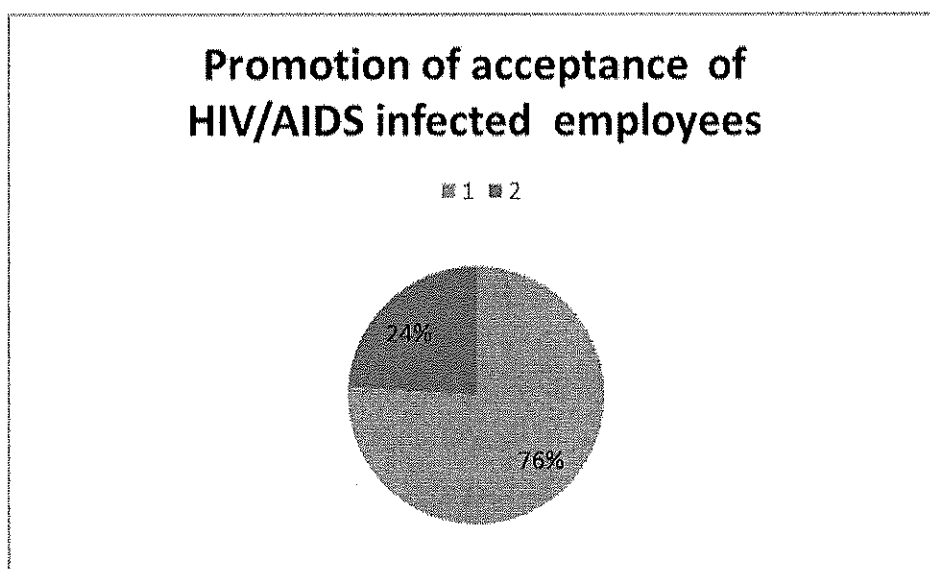


Figure 5.29, illustrates the perceptions of the respondents about promoting the acceptance of HIV/AIDS infected employees in the work place. Approximately 76% of the respondents believe that most managers promote acceptance of HIV/AIDS infected employees in the work place. The respondents commented that it is not easy to identify if some employees are HIV/AIDS positive since it is a confidential matter, but no manager has been identified discriminating against any sick employee or avoiding working with the health challenged employee. The respondents commented that all managers promote the acceptance of health challenged employees, be it HIV/AIDS infection or any other sicknesses that may affect the employees in the work place. Only

24% of the respondents believe that some managers do not promote the acceptance of HIV/AIDS infected employees in the work place.

5.3.6.3 Most managers do not hold grudges against subordinates for the past wrongs

Figure 5.30: Grudges against subordinates held by managers

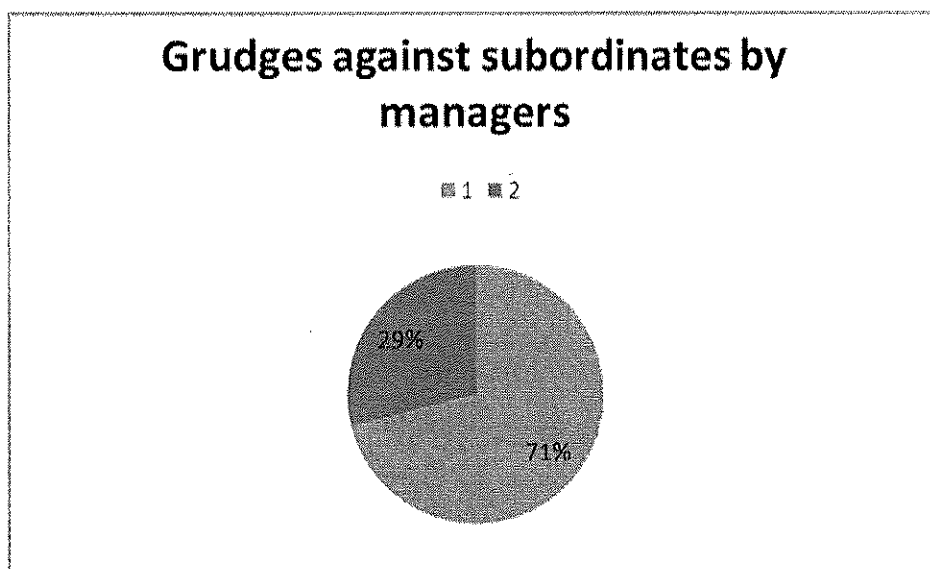


Figure 5.30 above illustrates the perceptions of the employees about managers' ability to forgive their subordinates for their past wrongs. Approximately 71% of the respondents believe that managers do hold grudges against employees for their past wrongs. Most of them commented that managers are very hateful and never forgive and forget any wrong done by the subordinates, and would victimize the employee until they leave their department. This results in many employees resigning from Eskom or moving to other departments. They further commented that only the employees who are preferred by the managers have their mistakes pardoned by managers.

For example, in one of the departments, an employee had an argument with his manager on work matters and the manager was not pleased with the argument. From the day of the argument, the manager started ill-treating the employee. Later on, a project manager position was advertised in the same department, and an employee applied and was qualified to apply for the position in terms of the experience and

qualifications. Before the shortlisting of the applications was done, the manager took the employee application form and handed it back to the employee, saying that the employee was not good enough for the position. The manager appointed a junior employee with less experience and lower qualifications, when compared to the employee in question. Later on, the employee in question got a job offer from a consulting organisation that is a supplier to Eskom. Then the manager heard about it and warned the consulting firm that Eskom would no longer give them any business should they appoint the employee in question. The consulting organisation eventually withdrew their offer to the employee in question. The employee was then stuck within a department where he was not happy at all, for a full two years. The employee eventually accepted another offer from an external consulting organisation, outside the KwaZulu-Natal region. This is evidence that Eskom has lost many good employees simply because of a manager having a personal grudge against an employee for an old argument. Only 29% of the respondents believe that managers do not hold grudges against their subordinates for past wrongs.

5.3.6.4 Is the communication line open between managers and employees to share the goals of the business to team members?

Figure 5.31: Communication lines between managers and subordinates

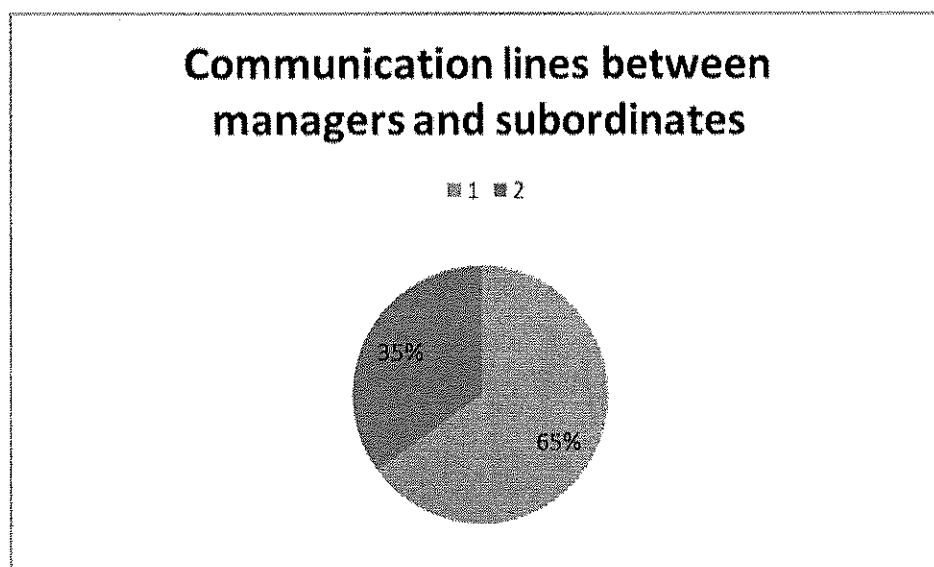


Figure 5.31 above shows the perceptions of the respondents regarding the openness of the communication lines between managers and their subordinates. Approximately 65% of the respondents believe that communication lines are not really opened between managers and subordinates, that it is only the managers who give instructions and who are not willing to listen to what their subordinates have to say on the matters of the business that affects them. About 35% of the respondents believe that communication lines are open between the managers and their subordinates but depend on the individual manager's attitude in handling the communication with their individual subordinates.

5.3.6.5 Are managers in Eskom unable to give support to subordinates?

Figure 5.32: Managers giving support to subordinates

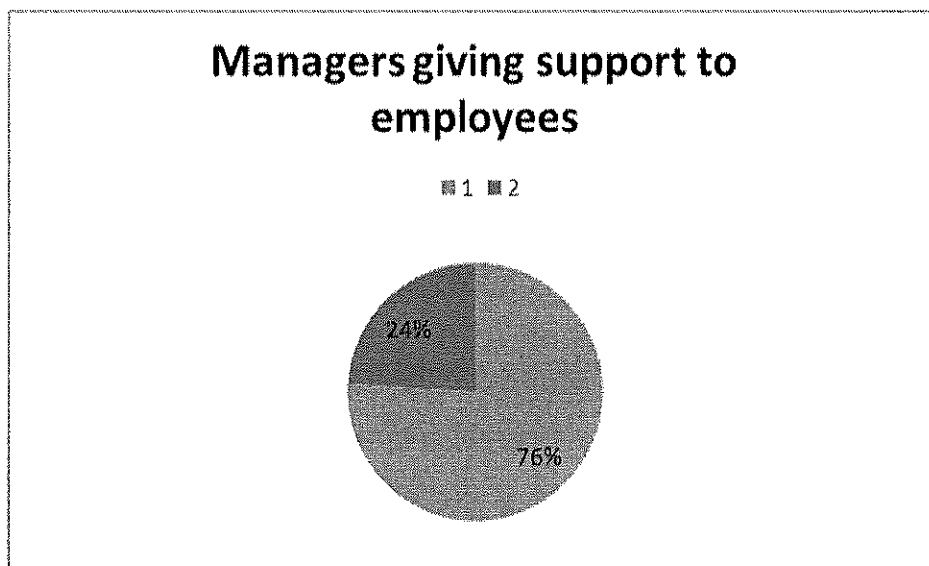


Figure 5.32 above shows the perceptions of the respondents about the ability of the managers to give support to subordinates. Approximately 76% of the respondents believe that managers are unable to give support to their subordinates because most of them usually do not want to; they do anything in their power not to support certain individuals but would do anything to support their preferred employees. Approximately 24% of the respondents believe that managers are able to give support to subordinates.

Employees usually need support and approval from their managers in some areas, such as approval of travelling and accommodation claims on the system, approval for training, approval for attending conferences relating to their types of work, support when employees escalate the challenges they are facing when executing their work, protection when verbally attacked by other colleagues from other departments on the issues of business operations and others. The respondents commented that most managers refuse to approve any benefit due to an employee under their supervision but only approve such things for those employees that they prefer.

5.3.6.6 Are there differences in salary scales for employees doing the same job at the same job grading?

Figure 5.33: Differences in salary scales

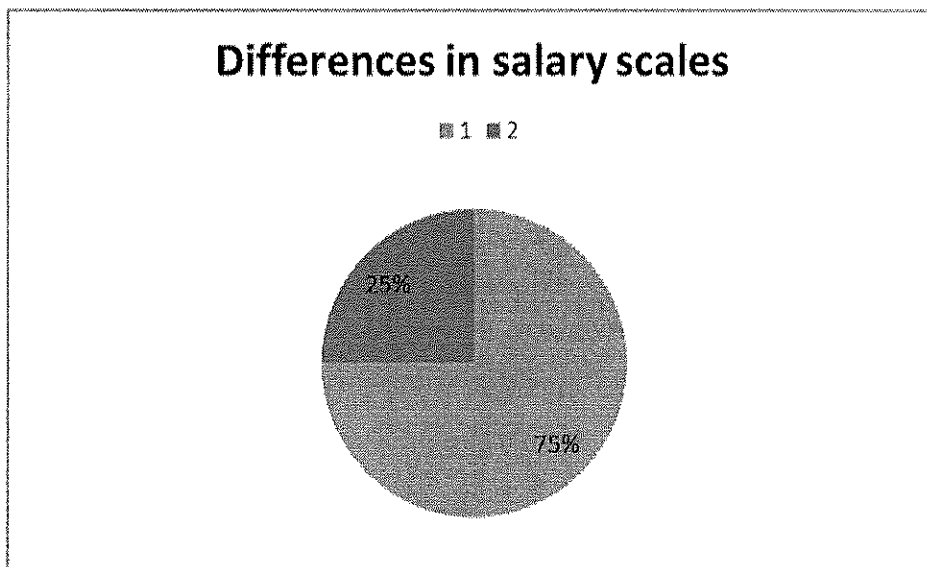


Figure 5.33 above shows the perceptions of the respondents about differences in salary scales of the employees. Approximately 75% of the respondents believe that there are differences in salary scales for employees doing the same job at the same job grading. Most of them commented that this is a big demotivating factor. They further commented that managers consider only those employees they prefer for the discretion increment on salaries, but deserving employees who perform well are left out. Only 25%

of the respondents feel that the differences that exist on salary scales are justified and acceptable. An example of a difference in salary would be where a buyer appointed in a job graded T12 earns R20 000 per month with 6 months experience in the same position and a standard 10 certificate or a diploma, whereas another buyer in a job graded the same, with 3 years' experience and a Bachelors' degree, earns only R16 000 per month. This example illustrates the inconsistencies in handling job grading matters as well as salary differences.

5.3.6.7 Is racial discrimination a practice by some managers in Eskom?

Figure 5.34: Racial discrimination by managers

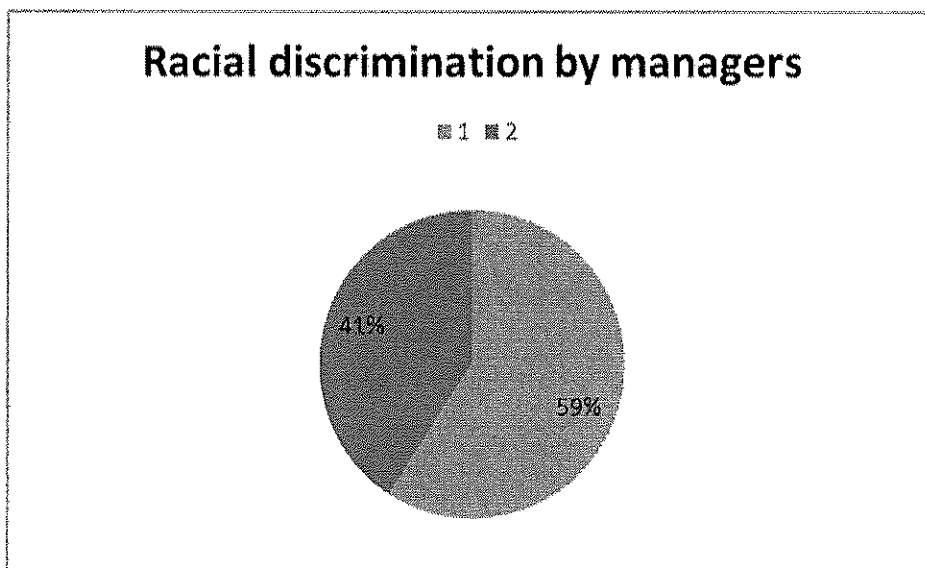


Figure 5.34 above illustrates the perceptions of the respondents about the practice of discrimination by managers in Eskom. Approximately 59% of the respondents believe that discrimination is still practised by most managers in Eskom and can be seen in many areas of the business, especially when it comes to work allocations and performance appraisals, as well as the approvals of the benefits for employees. The respondents commented that racial discrimination is still practised by some managers but in a very discreet manner; for example, in some departments there are still up to 60% whites and only 40% of Black employees, which includes Indians, Coloureds and Black African

people. In other departments, there are more Indians and Coloureds and fewer Black Africans as well as Whites, and in some departments there are only Black Africans. This type of trend in appointing employees indicates that there are still traces of discrimination. The reasons for this behavior could mean that a certain number of managers who are involved recruitment and appointing of staff have not completely transformed and therefore will still want to see certain races dominating in the organisation. Another reason could be the nature of skills needed in certain departments and shortages of such skills in the market thereof. Approximately 41% of the respondents believe that racial discrimination is not practised in Eskom. The respondents commented that discrimination is not allowed in Eskom and it is a punishable offence if proven.

5.3.7 THEME 7: SERVICE DELIVERY

5.3.7.1 Is Eskom facing any challenge in the delivery of electricity services?

Figure 5.35: Challenges facing Eskom's service delivery

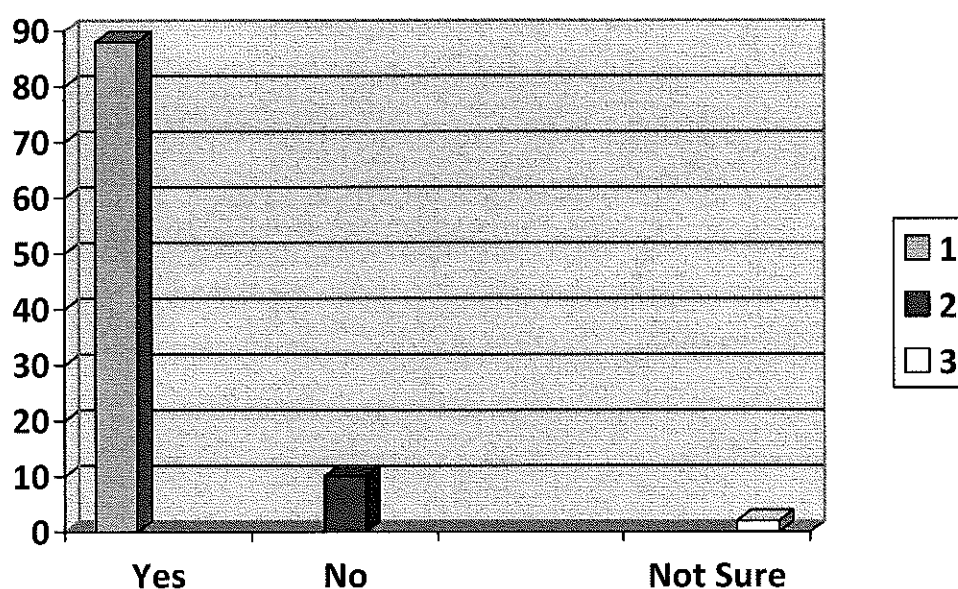


Figure 5.35 above illustrates the perceptions of the respondents about the challenges faced by Eskom in the delivery of electricity services. Approximately 88% of the

employees believe that Eskom is facing a challenge in delivering electricity services to the communities. The respondents commented that many of the communities in rural areas are still waiting for the distribution of electricity in their areas. Some of the respondents mentioned the following challenges faced by Eskom:

- Delays in approval of funds from the government;
- Red tape involved in the approval of the project, procurement process, project management issues;
- Shortage of construction materials, and
- Political issues in the communities around the execution of the projects as well as other problems.

About 10% of the respondents believe that Eskom does not face challenges in the delivery of electricity. They commented that Eskom is doing its best to meet the demands and the needs of the communities but will not be able to satisfy every need at once. Approximately 2% of the respondents stated that they were not sure if Eskom had any challenges in the delivery of electricity services to the communities of the country.

5.3.7.2 Does Eskom has enough technical staff to handle all technical challenges in delivery of electricity?

Figure 5.36: Availability of enough technical staff

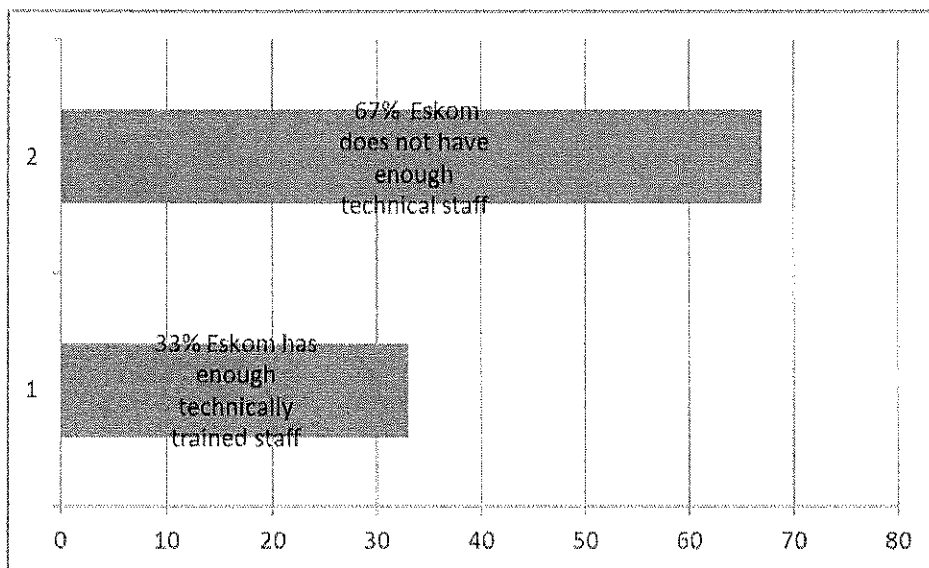


Figure 5.36 above illustrates the perceptions of the respondents about the availability of enough technically qualified staff to handle all the technical challenges in the delivery of electricity. Approximately 67% of the respondents believe that Eskom does not have enough technically qualified staff to handle all the technical challenges in the delivery of electricity. Most of them commented that due to the lack of technically qualified staff, Eskom has had to outsource huge amounts of technical works. Approximately 33% of the respondents believe that Eskom does have enough technically qualified staff who can handle all the technical challenges in the delivery of electricity to a certain extent.

5.3.7.3 In your opinion, what is the estimate number of employees resigning from Eskom every year?

Figure 5.37: Estimated numbers of employees resigning every year

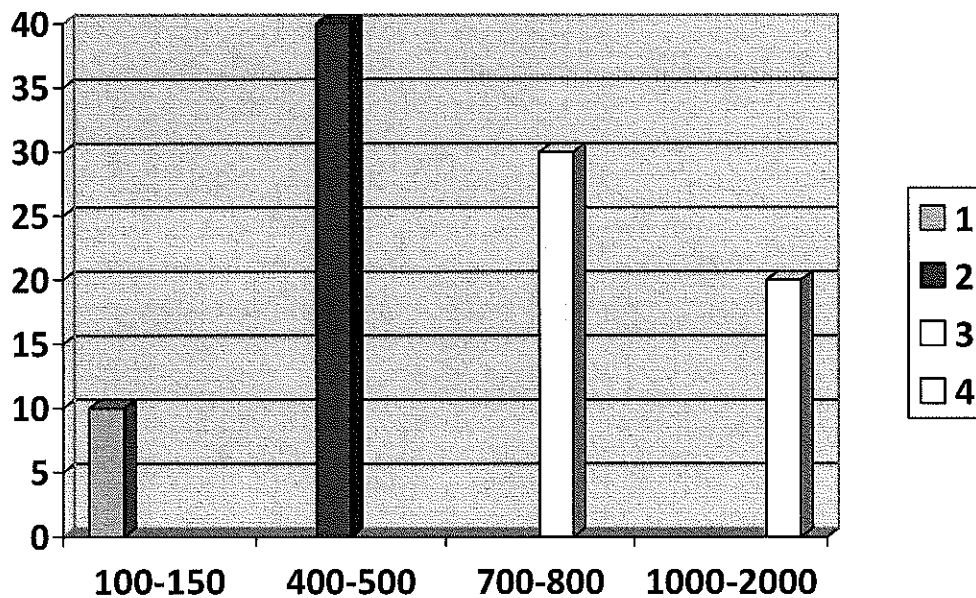


Figure 5.37 above illustrates the perceptions of the respondents about the estimated number of employees who resign from Eskom every year. Approximately 10% of the respondents estimated that around 100 and 150 employees leave Eskom every year. About 40% of the respondents estimated that around 400 to 500 employees leave Eskom every year. Approximately 30% of the respondents estimated that around 700 to 800 employees leave Eskom every year. Approximately 20% of the respondents estimated that around 1000 to 2000 employees leave Eskom every year. Based on the respondents' perceptions, it can be concluded that the number of employees leaving Eskom every year varies between 1000 and 2000 every year.

5.3.7.4 Is Eskom able to source the right people with the right skills at the right time to replace the staff who has resigned?

Figure 5.38: Sourcing of right people with right skills

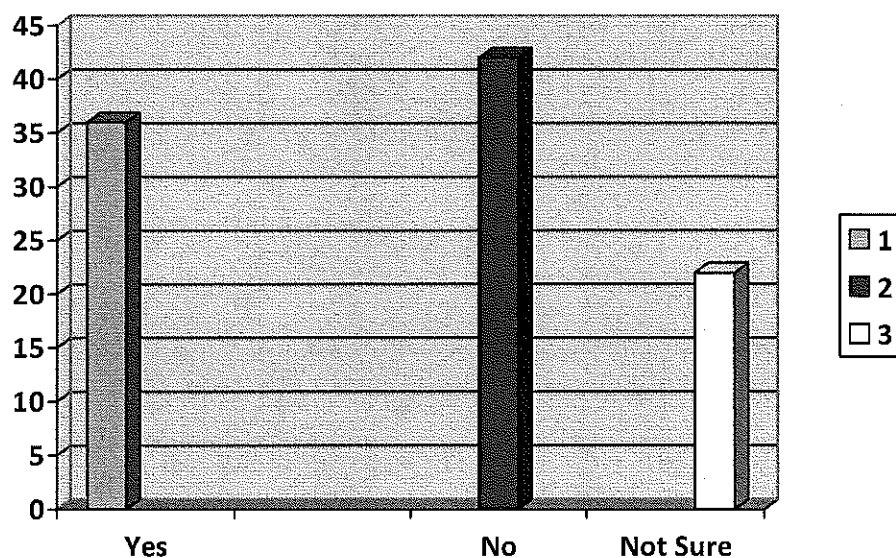


Figure 5.38 above illustrates the perceptions of the respondents about the ability of Eskom to source the right people with the right skills at the right time, to replace staff who has resigned. Approximately 36% of the respondents believe that Eskom is able to source the right people to replace the staff who have resigned. About 42% of the respondents believe that Eskom is unable to source the right people with the right skills and experience in the field of electricity generation up to electricity distribution at the right time, to replace the staff who have resigned. Most of them commented that this is the reason why Eskom outsources most of its work, because it does not have enough technically qualified staff to handle all the technical work. Approximately 22% of the respondents were not sure whether Eskom is able to source the right people with the right skills at the right time to replace staff who has resigned.

5.3.7.5 Does Eskom meet the expectations of communities in the delivery of electricity services?

Figure 5.39: Expectations of communities on service delivery of electricity

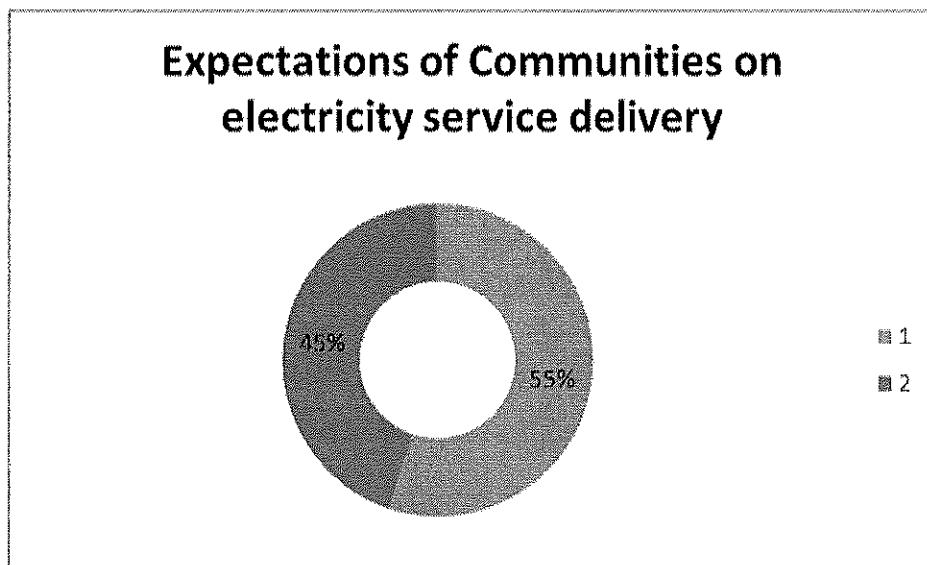


Figure 5.39 above illustrates the perceptions of the respondents about the ability of Eskom to meet the expectations of communities in delivering electricity services. Approximately 55% of the respondents believe that Eskom does meet the expectations of communities to a certain extent, even though not all communities have received electricity. The respondents commented that Eskom is trying its best to deliver electricity to the communities in the midst of all the challenges it is facing. Hence, Eskom outsources a major portion of its work with the sole purpose of meeting the needs of the communities as well as their expectations. Approximately 45% of the respondents believe that Eskom does not meet the expectations of communities in the delivery of electricity services.

5.3.7.6 Are there employees resigning from Eskom to join foreign companies in foreign countries that you are aware of?

Figure 5.40: Employees resigning to join foreign countries



Figure 5.40 above illustrates the perceptions of the respondents about the employees of Eskom who resign and join foreign companies in foreign countries. Approximately 81% of the respondents believe that many employees resign from Eskom to join foreign companies in foreign countries. The respondents commented that many employees join the companies in Australia and New Zealand where they perceive there are better opportunities. Approximately 19% of the respondents believe that very few or no employees resign from Eskom to join foreign companies in foreign countries. This confirms what Noe *et al* (2004:46) alluded to, that companies are finding it hard to survive since they must compete in international markets; for today's and tomorrow's employers, talent comes from a global work force, and technology is lowering barriers to overseas operations. South Africa has experienced a high loss of technical skills where employees leave their jobs and gain employment in overseas companies (Eskom Annual Report 2009:5).

5.3.7.7 Is Eskom the best employer in the market?

Figure 5.41: Eskom being the best employer in the market

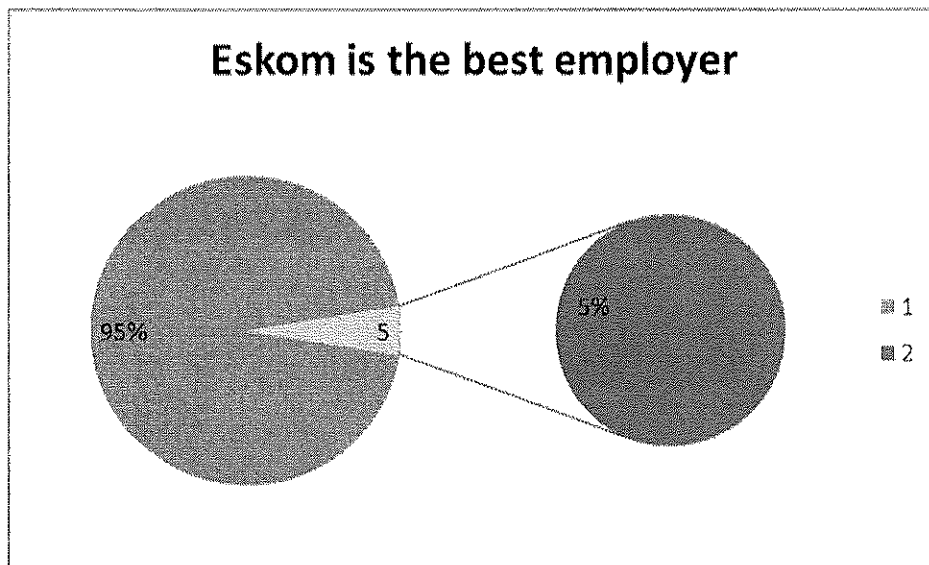


Figure 5.41 above illustrates the perceptions of the respondents about Eskom being the best employer in the market. Approximately 95% of the respondents believe that Eskom is the best employer in the market. The respondents commented that it is the management style of managers that is a problem, and which makes work experience unpleasant, but that Eskom as a company has good policies, good benefits, principles, resources and other factors, that cater for employees' well-being. Only 5% of the respondents believed that there are other better employers in the market, even though Eskom is not really a bad employer.

5.3.7.8 How does Eskom encourage employees to remain with the organization for longer?

Figure 5.42: Methods used by Eskom to retain staff



Figure 5.42 above illustrates the perceptions of the respondents who are managers, about the manner in which Eskom encourages employees to remain longer with the organisation. Approximately 100% of the respondents to this question gave the same responses, with 100% agreement on how Eskom tries to keep employees longer in the organisation. About 5 methods have been identified by the respondents as shown in the graph above. These include the provision of incentives (vouchers, lunches, picnics, competitions), training, bonuses, allowances (car and housing allowances) and salaries.

5.3.7.9 In what way do managers in Eskom ensure that they acknowledge excellent work performed by individual subordinates?

Figure 5.43: Managers' methods to acknowledge good performance

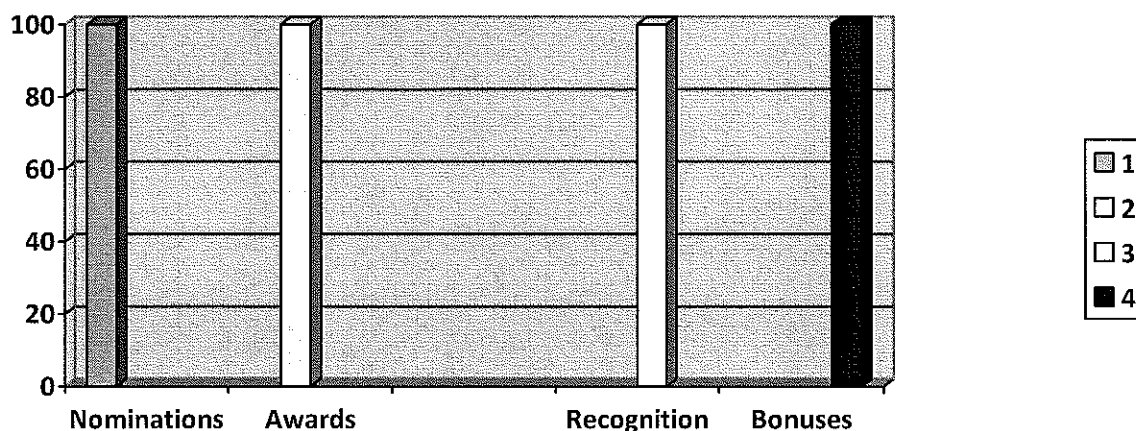


Figure 5.43 above illustrates the perceptions of the respondents who were managers, on the strategies used by managers in Eskom to ensure that they acknowledge excellent work performed by individual subordinates. Approximately 100% of the respondents gave the same responses, with 100% agreement on how managers in Eskom ensure that they acknowledge excellent work performed by their individual subordinates. The respondents commented that these strategies are approved by Eskom and form part of the policies and procedures of an organisation. The following 5 methods have been identified by the respondents:

- Performance bonuses;
- Recognition;
- Awards; and
- Nominations.

5.3.8 INTERVIEW QUESTIONS FOR HUMAN RESOURCE PRACTITIONERS

This section presents the data on the responses given by respondents who are human resource practitioners, to the interview questions that were directed to them. There were only five respondents identified for these questions. The total number of questions asked was 20 and these questions cover different areas of human resource

management for Eskom. It should be noted that the results presented below show all the respondents agreeing or disagreeing to the questions. This is due to the fact that these were policy-based questions and are implemented the same way across the board in Eskom as a whole. The results are presented below.

5.3.8.1 What is the estimated number of staff who resign from Eskom every year?

Figure 5.44: Estimated number of employees resigning from Eskom

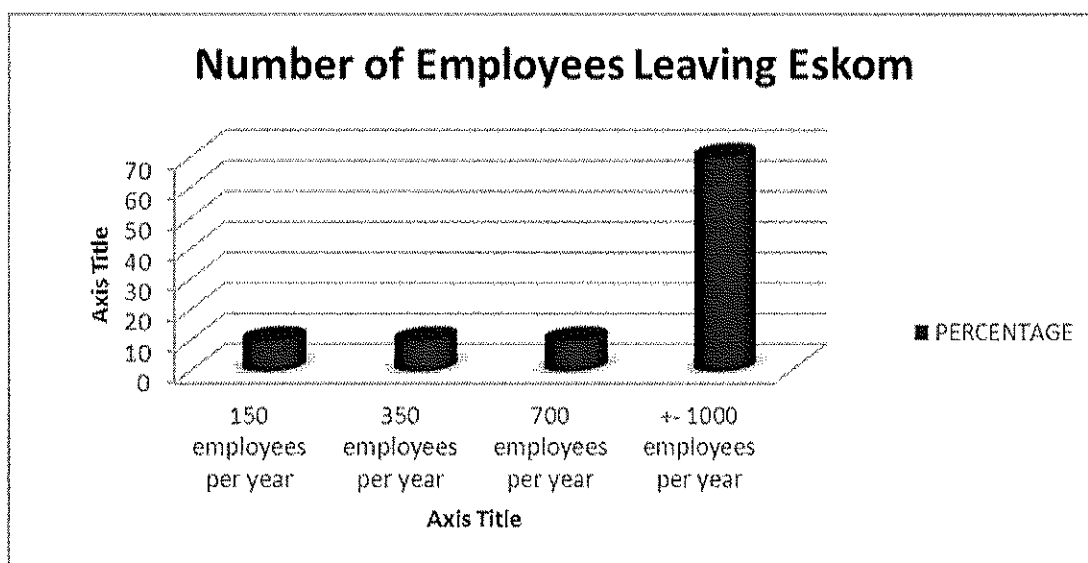


Figure 5.44 above illustrates the responses of the respondents on the estimated number of employees who resign from Eskom every year. Approximately 70% of the respondents estimated that up to 1000 employees resign from Eskom every year. Approximately 10% of the respondents estimated 700 employees. Approximately 10% of the respondents estimated 350 employees. Approximately 10% of the respondents estimated that 150 employees resign from Eskom every year.

5.3.8.2 Do most employees resign because they have found other jobs elsewhere?

Figure 5.45: Employees resign because they found other jobs

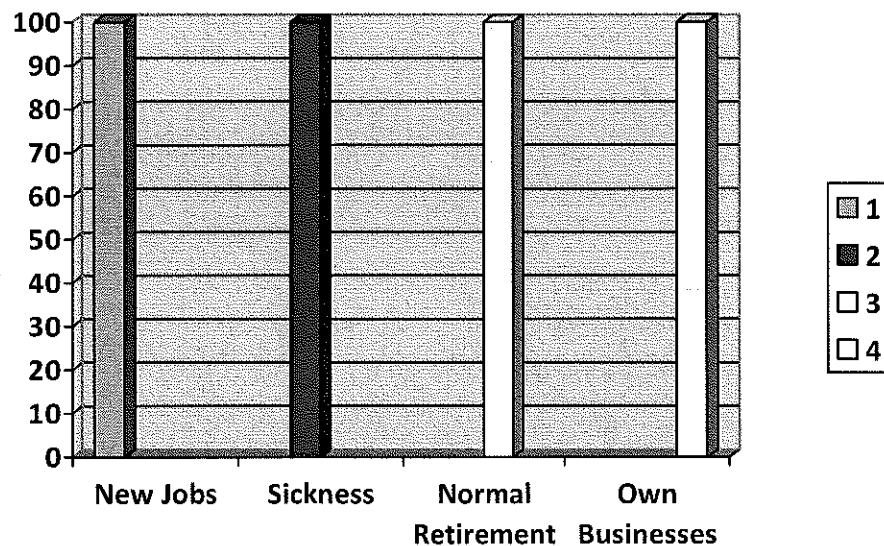


Figure 5.45 above illustrates the perceptions of the respondents on the reasons for resignation of the employees. Approximately 100% of the respondents mentioned the following reasons why employees leave their jobs in Eskom:

1. employees resign because they had received new jobs elsewhere.
2. employees resign because of sickness.
3. employees retire from Eskom because of old age.
4. most employees resign to start their own businesses and become suppliers to Eskom and other corporate businesses.

5.3.8.3 Do most of the employees resign because of ill health?

Figure 5.46: Employees resign due to ill health

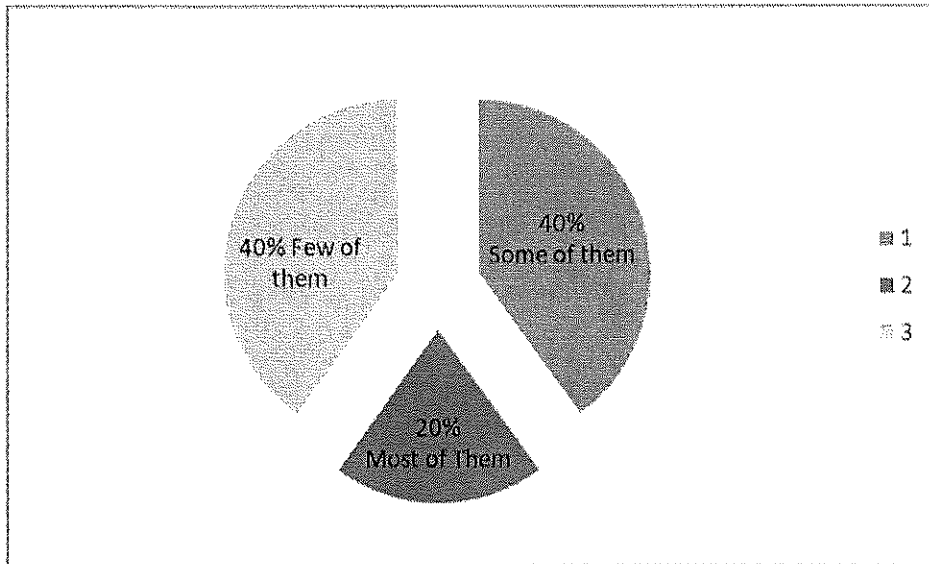


Figure 5.46 above illustrates the perceptions of the respondents on employees resigning due to ill health. Approximately 40% of the respondents believe that some of the employees do resign due to ill health. Another 40% of the respondents believe that few of the employees resign due to ill health. Only 20% of the respondents believe that most of the employees resign because of ill health.

5.3.8.4 Does Eskom pay market related salaries to employees?

Figure 5.47: Market-related salaries

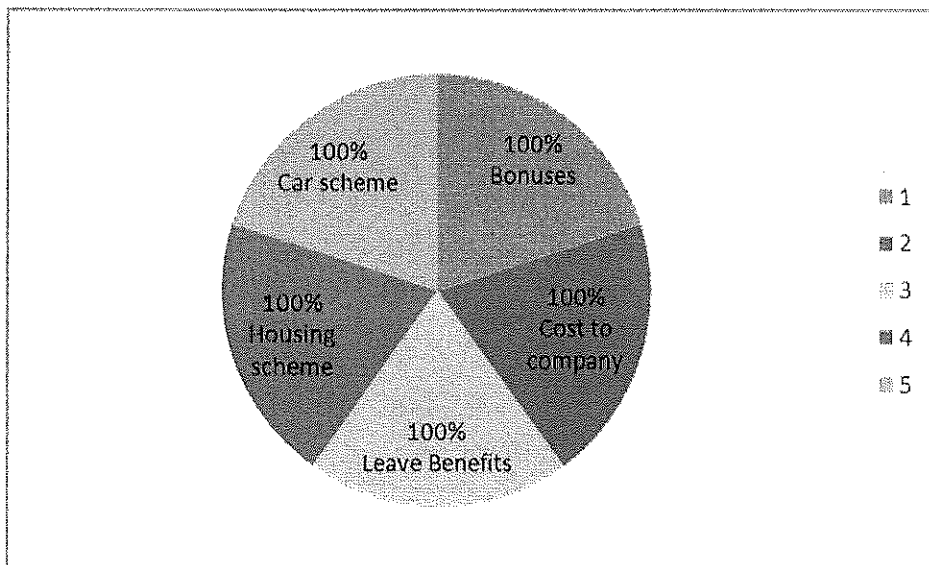


Figure 5.47 illustrates the perceptions of the respondents on whether the salaries that are paid by Eskom are market-related. Approximately 100% of the respondents identified the following benefits which make Eskom salaries to be market related:

1. cost to company as proof that Eskom pays market-related salaries.
2. leave benefits.
3. housing scheme.
4. car scheme.
5. Bonuses (both performance bonuses and birthday bonuses)

This means that the above mentioned aspects of salaries are generally enjoyed by all employees in Eskom as per their human resource policy.

5.3.8.5 Do you often have cases of conflict between the managers and suppliers?

Figure 5.48: Cases of conflict between managers and suppliers

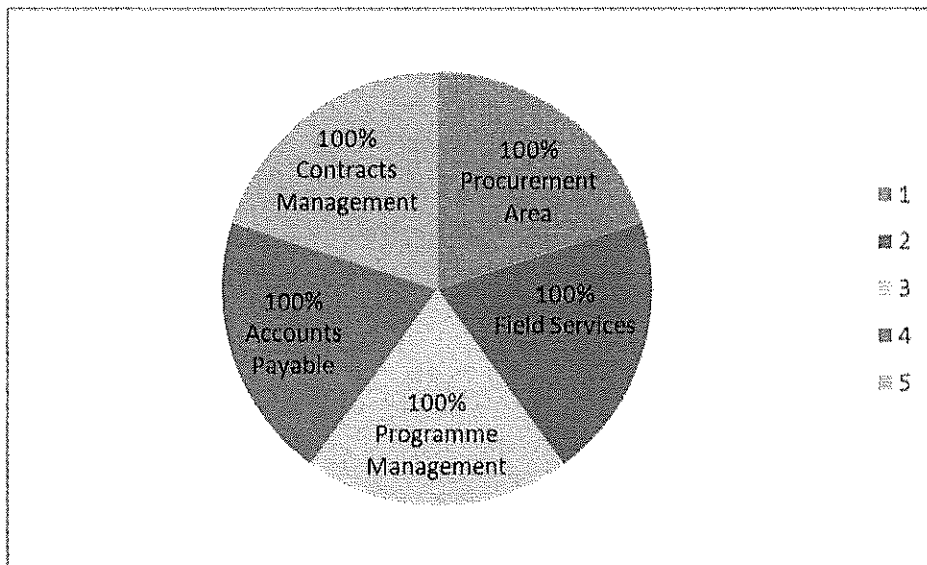


Figure 5.48 above illustrates the perceptions of the respondents on the cases of conflict between managers and suppliers. Approximately 100% of the respondents highlighted the following areas of the organization where some conflicts occur:

1. field services area.
2. programme management area. They commented that these two departments are areas which deal with the actual execution of the projects and there are quality issues that usually bring about disagreements between the stakeholders.
3. accounts payable section and payments of the invoices for the suppliers, which is where conflicts arise due to late payment of invoices in many cases.
4. procurement section. This section deals with the procurement of goods and services from suppliers by issuing tenders.
5. contract management area where cases of conflict are sometimes experienced. The respondents commented that these sections are mainly concerned with the placing of contracts between Eskom and the suppliers.

5.3.8.6 Are there measures in place to educate employees about health challenges?

Figure 5.49: Measures to educate employees about health challenges

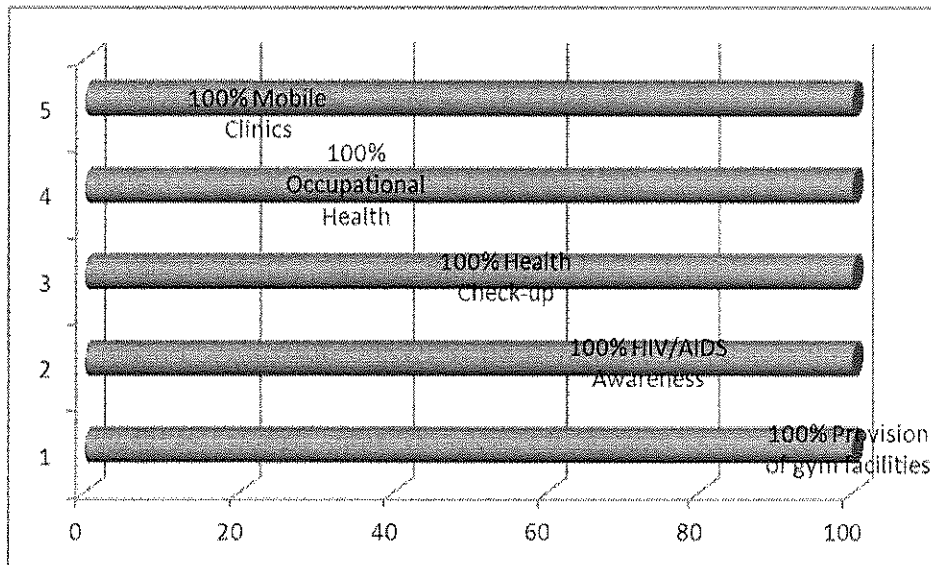


Figure 5.49 above illustrates the perceptions of the respondents on the measures to educate employees about health challenges. Approximately 100% respondents cited different measures employed by Eskom in educating employees about health care:

1. provision of mobile clinics to all technical service centres.
2. provision of occupational health services.
3. health check-up programmes.
4. HIV/AIDS awareness campaigns that are continuously in progress within the whole organization.
5. provision of the gym facilities. The above responses indicates that Eskom has made great efforts to ensure that employees are aware of health issues and have even provided some solutions such as facilities like the gym.

5.3.8.7 Are there measures in place to promote communication skills within the business?

Figure 5.50: Measures to promote communication skills

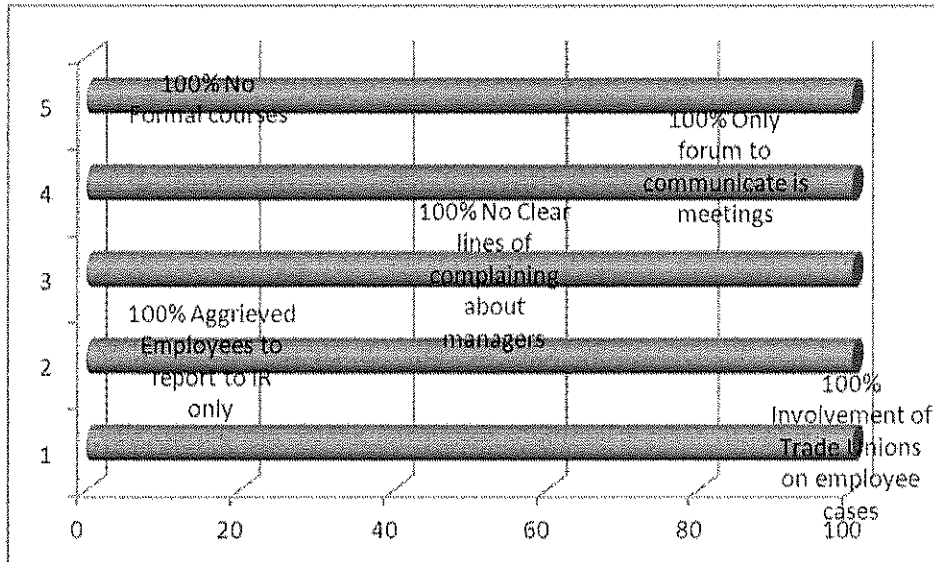


Figure 5.50 above illustrates the perceptions of the respondents about the measures put in place by Eskom to promote communication skills and open communication lines within the organization. Approximately 100% of the respondents cited the following factors:

1. lack of formal communication courses within the organization that are meant to equip the employees with communication skills.
2. meetings as the only forum to communicate.
3. no clear lines given to complain, when unhappy with the manager.
4. aggrieved employees have to report to Internal Relations.
5. aggrieved employees are allowed to involve Trade Unions in resolving their issues. The respondents believe that open communication only happens in the meetings where there are open debates on matters of concern. All respondents also believe that there are no clear lines given to complain when unhappy with the manager or his manager. Some of the respondents commented that this

results in negative attitudes between the manager and the aggrieved subordinates, which eventually drive the subordinate to resign from the organisation.

5.3.8.8 Do you often handle cases of racial discrimination within the business?

Figure 5.51: Cases of racial discrimination

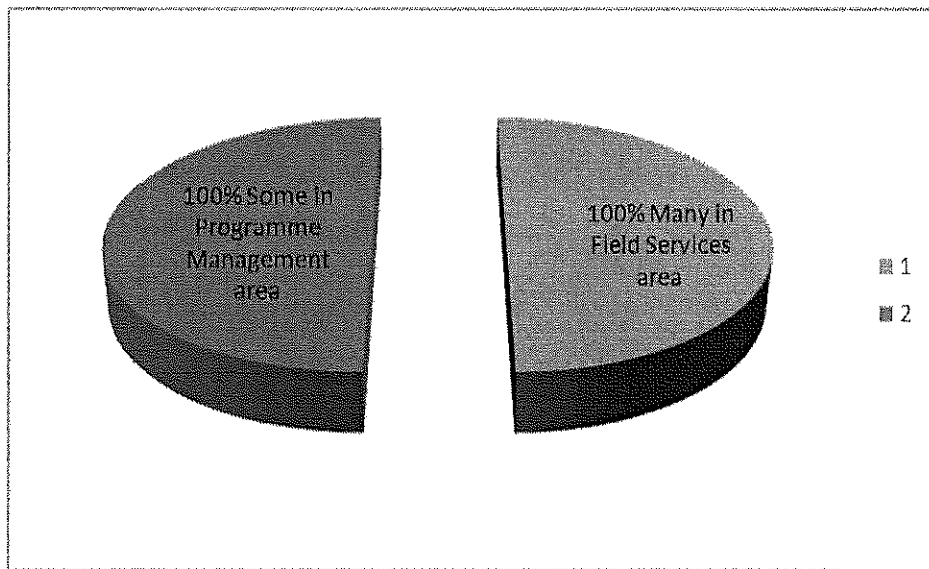


Figure 5.51 above illustrates the perceptions of the respondents on the cases of racial discrimination within the business. Approximately 100% of the respondents believe that there are few cases of racial discrimination that are handled mainly in the

1. field services area, and;
2. programme management environment. The respondents commented that most of these cases are referred to Internal Relations for resolution, but often are withdrawn due to lack of evidence.

5.3.8.9 Are there measures in place to ensure that employees doing the same job are paid the same salaries and have the same job grading?

Figure 5.52: Measures to ensure that employees doing the same job are paid the same salaries

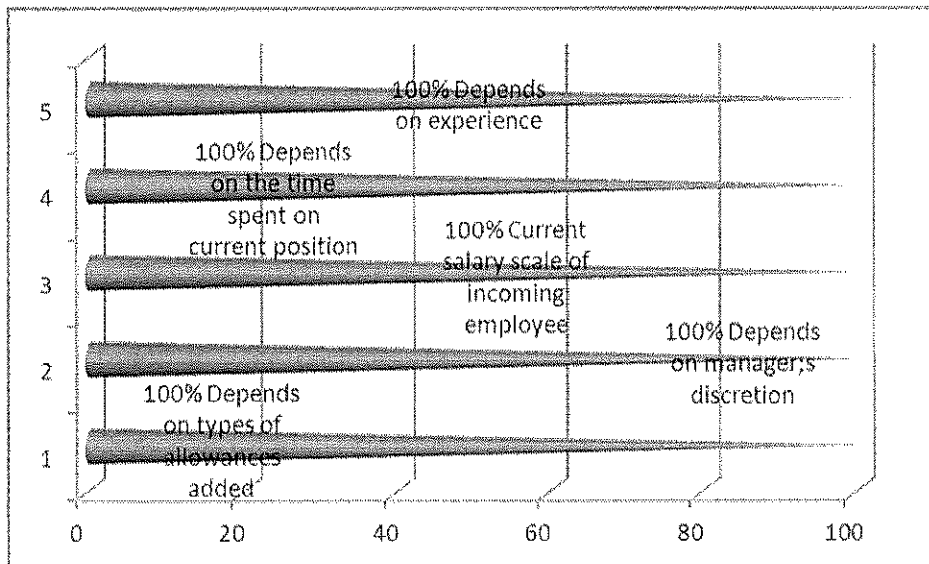


Figure 5.52 above illustrates the perceptions of the respondents on the measures to ensure that employees doing the same job are paid the same salaries and occupy the same job. Approximately 100% of the respondents identified the following possible measures:

1. it all depends on the experience an individual employee has acquired before.
2. it also depends on the time an individual employee has spent in the current position.
3. it depends on the scale at which an incoming employee was earning from previous employment.
4. it depends on manager' discretion when salary increases are applied.
5. it depends on the type of allowances an employee gets e.g. car allowance or housing allowance.

The perceptions of the respondents can be interpreted to mean that there are differences in the salary scales of employees doing the same job at the same grading but earning different salaries, which cannot be solved or made equal because it depends on all the aspects mentioned above.

5.3.8.10 Do you conduct exit interviews with the employees resigning from Eskom?

Figure 5.53: Exit interviews

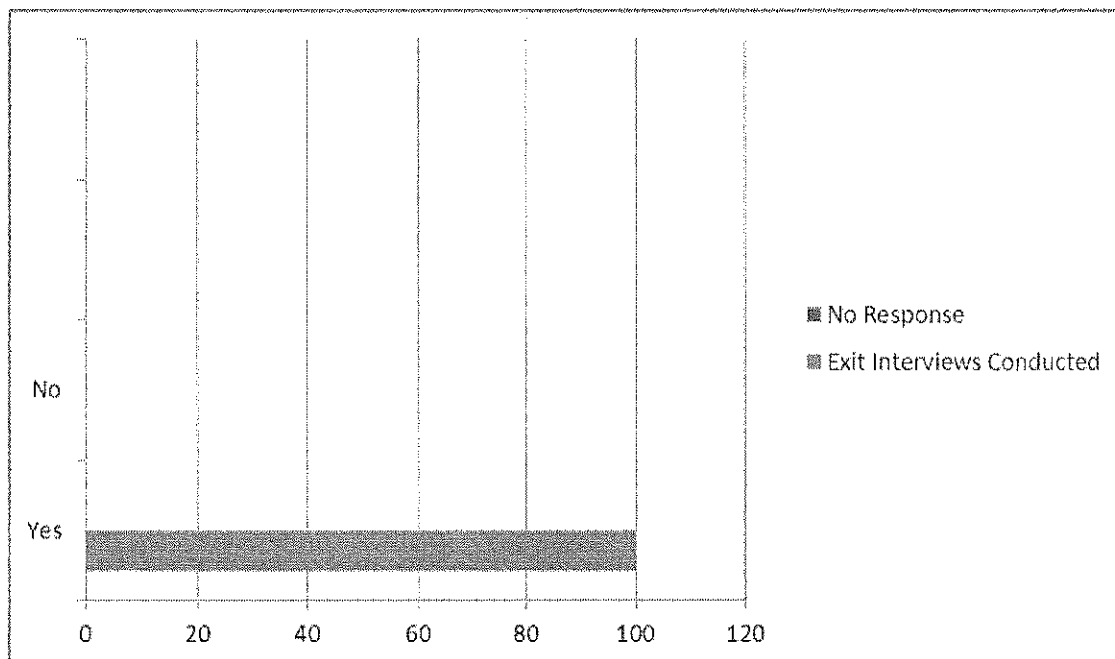


Figure 5.53 above illustrates the perceptions of the respondents on whether Eskom does conduct exit interviews with the employees who are resigning from Eskom. Approximately 100% of the respondents cited that they do conduct exit interviews with all the employees resigning from Eskom.

5.3.8.11 Do you often have cases of conflict between the managers and their subordinates?

Figure 5.54: Cases of conflict between managers and subordinates

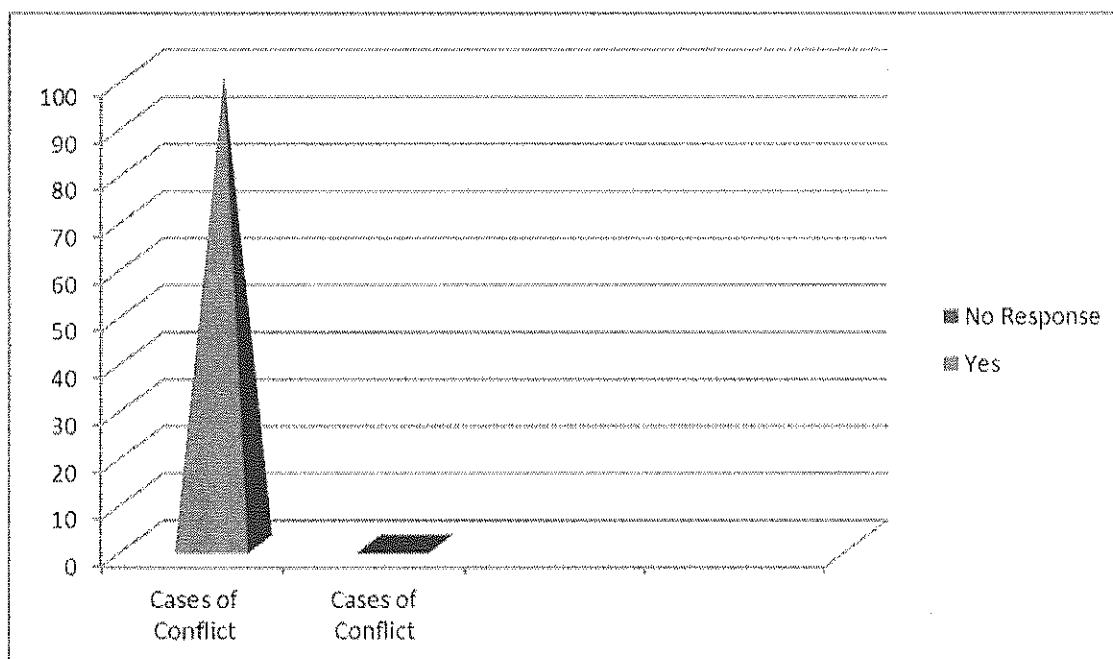


Figure 5.54 above illustrates the perceptions of the respondents on the cases of conflict between managers and their subordinates. Approximately 100% of the respondents cited that there are cases of conflict between the managers and their subordinates that they normally handle. Some of the respondents further stated that all the cases of conflict that cannot be resolved by the Internal Relations Department are referred to the CCMA for further resolution.

5.3.8.12 In what way does Eskom ensure that all employees get the benefits for which they qualify?

Figure 5.55: Eskom ensures that all employees get their benefits

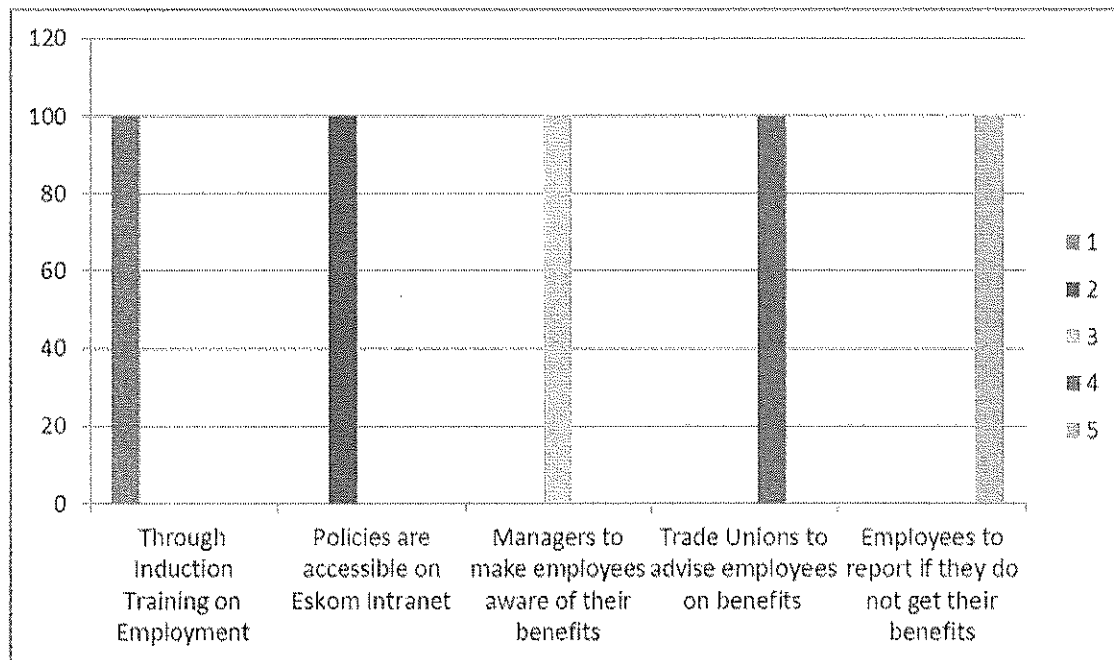


Figure 5.55 above illustrates the perceptions of the respondents on how Eskom ensures that all employees get the benefits for which they qualify. The above question was a policy-related question on how Eskom ensures that employees get the relevant benefits. It should be noted that the respondents were all human resource practitioners. Approximately 100% of the respondents cited the following measures which Eskom takes to ensure that employees get the right benefits:

1. Employees go through induction training on employment, where all the benefits are explained to the new employee joining an organization.
2. All policies and procedures pertaining to the benefits are accessible to all employees on Eskom's intranet.
3. Line managers are supposed to make their subordinates aware of the benefits they qualify for, according to the positions they hold.

4. Trade unions also have a right to advise their colleagues and guide them on the benefits they qualify for, according to the agreements reached in the Bargaining Council.

5.3.8.13 Does Eskom has enough technical staff to handle all technical work?

Figure 5.56: Eskom has enough technical staff

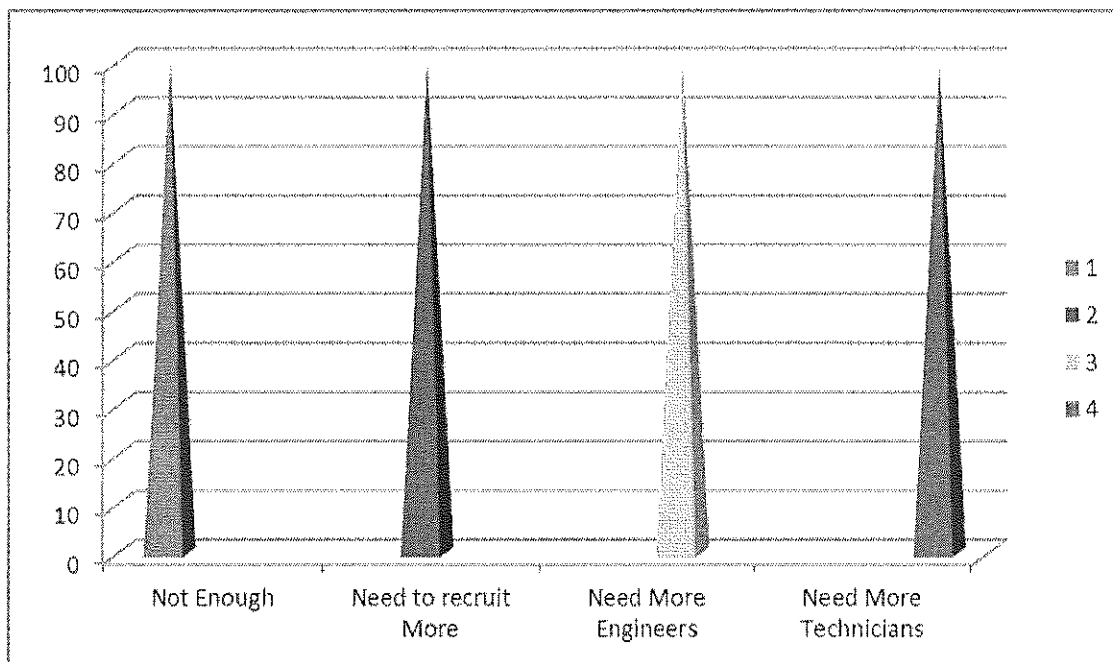


Figure 5.56 above illustrates the perceptions of the respondents on whether Eskom has enough technical staff to handle all the technical work. Approximately 100% of the respondents cited the following:

1. Eskom does not have enough technical staff to handle all its technical work.
2. Eskom needs to recruit more technical staff.
3. Eskom needs to recruit more engineers.
4. Eskom needs to recruit more technicians.

5.3.8.14 What strategies does Eskom use to recruit suitable staff to fill vacant positions?

Figure 5.57: Strategies used by Eskom to recruit staff

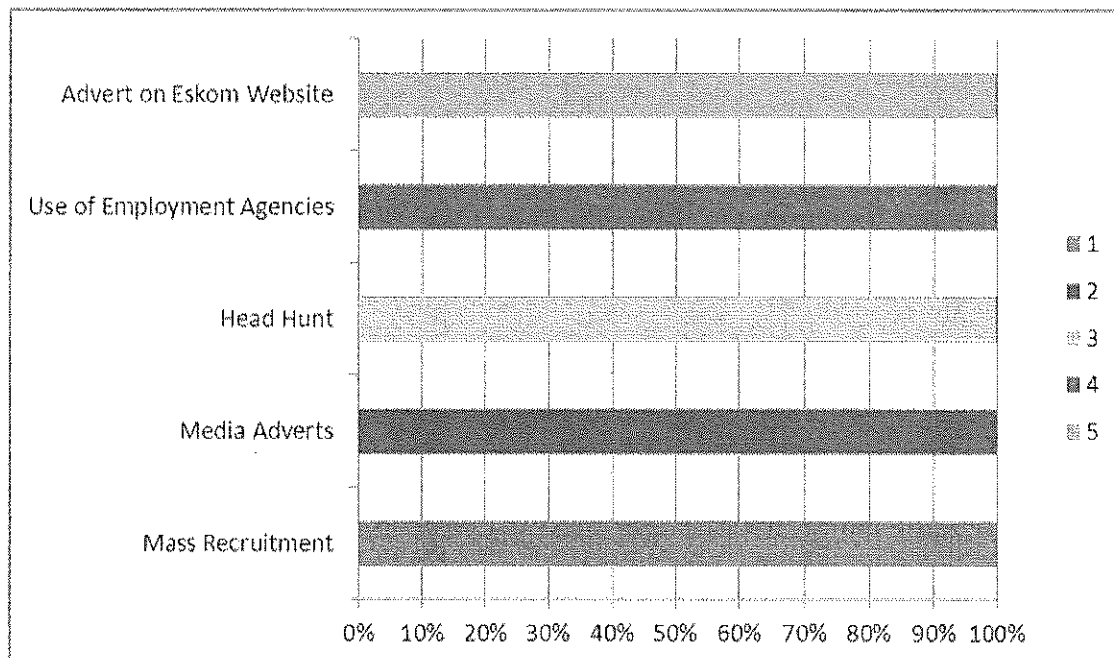


Figure 5.57 above illustrates the perceptions of the respondents on strategies which Eskom uses to recruit staff to fill vacant positions. The question above evaluated the general understanding of the respondents on Eskom's policy on strategies that are used in recruitment. Approximately 100% of the respondents cited the following strategies that are based on Eskom's recruitment policy:

1. Mass recruitment that is used by Eskom when recruiting employees.
2. Public media adverts to recruit suitable employees.
3. The use of head hunting methods to recruit employees.
4. The use of employment agencies to recruit suitable employees to fill the vacant positions.
5. The use of Eskom's website to advertise the available vacant positions to recruit suitable employees.

Some of the respondents further commented that Eskom uses all legal methods of recruitment as long as they have identified the employees who can meet the requirements of the business need.

5.3.8.15 What strategies does Eskom have in place to retain staff?

Figure 5.58: Strategies used by Eskom to retain staff

Retention Strategies Used by Eskom

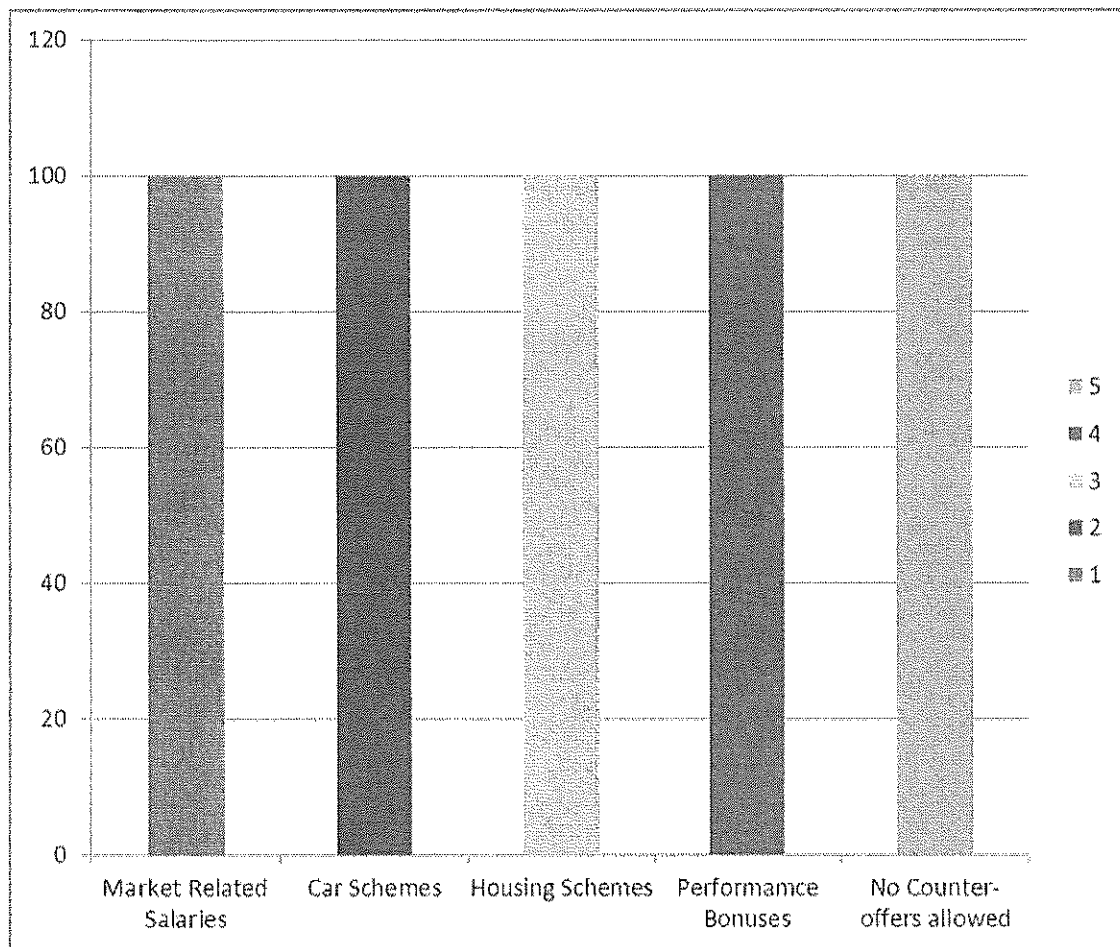


Figure 5.58 above shows the perceptions of the respondents on the strategies that are used by Eskom to retain staff. The question above was intended to evaluate the general understanding of the respondents on the retention strategies that are used by Eskom to

retain staff. Approximately 100% of the respondents cited the following strategies that are used by Eskom to retain staff:

1. Offering market-related salaries is one of the strategies Eskom uses to retain staff.
2. Offering a car scheme is one of the strategies that Eskom uses to retain staff.
3. The housing allowance is one of the strategies that Eskom uses to retain staff.
4. Performance bonuses are one of the strategies that Eskom uses to retain staff.
5. No counter offers are allowed when an employee has found another job elsewhere that makes a better offer.

5.3.8.16 Does Eskom re-employ retired staff members?

Figure 5.59: Eskom's re-employment of retired staff members



Table 5.59 above shows the perceptions of the respondents on whether Eskom does re-employ retired staff members. This question was also meant to evaluate the general understanding of the respondents on Eskom's policy with regard to the employment of

retired staff members. Approximately 100% of the respondents believe that Eskom does re-employ the retired staff members only if they are still below 65 years old, and that Eskom does not re-employ the retired staff if they are more than 65 years old since this is against the law of the country. Eskom's consideration of re-employing retired staff members has more advantages to the company as compared to recruiting new staff. Recruiting new staff could have high financial implications for the organization. Systematically re-contracting leavers a few months after they have gone (those you want back, of course) can be a very worthwhile exercise. From the organisation's point of view, re-employing ex-staff has the following advantages, as outlined by Catt & Scudamore (1997:105):

- It is the cost of a telephone call;
- It could save the time and expense of recruiting replacements;
- It is someone who can do the job, and
- If it works out it has a sobering effect on any others who may be contemplating leaving (in fact, a very good retention device in itself).

By asking, the organization is making it easier for the ex-employee to come back.

5.3.8.17 Does Eskom recruit students from tertiary institutions to come and join Eskom when they finish?

Figure 5.60: Eskom recruiting students from tertiary institutions

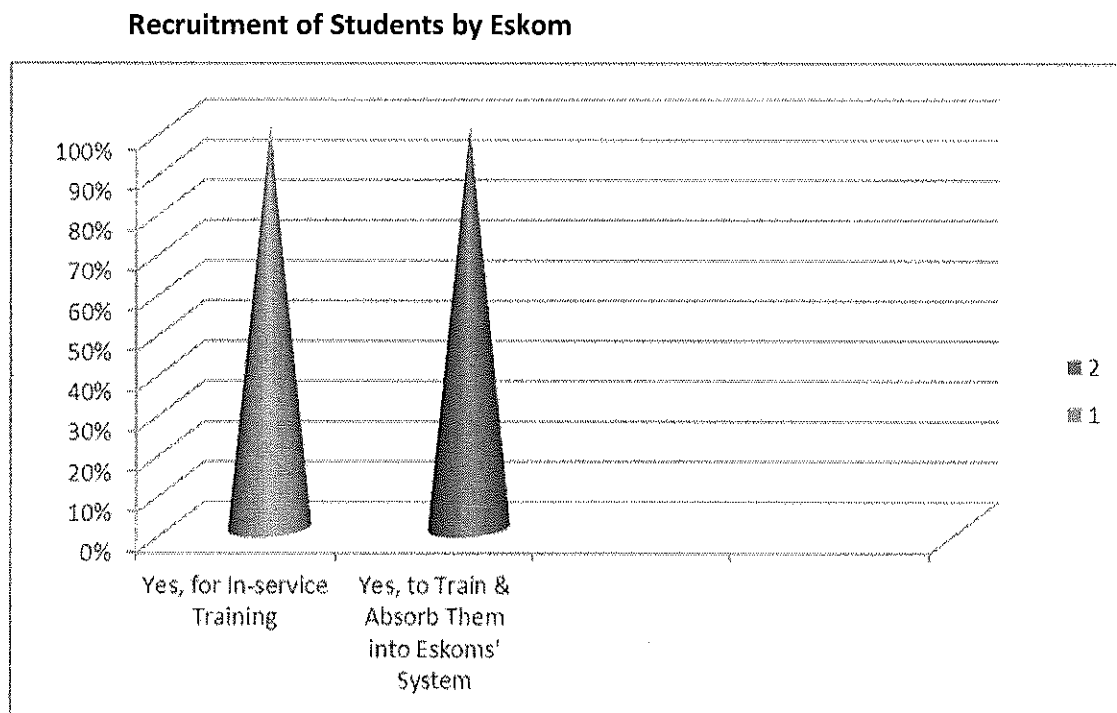


Figure 5.60 illustrates the perceptions of the respondents on the recruitment of students from tertiary institutions. This question was intended to evaluate the general understanding of the respondents of Eskom's policy for recruitment of students from tertiary institutions. Approximately 100% of the respondents believe that Eskom does recruit students from tertiary institutions for in-service training purposes, and that Eskom does so to train them and absorb them into Eskom system if and when opportunities arise. Eskom needs to develop and nurture a network of contacts throughout government, academy, consulting groups and industry, tertiary institutions as well as within the own organization (Denhardt & Denhardt 2009:195).

5.3.8.18 Does Eskom allow employees to affiliate with trade unions?

Figure 5.61: Eskom allows affiliation with trade unions

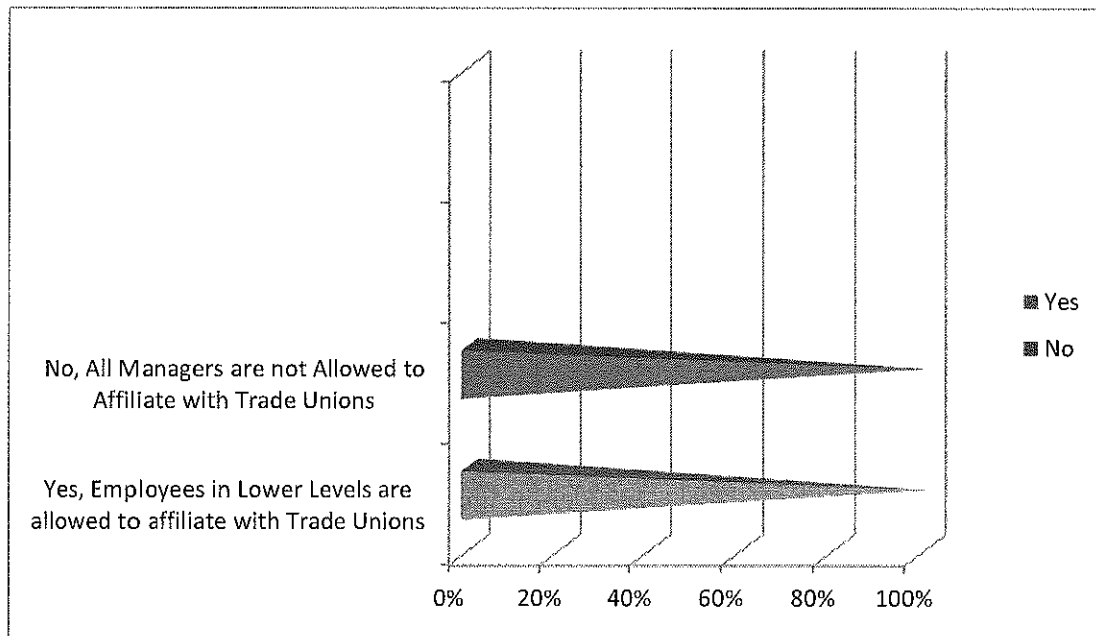


Figure 5.61 above shows the perceptions of the respondents on the affiliation of employees with trade unions. The above question was intended to evaluate the general understanding of the respondents on the affiliation of Eskom employees to the trade unions. Approximately 100% of the respondents believe that all lower levels employees are allowed to affiliate with trade unions of their choice, except that all supervisors and managers in all levels are not allowed to affiliate with any trade unions because they form part of the management of Eskom.

5.3.8.19 Does Eskom consider opinions from trade unions to meet the employees' expectations?

Figure 5.62: Consideration of trade union opinions

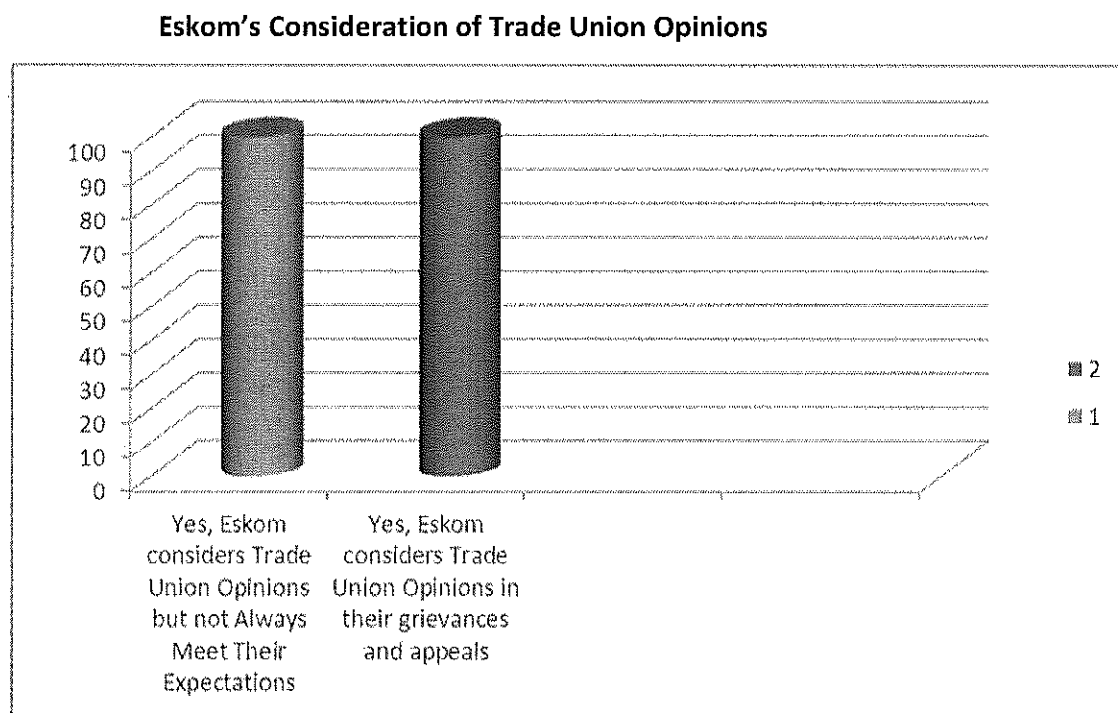


Figure 5.62, above illustrates the perceptions of the respondents on whether Eskom does consider the opinions of the trade unions. Approximately 100% of the respondents believe that Eskom does consider the opinions of the trade unions but does not always meet the expectations of the trade unions; also, they believe that Eskom does consider the opinions of the trade unions on the grievances laid by employees and their appeals, where the employer is disciplining the employees.

5.3.8.20 What are the main reasons the employees usually give for leaving their employment from Eskom?

Figure 5.63: Reasons why employees leave their employment

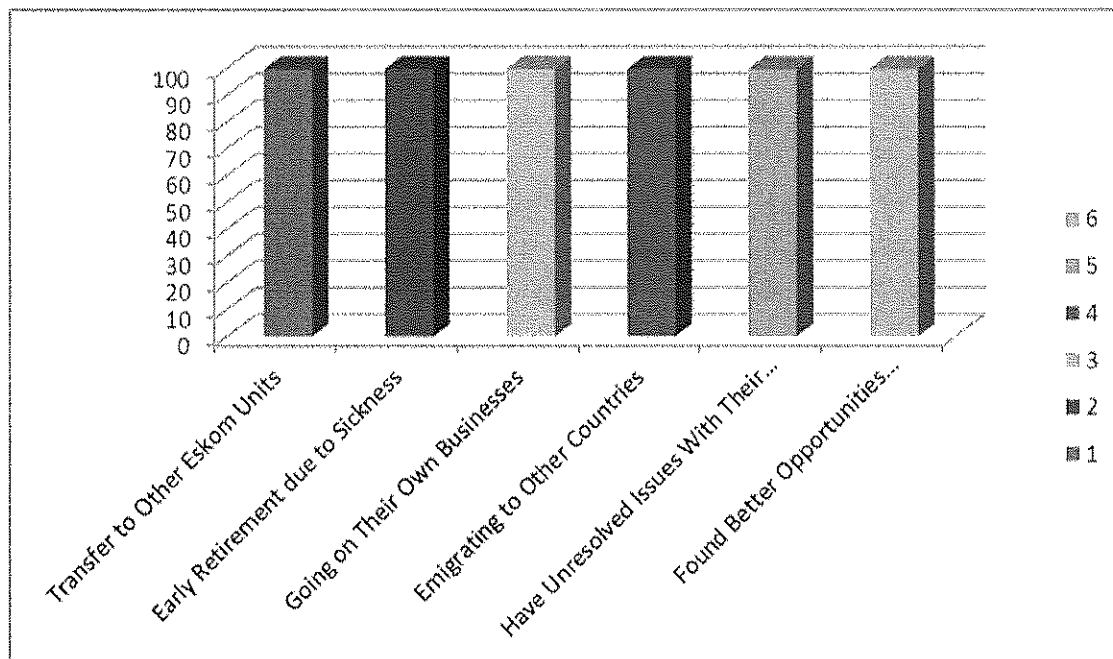


Figure 5.63 above illustrates the perceptions of the respondents on the reasons given by employees in exit interviews when they resign from Eskom. Approximately 100% of the respondents cited the following reasons that are given by employees when they leave their employment in some Eskom business units and when they move out of the Eskom system:

1. Employees transfer to other Eskom Units for better packages.
2. Employees take early retirement sometimes due to sickness or tiredness. Employees leave their employment with Eskom because they are going on their own to start their businesses.
3. Employees leave Eskom because they emigrate to foreign countries for better opportunities.
4. Most of the employees leave Eskom because they have unresolved issues with their managers.
5. Some leave for personal reasons.

6. Most employees leave Eskom because they have found better opportunities outside Eskom.

5.4 CONCLUSION

This chapter focused on the presentation and analysis of the results. The data were presented using bar charts which were interpreted, analysed and supported. It was established that the responses of all the respondents which included managers, supervisors, lower level employees, ex-Eskom employees and the human resource practitioners in Eskom, shared the same sentiments in 99% of the questions that were asked. It was noted that managers view the situation exactly the same way as all the respondents who were asked the same questions, hence all the questionnaires and interview questions of the identified sample have been presented together. Likewise conclusions will be drawn from the same pool of views of the respondents. The next chapter will draw the conclusions from the study and on the basis of these, make recommendations.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The skills loss in organisations has, on the one hand, great impact on the delivery of its services. On the other hand, identifying and recruiting suitable staff to perform certain types of jobs is a dynamic process which involves more than complying with employment legislation. Retaining staff in an organisation for longer periods requires that the management of an organisation understands the needs of the employees and works towards satisfying those needs. Therefore this study sought to build on the conceptual framework that can guide the management on recruiting suitable staff and retaining the same staff for longer periods. The study examined/investigated the reasons why employees continuously resign from Eskom.

In order to meet the objectives of this study, a literature review was undertaken. Salient themes regarding the recruitment, retaining of staff and management of staff in different types of organisations with particular emphasis made on public organizations management text, in theories and other social sciences research studies.

In Chapter One, the objectives were highlighted. The theories upon which the study is to be based were briefly highlighted as well as the definition of key concepts. This gave effect to the context in which staff turnover in Eskom was discussed.

Chapter Two, provided insight into the concept of Eskom as a State-Owned Enterprise and its functions as well as services mandated by the government to deliver to the communities, businesses, municipalities and the country at large and how Eskom relates to public administration practices.

Chapter Three discussed the concept of human resource management, highlighting all the necessary information on recruiting staff, managing staff and retaining staff.

Chapter Four presented the methodology that was adopted when conducting the study within the selected areas of Eskom's Distribution Division, which included KwaZulu-Natal and Gauteng regions.

In Chapter Five, data were presented and measured by utilizing structured questionnaires, structured interview questions and various statistical analysis. The data were presented using the bar graphs and tables.

Chapter Six draws conclusions from the literature review and empirical survey and provides recommendations based on the outcomes of the study.

Chapter Seven will offer a model that can be used by Eskom to manage the staff turnover.

6.2 REVIEW OF THE RESEARCH PROBLEM AND AIMS OF THE STUDY

The conclusions of the empirical study can be viewed against the aims and research problems of the study.

The research problem of the study was to identify and evaluate the causes of loss of staff in Eskom as well as the impact it has on the delivery of electricity services to the communities. The importance of personnel management in the achievement of institutional objectives is self-evident in that an organisation can only achieve its goals when the contribution of employees is acknowledged (Andrews 1998:v). The study further evaluated the impact of outsourcing of activities by Eskom to vendors. Noe *et al* (2004:30) contend that outsourcing gives the company access to in-depth expertise and is often more economical as well.

The aim of the study was to:

- identify and outline the causes of staff turnover in Eskom;
- evaluate the impact of staff turnover on the delivery of electricity services to the communities of South Africa;
- investigate whether ill-health matters have a direct influence on loss of skills in Eskom;
- evaluate the impact of outsourcing of business activities to external service providers;
- evaluate the impact of the management style of managers on the skills loss and skills retention in Eskom, and
- propose a model that can be used by Eskom to minimize the loss of skills.

6.3 CONCLUSION

This section presents the conclusions of the study in accordance with the questionnaire and interviews and from the research undertaken.

6.3.1 MEANING OF STAFF TURNOVER

Staff turnover means the rate at which individuals join the work force of an organisation and the rate at which individual employees resign from an organisation for different reasons. This argument is supported by French (1994:113), where he states that turnover can be defined as a calculated ratio of the number of employee separations during a month, to the number of employees on the payroll in the middle of the month or at the end of the year.

It is crucial that one addresses its meaning in its context. It is imperative for management staff to understand the meaning of staff turnover. The study showed that most of the respondents who were managers did not understand the meaning of the

concept staff turnover. The reason for this could be that not all managers were promoted to management from the human resource background but most were promoted from a technical background and have not studied all aspects of human resource management. This means that such managers may not be in a position to understand human resource concepts, unless they undergo specialized training on human resource management to bridge the information gap.

Eskom should encourage all the staff in management positions to study courses in human resource management, so that they can fully understand the human resource aspect as they manage people in their daily operations. This will help them develop good strategies to minimize the number of employees resigning from an organisation, since much investment in the form of recruitment, training and other initiatives are made when employees are recruited and eventually employed in an organisation. This means therefore that it should be in the interests of all staff in management positions to ensure that staff is retained within an organization for longer periods. This will help an organisation to reap the maximum benefit from the investment they make in their employees.

6.3.2 REASONS FOR STAFF TURNOVER

In order to gain maximum commitment from the employees of an organisation, management should be in a position to support their subordinates in all aspects of work and help them identify and address the challenges which affect their performance when executing their work within an organization. The study revealed the following reasons for why most employees resign from Eskom. It should be noted that both the current staff, including managers and previous Eskom employees, have the same view of the reasons why they would resign from Eskom and seek jobs from other organisations or start their own businesses:

- Eskom outsources most of their work at best rates.

- There are many unresolved conflicts between managers and subordinates, which results in continuous misunderstanding between aggrieved parties.
- It was identified that most managers hold grudges against their subordinates, which results in a lack of support and appreciation from the managers with regard to their subordinates.
- The bias of managers when resolving conflicts among their subordinates results in animosity among the employees of the section, which eventually affects productivity of the whole section. This also results in the formation of groups according to race or clan, qualifications and interest, who work against each other.
- The bias of managers results in the lack of recognition of good work of the committed employees, thereby demotivating the employees.
- It is evident that some employees resign because they want to explore new opportunities of employment with other organisations.
- Some employees resign from Eskom because they want to start their own businesses.
- Some resign due to sickness.

This argument is supported by Pike (2001:122) in his study, which highlighted the problems on leadership and management that are likely to cripple an organisation.

Motivating employees is one of the most important managerial functions. According to Attwood & Dimmock (1996:73), human needs are based on the assumption that people have wants directed to specific goals. Achieving these goals has an effect on increasing the level of motivation and commitment of employees to their work and their employer. Success in this endeavour of motivating employees is essential in the quest to utilise the full potential of the employees ensuring quality products and service. Nel (2001:326) argues that motivation is a very complex issue due to the uniqueness of people and the wide range of internal and external factors that impact on it. Herzberg's theory highlights

managers' emphasis on trying to achieve motivation by focussing on hygiene factors such as higher pay, better working conditions and more fringe benefits. Despite improving these factors, workers are still not motivated. Abdullar & Mohamed (2002:134) believe that the reason for employees to remain unmotivated is that once all workers' hygiene needs have been satisfied, providing more of the same will not motivate; only a challenging job which provides opportunities for achievement, recognition, responsibility, advancement and growth will lead to worker motivation.

6.3.3 AGE AND COMMITMENT

Check margins in order to increase motivation and performance management, staff irrespective of age, needs to realize their commitment to an organization and identify available growth and development opportunities which they can explore within it. This will enable both themselves and management to identify their potential and ultimately increase their levels of productivity. In this way, their commitment to an organization will greatly minimize the levels of staff turnover and increase the company's growth. This study revealed that most of the workforce ages range between 23 years to 60 and there are very few above 60 years of age. This means that employees are in a very good position to perform their work and be in a highly productive mode if they are committed to their work and the work environment is favourable and conducive for them to do so.

6.3.4 MANAGEMENT STYLE

The management of an organisation often determines the culture of the organisation. This includes the management of individual departments within an organisation and all the different departments of an organisation put together. Often the calibre of the managers appointed in different departments of an organization greatly manifest the calibre of the Human Resource Department of an organisation; that is, their ability to set the standards of operations for the managers leading the organisation, help identify the type of management style they would like to promote in the business. This would result in the selection of suitable questions for interviews when recruiting managers, which

help them to clearly identify the candidate that could have correct perceptions and attitude, and would produce the type of management style that the organisation would like to promote. Their ability to conduct attitude surveys in the form of attitude tests that would put forward the attitudes of the candidates upfront, in terms of the management style an organisation has identified and would like to promote, is crucial.

This argument is supported by Hilliard (1995:4) when he states that it is apparent that increased performance is dependent on a number of factors such as managerial style and the quality of leadership charged with the responsibility of directing subordinates. However, achieving increased employee output is by no means simplistic and does not rest only with leadership. The question of low productivity should be approached from other angles as well, which will include the provision of a suitable work environment in terms of buildings and equipment, addressing the attitudes of the employees in the lower levels, as well as adequately addressing their needs both physical and emotional, wherever possible. It is therefore necessary to identify some of the hindrances to increased productivity so that suitable solutions can be provided to minimize difficulties encountered in seeking higher output.

It is clear that the public manager's attitude towards his subordinates is vital to the way in which they will perform their work. If at any stage a public manager appears to be the type of a person who orders subordinates with a force of authority, this could have a direct impact on the performance she/he can expect.

It is the researcher's view that the management style of each manager in any organisation influences the duration in which the employees will remain in that particular department or within that organisation. This study reveals that most of the managers in Eskom adopted an autocratic style of management. Both respondents on the management level and the employees on the lower levels indicated that most managers in Eskom are autocratic and often are closed to the ideas of their

subordinates, which results in the managers lacking respect for their subordinates. This attitude leads to managers not willing to acknowledge the good performance of their subordinates, and withholding the approvals for the benefits of their subordinates that are due to them. The study further reveals that the level of bias among managers is very high when dealing with staff matters and is believed to be very strong in holding grudges against their subordinates who challenge them on certain issues, but highly favour those subordinates who they like.

According to Nel (2001:326), leadership is the ability to inspire people to voluntarily and enthusiastically work towards the attainment of organisational goals. This means that good managers must have good qualities of leadership for them to be able to inspire their subordinates. In the light of the above arguments from Nel, it is clear that the leadership in an organisation has the responsibility to ensure that all employees are taken care of in order to make them feel accepted and valued in the work place. It means therefore that if one employee is not taken care of, the possibility of that employee becoming de-motivated is inevitable. If more than one employee feels the same way, the possibility of the employees giving out poor quality products or services is also inevitable.

The findings of the study reveal that line management in Eskom is understood to be the main cause of demotivation among employees. Line managers are understood to be the ones who are not supporting their subordinates, biased when resolving conflicts among their subordinates, playing favoritism, not willing to approve their subordinates' access to their benefits (car schemes, training, nomination benefits etc.), not willing to recognize their subordinates' excellent works, holding grudges against their subordinates, not willing to promote their subordinates in their departments to senior positions, and not willing to balance the salary scales of subordinates doing the same job in different job grading, amongst other things. All these put together proves that the line management of an organization is not keen to fulfill their responsibility of ensuring

that all employees are taken care of in order to make them feel accepted and valued in the work place. This results in employees not able to achieve their psychological needs and self-actualising needs as per Maslow's hierarchy of needs. Employees therefore get demotivated, which negatively affects their innovation as well as productivity and leads eventually to their leaving Eskom.

In order for Eskom to minimize the loss of their staff, it is important that their Human Resource Department together with the top management of the organization identifies the type of management style that they would like to promote within an organisation. According to Jackson & Schuler (2009:195), line managers can help promote the company and make it attractive to employees, or they can be the cause of high turnover.

6.3.5 HEALTH CARE MATTERS

Health care is one of the most important aspects of human resource in any organisation. Healthy employees are always associated with high productivity and quality outputs. Nowadays, it is accepted that every employer should take specific steps to safeguard the health, safety and welfare of his employees. This argument is supported by Cloete (1994:173) in his comments that medical benefit schemes have been established, accident prevention and safety schemes have been introduced and provision has been made for the appointment of welfare officers.

In order for Eskom to further instil the importance of healthy practices that will lead to a decrease in the levels of whatever kind of illness among their workforce, the capacity and the accessibility of the medical facilities must be increased and managed properly to ensure effectiveness in handling health matters of the workforce. This study reveals that attempts have been made by Eskom in providing occupational health centres in certain office complexes, and providing mobile clinics for remote areas which visit the areas once in every two weeks. It has been revealed that Eskom enforces medical aid cover

for all the employees and contributes 60% to the medical fund for each employee. The study has also revealed that Eskom has engaged in vast campaigns where awareness on HIV/AIDS is raised.

However, there is a need to provide the occupational health centres in all office complexes particularly in the remote areas, where there are more employees affected by HIV/AIDS and other sicknesses, and where public clinics are very distant. The study shows that many employees living in remote areas have difficulty in accessing the health care facilities brought to them in mobile clinics since these mobile clinics only visit their sites once in two weeks. Eskom should consider increasing the number of visits of mobile clinics to remote areas to at least twice a week while considerations of building occupational health centres are made.

6.3.6 OUTSOURCING OF ESKOM ACTIVITIES

Outsourcing of activities by organizations is often associated with savings. These savings are associated with labour costs, sourcing of equipment costs, repairs of equipment costs and other aspects. Most companies prefer to outsource most of their work to the companies that are specialists in different categories of work. Eskom's Distribution Division is responsible for distributing usable electricity to the different end users. This means that the amount of work to be done in order to ensure that every household and every firm receives electricity is huge. The distribution of electricity requires the organisation to have so many electricians, technicians, engineers and other highly skilled labour to provide technical expertise to ensure that electricity is received by end users in the best quality and the safest manner. This also requires the organization to make huge investments in the equipment which includes trucks, bakkies, cranes, crimpers among other things.

In order for Eskom to meet the demands of electricity in the country, outsourcing some of their works became inevitable.

The study shows that Eskom has a shortage of technically qualified staff to carry out all technical work and as a result, Eskom outsources up to 90% of its technical works, both engineering and construction, at assumed better rates compared to the employees' packages. This has resulted on a sizable number of employees resigning from Eskom, only to come back and provide their services as suppliers to Eskom. The study also reveals that most of the employees who resign from Eskom become the employees of the organizations that are supplying goods and services to Eskom, especially in the electrical engineering aspect of Eskom's business.

6.3.7 WELFARE MATTERS

Human resource is the only resource among all other resources in an organization that has the ability to think, reason, make decisions, have feelings and needs, and which can act upon all other resources to make them produce the expected output. Human resource can therefore be referred to as human capital, one of the biggest investments an organisation has to make. It is the responsibility of managers in any organisation to take care of the needs of human resources to ensure that their needs met to keep them happy and productive. This argument is supported by William (2009:229), that a government's ability to fulfill its public purposes depends on how well the employees are chosen, developed, compensated and supervised. As the expectations of the public workforce and its expertise continue to grow, the demands for progressive management are stronger than ever. Managing the newer generations of public servants calls for intelligent changes in both formal policies and organisational culture, if public agencies seriously regard them as human capital. This highlights the importance of the hygiene factors which, according to Herzberg, are related to work environment. Herzberg's hygiene factors are closely related to the working environment and include organisational policy and administration, equipment, supervision, interpersonal relationships with colleagues, superiors and subordinates; salary status, working conditions and work security.

It is believed that the driving force for all employees to go to work is the earnings they receive having done their work. Only people generate value through the application of their intrinsic humanity, motivation, learned skills and tool manipulation (Fitz-Enz 2000:4). Employees have the tendency to compare their jobs and their salaries with their internal colleagues and their external opponents who are working at the same level or grading. If an individual perceives that his/her pay is much lower relative to others doing a similar job in another organisation (or within the same organisation), she/he might well perceive distributive injustice. However, if she/he perceives that his/her own organisation is rewarding as much as possible and the system for distributing such rewards is transparent and fair, he/she will probably perceive a situation of procedural justice. Equity theory centres on an individual's desire to be treated equitably in relation to others and to avoid inequality – the belief that he/she is treated unfairly when compared with another individual (Maund 2001:447).

The findings of the study reveal that there is a great dissatisfaction among subordinates on the aspect of salary scales. The main identified problem is the differences in the salary scales of employees who are doing the same jobs but earning different salaries, with different job gradings. There is a gap that must be bridged by Eskom in this aspect: standardising job grading and the salary scales for the people doing the same job across the board, is essential. That this does not exist is perceived by the subordinates as gross injustice as they are treated unequally but are working for the same employer.

The study reveals that even though good organisational policies are provided for, the interpersonal relationships within the business between superiors and subordinates are very weak; salary status remains a high demotivating factor, and working conditions and work security are therefore negatively affected by the poor interpersonal relationships that exist between managers and their subordinates in Eskom.

In order for Eskom to achieve the goal of delivery of electricity to the communities as per their mandate by government, human resource practitioners and managers in Eskom need to work together in ensuring that suitable employees are recruited and appointed, developed, given all their benefits as per company policies, compensated and supervised. This study shows that most managers in Eskom are not willing to help employees get the benefits they qualify for from the company. The study shows that most requests from employees for approval for the benefits they qualify for are rejected by managers and are sometimes unreasonably delayed. This study further revealed that most managers hold grudges against their subordinates for past wrongs and are not willing to let go of their gripes. This results in the creation of animosity within the department and eventually an unhealthy, incompatible work environment.

Since many managers adopted an autocratic style of management, the communication lines are almost closed between the managers and their subordinates. This study revealed that the communication lines are only top-down, where only the managers give instructions and information and subordinates are not allowed to express their views on what they think can be used or done in the organization to increase productivity. This study revealed that racial discrimination is still practised by most managers in many areas, particularly in the Field Services areas in the rural areas.

The great resentment that exists between the managers and their subordinates is aggravated by the vast differences in salary scales for employees doing the same job at the same job grading. This is believed to be the result of the bias of the managers when handling conflicts between their subordinates. This study revealed that a large number of employees are unhappy with this and in fact are continuously looking for other opportunities so that they can leave Eskom. It was established from the study that most managers are not willing to promote employees under their supervision but rather prefer to appoint a new candidate from outside their departments to take senior positions within the departments. This tends to be a demotivating factor to most employees at the

lower levels, who have been working hard and are committed in their work with the hope of being considered for promotion within their department.

Resentment is the worst enemy of any organisation, as it directly affects the productivity of the employees. This argument is supported by Pike (2001:125), where he defines resentment as ill will held against someone or something for a period of time for apparently good reasons. Breaking down the above definition, Pike makes two observations:

- Ill will is a separating and destructive state of mind. It is a choice that human beings make and it gives them permission to behave in the way they choose.
- Ill will is held against someone or something, whereas resentment can be held not only against other individuals, but also against generic groups of people – employers, companies, governments, polluters, smokers, the world, life, are all valid targets of an individual's ill will.

Resentment is possibly the most divisive and destructive force that any business entity faces, partly because it is not always easy to identify, but mainly because the consequences are often not fully appreciated, understood or acknowledged. Pike (2001:125) argues that managers are more often unable to deal with resentment in a way that will clear the problem.

The findings of the study show that Eskom as an organisation has prepared good work content in terms of promoting achievement, recognition, responsibility, work itself, advancement and personal growth in its policies and procedures. All these aspects were provided with the aim of opening opportunities for employees to feel valuable and advance themselves within the company, to keep them motivated and part of the organization for longer. Eskom depended on the line management to ensure that employees can actually access and enjoy the good work environment that has been provided. The study has revealed that the type of line management that exists in Eskom

is the direct reason why subordinates cannot really access and enjoy the good work environment that has been provided.

6.3.8 SERVICE DELIVERY

State-Owned Enterprises exist with the purpose of delivering services to the communities as mandated by the government. Therefore, service delivery becomes the core business for each State-Owned Enterprise. This argument is supported by Coetzee (1988:58), where he states that from day to day within the complex networks of administrative activity, thousands of public administrators make significant value-laden choices which affect the lives of millions.

As the reputation and success of any government depends upon the conduct of public functionaries, these functionaries should act justly and fairly to one and all, that is, they may not undertake their administrative functions arbitrarily and without restraint. As public activities are undertaken by officials on behalf of the legislative institutions, specific norms and guidelines must be laid down to serve as a framework within which the officials may perform their work. For this reason, a public functionary has a special duty to be fair and impartial in his dealings with the public. All public institutions should always be cautious of nepotism, corruption, administrative discretion, administrative secrecy, information leaks, values and deliberate victimization. Adherence to the normative foundations of public administration should thus be the goal of all employees in public institutions, and must respect a specific set of values and standards.

In order for Eskom to be able to fulfill the task it was set, which is to provide electricity to the whole country, it needs to have adequate technically qualified staff to handle all technical challenges. This study reveals that Eskom is facing challenges in the delivery of electricity services. A lack of technically qualified staff was identified in this study as one of the main reasons why Eskom is unable to deliver electricity to meet the expectations

of all communities. The study shows that a large number of staff members, particularly the technical staff, resign from one department to join another, but eventually resign from Eskom to join other organisations in the country and foreign countries where they identify better opportunities. This study also observes that Eskom is having difficulty in sourcing the right people with the right skills at the right time to replace the staff that has resigned. This means that the lack of technically qualified staff causes the delivery of electricity services to slow down and the expectations of the communities are hence not met.

In terms of the aims of the study, the work reveals that the causes of loss of staff in Eskom are different but related as they include the management style of managers, health care matters, and the outsourcing of Eskom's activities, which in turn, impact negatively on the delivery of electricity services to the communities of the country. The organization has good policies in place to handle all employee-related matters, but this study indicates that the organization needs to do more of training on the side of its managers in order to retain employees in the organisation for longer periods.

In terms of and in response to the research problem of this study:

- A number of causes of loss of staff in Eskom were identified. Most of the causes of loss of staff are based on the attitudes of management in handling the staff. This leads to more employees choosing to resign from one department/division and joining another, and eventually resigning from Eskom as a company.
- There is an agreement that Eskom pays better rates for all outsourced work as compared to the employee's salary packages, and this has been identified as one of the main reasons that leads to loss of staff.
- The lack of technically qualified staff to handle technical work has been identified as one of the main reasons why Eskom has difficulty in delivering

electricity services to the communities. This forced Eskom to outsource most of its technical work but Eskom still cannot meet the expectations of the communities in delivering of electricity services.

The study leaned on Maslow's Hierarchy of Needs Theory, Herzberg's Two-Factor Theory and the Equity Theory to check whether you use caps in other instances: caps better, like here in trying to establish the causes of loss of staff in Eskom. Having integrated all these theories, the basis of this study was formed. Public management skills like decision-making, communication and management etiquette, were considered. In employing all these theories, the researcher found that the delivery of services by this organisation is negatively affected as most employees are demotivated in their jobs, and feel that they are not treated with courtesy by their line management, which results in an unhealthy work environment. In other words, they feel that they are not rewarded according to their contribution to the organisation. As more employees resign from Eskom, the delivery of electricity services is negatively affected as the organisation lacks the technically qualified staff to handle their technical challenges in the delivery of electricity.

Finally, based upon the findings of the study, it is now appropriate to make certain recommendations which fall within its scope. The recommendations are summarized and motivated below.

6.4 RECOMMENDATIONS OF THE STUDY

This study was conducted with the aim of identifying the causes of loss of staff in Eskom. Having presented and analysed the data, some findings that give answers to the questions of the study were outlined. The conclusions of this study provide a way for the recommendations to be made for the study. This section presents the recommendations of the study based on the conclusions of the study.

RECOMMENDATION ONE

Senior management to develop a new organisational culture

It is recommended that senior management as the leadership of the organisation, must determine the organisational culture by identifying the type of management style they would like to promote in the business, in line with the organisational culture. According to Donald & Rattansi (1992:39), culture refers to all accepted and patterned ways of behavior of a given people. It is a body of common understandings, the sum total and the engagement of the entire group's way of thinking, feeling and acting. It also include the physical manifestations of the groups as exhibited in the objects they make, their clothing, shelter, tools, weapons, implements, and utensils. Culture is symbolization and lifestyle, it shows the way things are done in a particular environment. Therefore, culture of an organisation generally means the way things are done in an organisation. This will be determined by the attitudes of the managers, the environment that dominates the operations of an organisation, and compliance with the policies and procedures of an organisation.

RECOMMENDATION TWO

Human Resource Department to review recruitment processes

It is recommended that the Human Resources Department revises its recruitment methods when recruiting managers to incorporate the type of questions that will help them identify suitable candidates with an attitude that is in line with the preferred management style, as determined by the top management. In addition to the change of interview questions, the attitude survey/questionnaire must be developed to be completed by the candidates for managerial positions before the selection is done. This will help Human Resources to be able to identify the best candidate to best suit the organizational culture and the preferred management style, as determined by the top management.

RECOMMENDATION THREE

Senior management to open communication lines for reporting unfair treatment and abuse of power by managers

It is recommended that the Human Resource Department open the lines of communication for the employees to be able to report their managers if they experience any form of victimization by their managers. The reported cases must be handled in the greatest confidence and should never expose the name of the employee who reports the victimization or misbehaviour. A private line or private email address must be provided, or an external body must manage this process, and all employees must be made aware of the process of reporting should they experience victimization from their managers. All the reported case must be dealt with and there must be assurance that the managers who repeatedly commit such misbehaviours will eventually be disciplined. A specific number of counts of such misbehaviour must be set as a trigger point for disciplinary action against the manager.

The misbehaviour that need to be dealt with should include but not be limited to the following: unfair preference of one employee over other employees; withholding or refusal of approval of employee benefits that are due to employees; biasness when managing the staff under their supervision, and bias when resolving conflicts among employees under their supervision.

In order to protect the employees who report the misbehaviour of managers, the Human Resource Department must develop an affidavit or the like, where the aggrieved employees can make their statements. Such an affidavit can be presented as evidence during the disciplinary process. The employees who have reported any case of misbehaviour by any manager must be protected and never be exposed to the reported managers.

RECOMMENDATION FOUR

Human Resource Department to increase the number of Occupational Health Services in the Technical Service Centres

It is recommended that the Human Resource Department considers establishing occupational health services centres in all Technical Service Centres (TSC) in the rural areas. Here all the employees who work in the Technical Service Centres (TSC) can easily access the occupational health services. The current system of having one occupational health centre in the regional offices poses a limitation for all employees in the TSCs, since they can only access the health service once a month whenever the mobile clinic visits the TSCs. The number of occupational health staff should be increased so that each TSC can have its own health advisor whenever there is a need. Also, there is a need to increase the number of Social Workers as well as psychologists. Each area office needs to have at least one social worker and one psychologist who will be physically accessible to employees working in TSCs and area offices.

RECOMMENDATION FIVE

Senior management to standardise the job grading and salaries of employees

It is recommended that senior management addresses the issue of imbalances in the salaries of employees who do the same type of work but are being paid unreasonably different salaries, in order for Eskom to be able to keep the work force committed to its work. The job profiles and salaries of all employees doing the same type or related work need to be standardised in the whole organisation; for example, an engineer working in Eskom's Engineering Department designing substations should earn the same salary and operate at the same job grading as an engineer working in KwaZulu-Natal or in other Eskom region. This will help minimize the moving of employees around to the different regions.

RECOMMENDATION SIX

Senior management to introduce extensive emotional intelligence and supervisory skills training for managers and supervisors

In order for the company minimize staff turnover, it is recommended that senior management ensures that all managers in all levels are prepared to help the company achieve this goal. In order to prepare managers to enforce good relations, support and empathy with their subordinates, intensive training should be provided. In terms of this study, it was identified that the attitude of managers and their lack of commitment to retaining staff are the main causes of staff turnover. Coupled with supervisory skills training, an emotional intelligence training skills programme must be provided. This training should help managers understand their role and responsibility in enforcing the good will between the company and all its employees. An emotional intelligence training module should incorporate topics that will help the company address the following aspects that can be used to encourage employees to remain loyal to the company, as identified by the study:

- Managers should be trained to acknowledge ideas from employees concerning their work and support them where possible.
- Managers should be trained to understand, accept and support individual employees according to their individual needs and abilities.
- Managers should be trained to treat employees equitably, with no special preferential treatment to certain employees under their supervision.
- Managers should be trained how to develop good team building strategies to unite and support their work teams.
- Managers should be trained how to encourage employees to increase their commitment to their work and to the company.
- Managers should be trained to practise fairness when resolving conflicts among employees in the departments.

- Managers should be trained on how to acknowledge the good performance of their subordinates.
- Managers should be trained in change management.
- Managers should be trained in financial management so that they understand that withholding employee benefits is not a saving to an organization but an actual loss.

RECOMMENDATION SEVEN

Senior management to develop a strong, long-lasting relationship between Eskom and its employees

The success of any company is determined by the type of relationship the management has with its work force in implementing the values of an organisation, in order to promote the vision and achieve the goals of an organisation. Eskom has set very clear and achievable values to which all employees, including top management, should adhere. Zero harm, integrity, innovation, sinobuntu (caring) and customer satisfaction are Eskom values that must be implemented in conjunction with an organisational culture. The organizational culture of any organisation is determined mainly by the management through the policies and procedures that govern the operations of the organisation. The successful implementation of the policies and procedures of the company to achieve organisational goals is greatly affected by the human behavior and perceptions of the work force and the management. This means that organisations only succeed when there is mutual understanding of the organisational goals as well as mutual commitment to achieve such organisational goals by both management and employees at all levels. It is recommended that senior management looks at the following aspects that can be considered by Eskom to promote a strong, good, loyal, long- lasting relationship between Eskom and all its employees, as identified by the study:

- Employees should always show commitment to their work.

- Employees should always avoid taking liquor at work.
- Eskom should always appoint suitable employees at lower level for relevant jobs.
- Eskom should always appoint suitable managers for relevant jobs.
- Eskom should ensure non-bias when appointing employees into jobs.
- Eskom should balance the salaries and job grading for the employees doing the same or related type of works.
- Eskom should pay market-related salaries to their employees.
- Eskom should provide more attractive employee benefits.
- Eskom managers should avoid being bias when resolving employee conflicts.
- Eskom managers should apply fairness when conducting employee performance appraisals.
- Eskom managers should treat employees under their supervision in the same manner.
- Eskom managers should rid themselves of racial discriminatory behaviour when dealing with their subordinates.

6.5 CONCLUSION

This chapter has presented the conclusions and recommendations of the study. A careful consideration of the presented conclusions and recommendations of this study should help Eskom management gain insight into the human resource issues that affect the performance of their organisation, which leads to the loss of work force and consequently slows down the delivery of electricity services to the communities. The recommendations should help management put relevant techniques and policies in place to address the issues of loss of staff in different areas of the organisation. It should also help management provide relevant training to both managers and lower levels of staff. It should assist the management to successfully implement the proposed model to manage staff turnover and get maximum benefit. The next chapter, to conclude the study, will present a model that can be used by Eskom to minimize the loss of staff.

CHAPTER 7

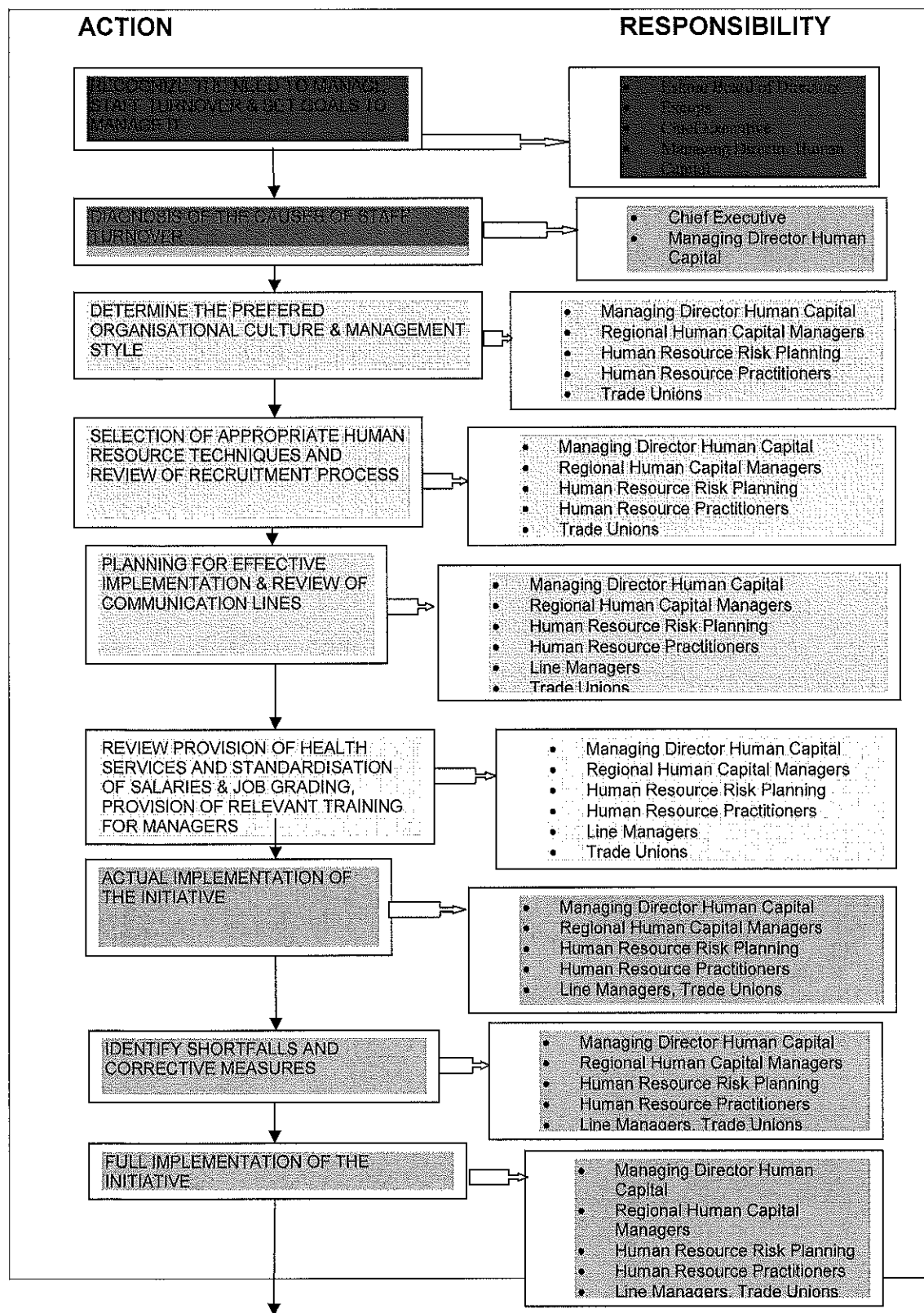
PROPOSED MODEL TO MANAGE STAFF TURNOVER IN ESKOM

7.1 INTRODUCTION

The proposed model identifies the plan of action to be taken for the effective and efficient implementation and management of staff turnover. The effective implementation and management of the matrix will preserve good organisational culture as identified by senior management. It will strengthen and promote the good will and loyalty of employees and commitment to their work and the organisation. This will in turn promote innovation and high productivity, which will enable Eskom to successfully deliver electricity services to the communities in the whole country, as mandated by the government. Successful implementation of the model will help build the good image and profile of Eskom as an employer and service provider. The proposed model is presented and motivated below.

7.2 Staff turnover management model in Eskom

Figure 7.1: Proposed staff turnover management model in Eskom



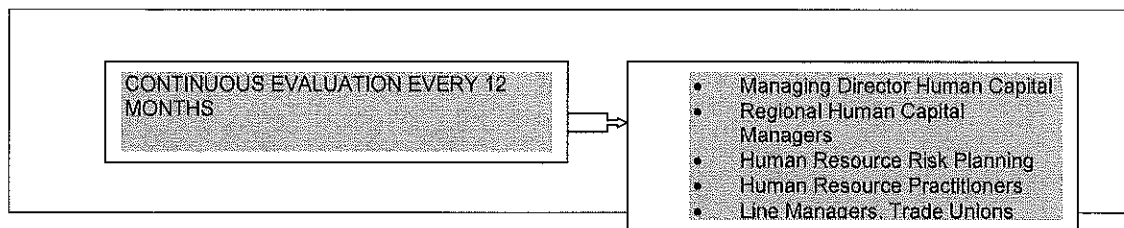


Figure 7.1 above illustrates the proposed model to manage staff turnover within Eskom. The following steps have to be taken in order to successfully implement the proposed model. The model can also be applied in any other organisation that is experiencing high levels of loss of work force, whether a state-owned company or a private organization.

7.2.1 Step 1: Recognise the urgent need to manage staff turnover

The top management of Eskom needs to recognize the urgency to manage the staff turnover within the organisation and then set the goals to manage it. In terms of Eskom's annual report May (2009:4), top management is aware of the large number of Eskom's technically qualified employees who resign from the organisation and join other organisations within the country and in foreign countries. This means that the loss of staff has been negatively affecting the business for quite some time now but has not been given special attention to minimize it. The top management will need to set goals to manage the staff turnover.

7.2.2 Step 2: Diagnose the causes of staff turnover

It is important for management to identify and diagnose possible reasons why employees leave Eskom in relation to the organisational culture and the management style that is currently prevailing within the organisation. The diagnosis will help management become aware of the loophole that could exist within the organization which may need special attention in terms of the organisational culture and management style. An employee satisfaction survey maybe a useful tool in gathering of information towards the diagnosis of the causes of staff turnover.

7.2.3 Step 3: Determine the organisational culture and management style to be adopted

If top management is convinced that the current organisational culture and management style have a direct influence in the staff turnover, then they may make some changes. The top management would need to determine the organisational culture together with the managerial style that they would like to adopt in the organization as a means to address the loss of staff.

7.2.4 Step 4: Selection of appropriate human resource techniques and review of recruitment process

Once the Chief Executive and Managing Director: Human Capital of the organization have established goals and objectives for the management of staff turnover, to ensure that suitable technically qualified staff and suitable qualified administrative staff are retained within the business, then the recruitment process as well as retention strategies need to be reviewed. Retaining such staff will maximize Eskom's ability to effectively and efficiently deliver electrical services to the communities. The identified suitable organisational culture and the most appropriate management style which the top management has determined to prevail within the business need to be introduced into the organisation. Suitable stakeholders to be used in executing the initiative must be identified to form a committee that will drive the initiative. The stakeholders should include the Managing Director: Human Capital, Regional Human Capital Managers, Human Resource Risk Planning Managers, Human Resource Practitioners and trade unions. The line managers should be incorporated at the planning stage of the execution of the initiative. The Managing Director: Human Capital should chair the committee and report to the top management.

7.2.5 Step 5: Planning for effective implementation and review of the communication lines

Top management needs to plan for the implementation of the initiative to manage staff turnover. Reviewing of the communication lines is needed at this level. Creating better open communication lines will help management to get correct information on the views of the employees as they continue to collect information on the reasons why employees leave the organisation, and to find possible solutions. Open communication lines will help management to identify if poor working conditions; staff dissatisfaction; poor supervision by line managers; failure to meet delivery targets to communities; issues raised by trade unions on behalf of the workforce; cultural conflicts; number of cases of conflict between management and subordinates; racial conflicts and other factors, have a direct influence on the loss of staff. This should be done in brain-storming sessions where all committee members would sit in the same room.

7.2.6 Step 6: Review the provision of health services, standardisation of salaries & job grading and provision of relevant training for managers

Based on the results of the diagnosis of what brought about the need to manage staff turnover, an appropriate human resource techniques and approaches must be selected as tools to be used to address the need of the business in terms of human capital. This must be aligned with the preferred management style as well as the organisational culture as identified by the top management. This should also be done in brain-storming sessions with all participants in the same room and in breakaway sessions. If poor supervision or conflicts between managers and subordinates are identified as the main causes of loss of staff, interpersonal skills training and emotional intelligence skills training programmes are first needed for mainly the line managers and supervisor, and for lower level employees at a later stage. The identified training should be provided every 12 months to ensure enforcement of the correct human relations skills among both management and employees at large.

In addition to this, The Human Resources Department needs to revise the recruitment techniques currently used so that new identified human resource techniques could be incorporated. The type of questions asked from manager of candidates at interviews should ensure that they can determine the attitudes of the candidate, and the attitude survey must be done at interview level through the completion of the questionnaire. This will help the interview panel to identify suitable candidates with correct attitudes that will be in line with the management style preferred by the top management of the business. The committee should formulate a document that will cover the identified techniques and human resource approaches that will eventually be incorporated in the human resource policies and procedures of Eskom. This should include the revised staff retention techniques based on the identified causes of loss of staff. A review of the health services to check if there are some improvements that need to be applied within an organisation is essential. Standardisation of jobs grading and salary scales should be addressed since this is a major demotivating factor and one of the main causes of conflict among the employees within an organisation.

7.2.7 Step 7: Actual implementation of the initiative through programmes, policies and procedures

During the actual implementation of the management of staff turnover, initiatives such as programmes, policies and procedures, and the degree of staff participation and democratic principles and values such as openness, transparency, confidentiality and respect should be given careful consideration. Project/initiative review sessions must be done every second month by the committee. This will identify some challenges experienced and find solutions in the shortest space of time as well as review the milestones achieved. The line managers should actively participate at this stage. This will help them understand the goals of the top management together with the Human Capital Department in minimizing loss of staff. Line managers should be at the first line of action during the implementation of the initiative. Issues such finance, and other logistics need to be taken into consideration. The Managing Director: Human Capital

should report to the top management every six months on the progress made with the initiative.

An evaluation of the initiative must be done every twelve months. At this stage, a consolidated report from all the regions should be compiled and presented at the committee meeting. Based on the report presented, the committee should determine the way forward for the initiative.

7.2.8 Step 8: Identify shortfalls and corrective measures

Based on the evaluation of the initiative, the committee should be in a position to identify the shortfalls of the initiative. Corrective measures should then be identified to address all the identified shortfalls. Time frames must be set for feedback to be given on the successful correction of the shortfalls.

7.2.9 Step 9: Full implementation of the initiative

Once all the shortfalls have been successfully addressed, the final initiative/programme should be presented to the top management for approval. Once approved by top management, the programme must be incorporated into the policies and procedures of Eskom accordingly. This then should form part of the organizational culture, which requires full commitment from all stakeholders of the business.

7.2.9 Step 10: Continuous evaluation

The human resource department must devise a survey method that can be used to evaluate the perceptions of all employees at both management and lower levels of staff. The evaluation should be done every 12 months. This should help the business identify the issues that affect staff retention at early stages and lead to solutions. The Managing Director: Human Capital should report to the top management every 12 months on the successful management of staff turnover.

7.3 CONCLUSION

It is the general perception of the researcher that each employee is a unique being with unique needs, some of which can only be filled by having access to finances. Coupled with the financial needs are the needs for association, needs for personal development, needs for personal growth, needs for security and needs for appreciation. This is the reason why an individual would seek work opportunities from different companies. The best paying company which also has the ability to meet all other human needs as mentioned above, becomes the most preferred choice as it has some room to fulfill the individual needs of an employee. Hence, an individual employee will look for an opportunity to explore and fulfill his own individual needs once employed, while also trying his level best to fulfill the needs of the employer.

The dissatisfaction about one's job begins the moment an individual is not given a chance to explore and fulfill both employer needs and his/her own. This could be due to the management's actions, calibre of colleagues and the work environment itself. Once the dissatisfaction of an individual employee is not addressed, the search for an alternative source of employment begins. The result of the search for work is clearly the resignation of an employee from one department to the other within an organisation or to another organisation. If no alternative job is found, the result will be more demotivation, disgruntlement and conflict within the work environment where an individual employee is executing his duties.

It is the responsibility of the senior management of Eskom to conduct realistic employee attitude surveys and address the identified dissatisfactions where possible, to prevent loss of work force and low productivity. The management of the loss of work force may be costly if the damage of loss of work force is huge. It is imperative for senior management to develop human resource policies that identify employees as being of great value to an organisation. Senior management should also ensure the correct enforcement of such policies and procedures by lower levels of management.

The executive management, Human Capital Department, line managers, the work force and all relevant role players of an organisation need to create a systematic way for working together for the achievement of organisational goals and for the benefit of individual stakeholders and departments. This will certainly increase commitment to an organisation and lead to high productivity, which will result in the best delivery of services to meet customer expectations and satisfaction.

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2. ANNEXURES

1. Letter of approval for the research proposal by Higher Degrees Committee.
2. Letter of permission to conduct the study by the Eskom Regional Human Resource Manager.
3. Approval of the study by the Ethical Committee.
4. Questionnaire for the Eskom managers.

5. Questionnaire for Eskom current employees.
6. Questionnaire for the ex-Eskom employees.
7. Interview questions for the lower level employees.
8. Interview questions for the human resource practitioners.

ANNEXURE A



FACULTY OF MANAGEMENT STUDIES



UNIVERSITY OF
KWAZULU-NATAL

**Faculty of Management Studies
Higher Degrees Research Proposal Review Committee
Proposal Approval**

22 March 2011

Student Name: TA Dlamini

Student No: 204001324

Name of School: School of Public Administration and Development Management.

Proposed Qualification: DPA

Title: Staff Turnover in Eskom with Reference to Distribution Division.

Dear Ms Dlamini

This letter confirms that your proposal was approved by the Faculty Higher Degrees Research Proposal Review Committee on the 03 March 2010. The decision was noted by the Higher Degrees & Research Committee on the 14th March 2011. This will also be recorded at the Faculty Board meeting to be held on 3rd May 2010.

The Committee made the following comments

- The title must be amended and forwarded to the Chair by the supervisor, Dr P Pillay.
- You are to familiarize yourself with the "focus group" as a research method.
- The timelines should be revised as it appears to be unrealistic.

A copy of this letter and the minutes will be placed in your file.
Congratulations and good luck with your studies

Yours sincerely

Prof KK Govender

Chair: Higher Degrees Research Proposal Committee

CC: Prof Y Pencelliah, HoS: PA & DM

Faculty of Management Studies, Pietermaritzburg Campus

Telephone: +27 (0) 33 260 6486/6487 E-mail: albahis@ukzn.ac.za Fax: 0865613412

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Medical School

Pietermaritzburg

Westville

ANNEXURE B

Thandi Dlamini
25 Valley-view Road
New Germany
3620

Date:
27 May 2011

Enquiries:
Tel +27 31 7105242
NdhlovCF@eskom.co.za

Dear Thandi

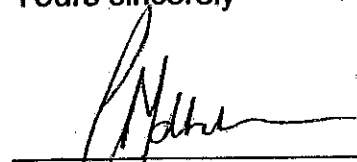
RE: PERMISSION TO CONDUCT RESEARCH IN ESKOM DISTRIBUTION

The above matter refers.

I grant permission to Thandi Dlamini to conduct research in Eskom Distribution (Eastern Region) with research project name "**A MODEL TO MANAGE STAFF TURNOVER: A CASE STUDY OF THE DISTRIBUTION DIVISION AT ESKOM**". I hope that the result of the study will give some light in this aspect of our organization.

Should you need further help, please do not hesitate to contact me on the above details.

Yours sincerely



C F Ndhlovu
REGIONAL HUMAN RESOURCE MANAGER: EASTERN REGION

ANNEXURE C



UNIVERSITY OF
KWAZULU-NATAL
INYUVESI
YAKWAZULU-NATALI

Research Office (Govan Mbeki Centre)
Private Bag x54001
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Fax No: +27 31 260 4609
Ximbap@ukzn.ac.za

2 August 2011

Ms. T Dlamini (204001324)
School of Public Administration and Development Management

Dear Ms. Dlamini

PROTOCOL REFERENCE NUMBER: HSS/0652/011D
PROJECT TITLE: A MODEL TO MANAGE STAFF TURNOVER: A CASE STUDY OF THE DISTRIBUTION DIVISION AT ESKOM

EXPEDITED APPROVAL

I wish to inform you that your application has been granted Full Approval through an expedited review process:

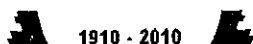
Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. **PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.**

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Professor Steven Collings (Chair)
HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

cc. Supervisor – Dr. P Pillay
cc. Mrs. C Haddon



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ANNEXURE D

LETTER OF INFORMED CONSENT



01 August 2011

Dear Respondent

Doctor of Administration Research Project

<u>Researcher:</u>	Miss. T. Dlamini	(031) 710-5064
<u>Supervisor:</u>	Dr. P Pillay	(031) 260-7059
<u>Research Office:</u>	Ms P Ximba	(031) 260-3587

I am a student pursuing a Doctor of Administration degree in the School of Public Administration and Development Management at the University of Kwa Zulu-Natal (Westville Campus). I am conducting research on "A Model to Manage Staff Turnover: A Case Study of the Distribution Division at Eskom". The objective of this study is to analyse the causes of loss of staff in Eskom Distribution Division with a purpose of developing a model that can be used to manage staff turnover.

The results of this study are intended to contribute to the whole body of knowledge in the understanding of the recruitment and retention of staff which help in the improvement of the service delivery in Eskom. It would be highly appreciated if you can participate in this research project by either completing the questionnaire or by answering questions the researcher will ask using an interview schedule.

Please note that your participation in this project is voluntary. You may also refuse to participate or withdraw from the project at any time with no negative consequence. No names are required by the dissertation hence confidentiality and anonymity of participants will be maintained. The researcher will also use audio recorder where possible however, you are free to choose not to be recorded if you are not comfortable with that. There will be no monetary gain from participating in this research project.

If you have any questions or concerns about participating in this study, please contact me or my supervisor on the numbers listed above. It should take you about ten minutes to complete the questionnaire. I hope and believe that you will take time to complete the questionnaire.

Thank you for your assistance.

.....
Thandi Dlamini
083 982 4350
Doctoral Candidate

DECLARATION

CONSENT

I..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

.....
Signature of Participant

.....
Date

TO: ESKOM MANAGERS



**A MODEL TO MANAGE STAFF TURNOVER: A CASE STUDY OF THE
DISTRIBUTION DIVISION AT ESKOM**

Dear Sir/Madam

The aim of this study is to analyse the causes of staff turnover in Eskom Distribution Division with a purpose of developing a model that can be used to manage such a situation.

Kindly complete the questionnaire below. Your accurate and objective responses are of vital importance as they will be used to determine the extent to which staff turnover impact on the delivery of electricity services.

The information that you will provide is extremely valuable, and it will be treated in strict confidence.

Should you have any queries or difficulty in answering the questionnaire, please contact my supervisor Dr Pillay on 031 260 7059 or 073 387 0914 and me on the number given below.

Your cooperation is highly appreciated.

Miss T. Dlamini

083 982 4350

Doctoral Candidate

NB: THE INFORMATION YOU GIVE WILL BE TREATED WITH HIGH CONFIDENTIALITY. HENCE THERE IS, THEREFORE, NO NEED TO PROVIDE YOUR PERSONAL PARTICULARS.

Kindly choose responses by placing (X) in the box next to the relevant response.

A. BIOGRAPHICAL PARTICULARS:

1. Position

Manager/Project Manager	Senior Advisor	Project Supervisor/Co-ordinator	Clerk	General Worker
01	02	03	04	05

2. Department

Field Services	Technical Services	Risk and Safety Services	Commercial Services	Other (Specify)
01	02	03	04	05

3. Education Level

Certificate	Diploma/Degree	Senior Degree	Masters' Degree	Other (Specify)
01	02	03	04	05

4. Race (For demographic purposes)

African	Asian	Coloured	White	Other (Specify)
01	02	03	04	05

5. Age (For demographic purposes)

21 – 30	31 – 40	41 – 50	51 – 60	Above 60
01	02	03	04	05

6. Gender (For demographic purposes)

Male	Female
01	02

B. Knowledge on Staff Turnover : (Please put an X where appropriate)

7. Staff turnover means one of the following:

a. More employees being employed in an organisation	01
b. More employees resigning from an organisation	02
c. More employees experiencing personal challenges	03
d. More employees performing well in an organisation	04

8. The following are the main reasons why most employees leave Eskom as their employer (You may select more than one response):

a. Employees have too many challenges in their families	01
b. Managers not supporting employees with family challenges	02
c. Eskom pays less compared to market related salaries	03
d. Eskom outsource most of their work at best rates	04
e. Employees are fired due to poor performance	05
f. Employees are fired due to corruption	06
g. Unresolved conflicts between line managers and employees	07
h. Managers are biased when resolving conflicts among employees	08
i. Employees resign because they need to explore new opportunities	09
j. Employees are not receiving recognition for excellent work	10
k. Employees resign due to sickness	11
l. Other (specify)	12

9. The following are some of the methods that can be used to encourage employees to remain loyal to Eskom (You may select more than one response):

a. Managers to acknowledge employees' ideas by supporting them	01
b. Managers to understand and support individual	02

employees according to their individual needs	
c. Employees to be treated equally with no favourites	03
d. Employees doing the same work to be paid same salaries	04
e. Employees to respect and comply with the requirements of their jobs	05
f. Managers develop good team building strategies to unite and support their work teams	06
g. Employees to commit themselves in executing their work	07
h. Employees to take care of their health and safety	08
i. Managers to practise fairness when resolving conflicts in their departments	09
j. Employees to avoid any act of corruption	10
k. Employees to always comply with all the organisational rules	11
l. Managers to acknowledge the employees good performance	12
m. Managers to avoid biasness when treating employees	13
n. Other (specify)	14

10. Which of the following should be done to promote a strong, good and lasting relationship between Eskom and all its employees? (You may select more than one response).

a. Eskom to allow employees to be absent from work without reporting	01
b. Eskom to appoint suitable managers for relevant positions	02
c. Eskom to appoint suitable employees for relevant positions	03
d. Eskom to ensure non-biasness when appointing employees into jobs	04
e. Eskom to pay equal/same salaries for employees doing same/related jobs at the same job grading	05
f. Employees to always show commitment to their work	06

g. Eskom to pay market related salaries	07
h. Eskom to provide more attractive employee benefits	08
i. Employees to avoid taking liquor at work	09
j. Other (Specify)	10

C. MANAGEMENT STYLE

Kindly choose one of the responses provided in answering the following questions:

11. All Eskom managers treat Eskom employees under their supervision with respect.

Yes	01
No	02
Comments	

12. Most managers in Eskom are open to ideas that come from their subordinates.

Yes	01
No	02
Comments	

13. Most managers in Eskom encourage their employees to upgrade their skills through training facilities provided by Eskom.

Yes	01
No	02
Comments	

14. Do managers in Eskom have inappropriate management style (e.g. autocratic and bureaucratic)?

Yes	01
No	02
Comments	

15. How does Eskom encourage employees to remain with the organization for longer?

16. In what way do managers in Eskom ensure that they acknowledge excellent work performed by their individual subordinates?

17. Are managers in Eskom always biased when mediating conflict among team members?

Yes	01
No	02

Comments	

18. It is Eskom's principle that managers should not allow failure in the performance of their subordinates?

Yes	01
No	02
Comments	

D. KNOWLEDGE ABOUT HEALTH CARE MATTERS

19. Most managers in Eskom avoid working with employees with health challenges.

Yes	01
No	02
Comments	

20. Are there employees who leave their employment in Eskom due to illness?

Yes	01
No	02
Comments	

21. Do all employees have access to health care facilities available in all Eskom sites?

Yes	01
No	02
Comments	

22. Eskom has not provided enough information to help employees understand HIV/AIDS matters

Yes	01
No	02
Comments	

23. All employees in Eskom are forced to have medical aid facility available to them

Yes	01
No	02
Comments	

E. OUTSOURCING OF ESKOM ACTIVITIES

24. Eskom outsource up to 90% of their work to external service providers

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
01	02	03	04	05

25. Eskom pays better rates for all their outsourced work compared to employee packages.

Yes	01
No	02
Comments	

26. Eskom has a shortage of technically qualified staff to carry out all technical work.

Yes	01
No	02
Comments	

27. Most of the employees with technical expertise who resigned from Eskom become suppliers of goods and services to Eskom.

Yes	01
No	02
Comments	

F. WELFARE MATTERS

28. Most managers ensure that all qualifying employees get their benefits from the company.

Yes	01
No	02

Comments	

29. Most managers promote acceptance of HIV/AIDS infected employees in the work place.

Yes	01
No	02
Comments	

30. Most managers do not hold grudges against subordinates for the past wrongs.

Yes	01
No	02
Comments	

31. Is communication line open between managers and employees to share the goals of the business to team members?

Yes	01
No	02
Comments	

32. Are managers in Eskom unable to give support to subordinates?

Yes	01
No	02
Comments	

33. Are there differences in salary scales for employees doing the same job at the same job grading?

Yes	01
No	02
Comments	

34. Is racial discrimination a practice by some managers in Eskom?

Yes	01
No	02
Comments	

G. SERVICE DELIVERY

35. Is Eskom facing any challenges in the delivery of electricity?

Yes	01
No	02
Comments	

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36. Does Eskom have enough technical staff to handle all technical challenges in the delivery of electricity?

Yes	01
No	02
Comments	

37. In your opinion, what is the estimate of employees resigning from Eskom every year?

Comments	

38. Is Eskom able to source the right people with the right skills at the right time to replace the staff that has resigned?

Yes	01
No	02
Comments	

39. Does Eskom meet the expectations of communities in delivering electricity services?

Yes	01
No	02
Comments	

40. Are there employees resigning from Eskom to join foreign companies in foreign countries that you are aware of?

Yes	01
No	02
Comments	

ANNEXURE E



TO: ESKOM CURRENT EMPLOYEES

**A MODEL TO MANAGE STAFF TURNOVER: A CASE STUDY OF THE
DISTRIBUTION DIVISION AT ESKOM**

Dear Sir/Madam

The aim of this study is to analyse the causes of staff turnover in Eskom Distribution Division with a purpose of developing a model that can be used to manage such a situation.

Kindly complete the questionnaire below. Your accurate and objective responses are of vital importance as they will be used to determine the extent to which staff turnover impact on the delivery of electricity services.

The information that you will provide is extremely valuable, and it will be treated in strict confidence.

Should you have any queries or difficulty in answering the questionnaire, please contact me the number given below or contact my supervisor Dr Pillay on 031 – 260 7059 / 073 387 0914.

Your cooperation is highly appreciated.

Miss T. Dlamini

Cell: 083 982 4350

Doctoral Candidate

NB: THE INFORMATION YOU GIVE WILL BE TREATED WITH HIGH CONFIDENTIALITY. HENCE THERE IS, THEREFORE, NO NEED TO PROVIDE YOUR PERSONAL PARTICULARS.

Kindly choose responses by placing (X) in the box next to the relevant response.

A. BIOGRAPHICAL PARTICULARS:

1. Position

Manager/Project Manager	Senior Advisor	Project Supervisor/Co-ordinator	Clerk	General Worker
01	02	03	04	05

2. Department

Field Services	Technical Services	Risk and Safety Services	Commercial Services	Other (Specify)
01	02	03	04	05

3. Education Level

Certificate	Diploma/Degree	Senior Degree	Masters' Degree	Other (Specify)
01	02	03	04	05

4. Race (For demographic purposes)

African	Asian	Coloured	White	Other (Specify)
01	02	03	04	05

5. Age (For demographic purposes)

21 – 30	31 – 40	41 – 50	51 – 60	Above 60
01	02	03	04	05

6. Gender (For demographic purposes)

Male	Female
01	02

B. Knowledge on Staff Turnover: (Please put an X where appropriate)

7. Staff turnover means one of the following:

a. More employees being employed in an organisation	01
b. More employees resigning from an organisation	02

c. More employees experiencing personal challenges	03
d. More employees performing well in an organisation	04

8. The following are the main reasons why most employees leave Eskom as their employer (You may select more than one response):

a. Employees have too many challenges in their families	01
b. Managers not supporting employees with family challenges	02
c. Eskom pays less compared to market related salaries	03
d. Eskom outsource most of their work at best rates	04
e. Employees are fired due to poor performance	05
f. Employees are fired due to corruption	06
g. Unresolved conflicts between line managers and employees	07
h. Managers are biased when resolving conflicts among employees	08
i. Employees resign because they need to explore new opportunities	09
j. Employees are not receiving recognition for excellent work	10
k. Employees resign due to sickness	11
l. Other (specify)	12

9. The following are some of the methods that can be used to encourage employees to remain loyal to Eskom (You may select more than one responses):

a. Managers to acknowledge employees' ideas by supporting them	01
b. Managers to understand and support individual employees according to their individual needs	02
c. Employees to be treated equally with no favourites	03
d. Employees doing the same work to be paid same	04

salaries	
e. Employees to respect and comply with the requirements of their jobs	05
f. Managers develop good team building strategies to unite and support their work teams	06
g. Employees to commit themselves in executing their work	07
h. Employees to take care of their health and safety	08
i. Managers to practise fairness when resolving conflicts in their departments	09
j. Employees to avoid any act of corruption	10
k. Employees to always comply with all the organisational rules	11
l. Managers to acknowledge the employees good performance	12
m. Managers to avoid biasness when treating employees	13
n. Other (specify)	14

10. Which of the following should be done to promote a strong, good and lasting relationship between Eskom and all its employees? (You may select more than one response).

a. Eskom to allow employees to be absent from work without reporting	01
b. Eskom to appoint suitable managers for relevant positions	02
c. Eskom to appoint suitable employees for relevant positions	03
d. Eskom to ensure non-biasness when appointing employees into jobs	04
e. Eskom to pay equal salaries to employees doing same jobs	05
f. Employees to always show commitment to their work	06
g. Eskom to pay market related salaries	07
h. Eskom to provide more attractive employee benefits	08
i. Employees to avoid taking liquor at work	09

j. Managers to avoid being bias when resolving employee conflicts	10
k. Managers to avoid racial discriminating behaviours when dealing with employees	11
l. Managers to apply fairness when conducting employee performance appraisals	12
m. Eskom managers to treat employees in the same manner	13
n. Other (Specify)	14

C. MANAGEMENT STYLE

Kindly choose one of the responses provided in answering the following questions:

11. All Eskom managers treat Eskom employees under their supervision with respect.

Yes	01
No	02
Comments	

12. Most managers in Eskom are open to ideas that come from their subordinates.

Yes	01
No	02
Comments	

13. Most managers in Eskom encourage their employees to upgrade their skills through training facilities provided by Eskom.

Yes	01
No	02
Comments	

14. Do managers in Eskom have inappropriate management style (e.g. autocratic, bureaucratic)?

Yes	01
No	02
Comments	

15. Do managers in Eskom treat their subordinates differently?

Yes	01
No	02
Comments	

16. Do managers in Eskom ensure that they acknowledge excellent work performed by their individual subordinates?

Yes	01
No	02
Comments	

17. Are managers in Eskom always biased when mediating conflict among team members?

Yes	01
No	02
Comments	

18. It is Eskom's principle that managers should not allow failure in the performance of their subordinates?

Yes	01
No	02
Comments	

D. KNOWLEDGE ABOUT HEALTH CARE MATTERS

19. Most managers in Eskom avoid working with employees with health challenges.

Yes	01
No	02
Comments	

20. Are there employees who leave their employment in Eskom due to sickness?

Yes	01
No	02
Comments	

21. Do all employees have access to healthcare facilities available in all Eskom sites?

Yes	01
No	02
Comments	

22. Eskom has not provided enough information to help employees understand HIV/AIDS matters

Yes	01
No	02
Comments	

23. All employees in Eskom are forced to have medical aid facility available to them

Yes	01
No	02
Comments	

E. OUTSOURCING OF ESKOM ACTIVITIES

24. Eskom outsource up to 90% of their work to external service providers

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
01	02	03	04	05

25. Eskom pays better rates for all their outsourced work compared to employee packages

Yes	01
No	02
Comments	

26. Eskom has a shortage of technically qualified staff to carry out all technical work.

Yes	01
No	02
Comments	

27. Most of the employees who resigned from Eskom become suppliers of goods and services to Eskom.

Yes	01
No	02
Comments	

F. WELFARE MATTERS

28. Most managers ensure that all qualifying employees get their benefits from the company.

Yes	01
No	02
Comments	

29. Most managers promote acceptance of HIV/AIDS infected employees in the work place.

Yes	01
No	02
Comments	

30. Most managers do not hold grudges against subordinates for the past wrongs.

Yes	01
No	02
Comments	

31. Is communication line open between managers and employees to share the goals of the business to team members?

Yes	01
No	02
Comments	

32. Are managers in Eskom unable to give support to subordinates?

Yes	01
No	02
Comments	

33. Are there differences in salary scales for employees doing the same job at the same job grading?

Yes	01
No	02
Comments	

34. Is racial discrimination a practice by some managers in Eskom?

Yes	01
No	02
Comments	

G. SERVICE DELIVERY

35. Is Eskom facing any challenges in the delivery of electricity?

Yes	01
No	02
Comments	

36. Does Eskom have enough technical staff to handle all technical challenges in the delivery of electricity?

Yes	01
No	02
Comments	

37. In your opinion, what is the estimate of employees resigning from Eskom every year?

Comments	

38. Is Eskom able to source the right people with the right skills at the right time to replace the staff that has resigned?

Yes	01
No	02
Comments	

39. Does Eskom meet the expectations of communities in delivering electricity services?

Yes	01
No	02
Comments	

40. Are there employees resigning from Eskom to join foreign companies in foreign countries that you are aware of?

Yes	01
No	02
Comments	

ANNEXURE F



TO: ESKOM PREVIOUS EMPLOYEES

A MODEL TO MANAGE STAFF TURNOVER: A CASE STUDY OF THE DISTRIBUTION DIVISION AT ESKOM

Dear Sir/Madam

The aim of this study is to analyse the causes of staff turnover in Eskom Distribution Division with a purpose of developing a model that can be used to manage such a situation.

Kindly complete the questionnaire below. Your accurate and objective responses are of vital importance as they will be used to determine the extent to which staff turnover impact on the delivery of electricity services.

The information that you will provide is extremely valuable, and it will be treated in strict confidence.

Should you have any queries or difficulty in answering the questionnaire, please contact me the numbers given below or my supervisor Dr Pillay at 031 – 260 7059 / 073 387 0914

Your cooperation is highly appreciated.

Miss T. Dlamini

Cell: 083 982 4350

Doctoral Candidate

NB: THE INFORMATION YOU GIVE WILL BE TREATED WITH HIGH CONFIDENTIALITY. HENCE THERE IS, THEREFORE, NO NEED TO PROVIDE YOUR PERSONAL PARTICULARS.

Kindly choose responses by placing (X) in the box next to the relevant response.

A. BIOGRAPHICAL PARTICULARS:

1. Previous Position

Manager/Project Manager	Senior Advisor	Project Supervisor/Coordinator	Clerk	General Worker
01	02	03	04	05

2. Previous Department

Field Services	Technical Services	Risk and Safety Services	Commercial Services	Other (Specify)
01	02	03	04	05

3. Education Level

Certificate	Diploma/Degree	Senior Degree	Masters' Degree	Other (Specify)
01	02	03	04	05

4. Race (For demographic purposes)

African	Asian	Coloured	White	Other (Specify)
01	02	03	04	05

5. Age (For demographic purposes)

21 – 30	31 – 40	41 – 50	51 – 60	Above 60
01	02	03	04	05

6. Gender (For demographic purposes)

Male	Female
01	02

B. Knowledge on Staff Turnover: (Please put an X where appropriate)

7. Staff turnover means one of the following:

a. More employees being employed in an organisation	01
b. More employees resigning from an organisation	02
c. More employees experiencing personal challenges	03
d. More employees performing well in an organisation	04

8. The following are the main reasons why most employees leave Eskom as their employer (You may select more than one response):

a. Employees have too many challenges in their families	01
b. Managers not supporting employees with family challenges	02
c. Eskom pays less compared to market related salaries	03
d. Eskom outsource most of their work at best rates	04
e. Employees are fired due to poor performance	05
f. Employees are fired due to corruption	06
g. Unresolved conflicts between line managers and employees	07
h. Managers are biased when resolving conflicts among employees	08
i. Employees resign because they need to explore new opportunities	09
j. Employees are not receiving recognition for excellent work	10
k. Employees resign due to sickness	11
l. Employees doing same job at same grading being paid differently	12
m. Employees doing same job at same grading being given different benefits	13
n. Other (specify)	14

9. The following are some of the methods that can be used to encourage employees to remain loyal to Eskom (You may select more than one responses):

a. Managers to acknowledge employees' ideas by supporting them	01
b. Managers to understand and support individual employees according to their individual needs	02
c. Employees to be treated equally with no favourites	03
d. Employees doing the same work to be paid same salaries	04
e. Employees to respect and always comply with the requirements of their jobs	05
f. Managers develop good team building strategies to unite and support their work teams	06
g. Employees to commit themselves in executing their work	07
h. Employees to take care of their health and safety	08
i. Managers to practise fairness when resolving conflicts in their departments	09
j. Employees to avoid any act of corruption	10
k. Employees to always comply with all the organisational rules	11
l. Managers to acknowledge the employees good performance	12
m. Managers to avoid biasness when treating employees	13
n. All employees to be given same benefits where they qualify	14
o. Other (specify)	

10. Which of the following should be done to promote a strong, good and lasting relationship between Eskom and all its employees? (You may select more than one response).

a. Eskom to allow employees to be absent from work without reporting	01
b. Eskom to appoint suitable managers for relevant positions	02

c. Eskom to appoint suitable employees for relevant positions	03
d. Eskom to ensure non-biasness when appointing employees into jobs	04
e. Eskom to pay equal/same salaries for employees doing same/related jobs at the same job grading	05
f. Employees to always show commitment to their work	06
g. Eskom to pay market related salaries	07
h. Eskom to provide more attractive employee benefits	08
i. Employees to avoid taking liquor at work	09
j. Managers to avoid racial discrimination behaviours when dealing with employees	10
k. Eskom to increase awareness to employees on health related matters	11
l. Eskom to provide more attractive employee salaries	12
m. Other (Specify)	13

C. MANAGEMENT STYLE

Kindly choose one of the responses provided in answering the following questions:

11. All Eskom managers treated Eskom employees under their supervision with respect.

Yes	01
No	02
Comments	

12. Most managers in Eskom were open to ideas that come from their subordinates.

Yes	01
No	02
Comments	

13. Most managers in Eskom encouraged their employees to upgrade their skills through training facilities provided by Eskom.

Yes	01
No	02
Comments	

14. Did managers in Eskom have inappropriate management style (e.g. autocratic, bureaucratic)?

Yes	01
No	02
Comments	

15. Did managers in Eskom treat their subordinates differently?

Yes	01
No	02
Comments	

16. Did managers in Eskom ensure that they acknowledge excellent work performed by their individual subordinates?

Yes	01
No	02
Comments	

17. Managers in Eskom were always biased when mediating conflict among team members?

Yes	01
No	02
Comments	

18. It was Eskom's principle that managers should not allow failure in the performance of their subordinates?

Yes	01
No	02
Comments	

D. KNOWLEDGE ABOUT HEALTH CARE MATTERS

19. Most managers in Eskom avoided working with employees with health challenges.

Yes	01
No	02
Comments	

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20. Were there employees who left their employment in Eskom due to illness?

Yes	01
No	02
Comments	

21. Did all employees have access to health care facilities available in all Eskom sites?

Yes	01
No	02
Comments	

22. Did Eskom provide enough information to help employees understand HIV/AIDS matters?

Yes	01
No	02
Comments	

23. Were all employees in Eskom forced to have medical aid facility available to them?

Yes	01
No	02
Comments	

E. OUTSOURCING OF ESKOM ACTIVITIES

24. Eskom outsource up to 99% of their work to external service providers

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
01	02	03	04	05

25. Eskom pays better rates for all their outsourced work compared to employee packages

Yes	01
No	02
Comments	

26. Eskom has a shortage of technically qualified staff to carry out all technical work.

Yes	01
No	02
Comments	

27. Most of the employees who resigned from Eskom become suppliers of goods and services to Eskom.

Yes	01
No	02
Comments	

F. WELFARE MATTERS

28. Most managers ensured that all qualifying employees get their benefits from the company.

Yes	01
No	02
Comments	

29. Most managers promoted acceptance of HIV/AIDS infected employees in the work place.

Yes	01
No	02
Comments	

30. Most managers held grudges against subordinates for the past wrongs.

Yes	01
No	02
Comments	

31. Was communication line open between managers and employees to share the goals of the business to team members?

Yes	01
No	02
Comments	

32. Were managers in Eskom unable to give support to subordinates?

Yes	01
No	02
Comments	

33. Were there differences in salary scales for employees doing the same job at the same job grading?

Yes	01
No	02
Comments	

34. Was racial discrimination a practice by some managers in Eskom?

Yes	01
No	02
Comments	

G. SERVICE DELIVERY

35. Is Eskom facing any challenges in the delivery of electricity?

Yes	01
No	02
Comments	

36. Did Eskom have enough technical staff to handle all technical challenges in the delivery of electricity?

Yes	01
No	02
Comments	

37. During your time, what is the estimate of employees resigning from Eskom every year?

Comments	

38. Was Eskom sourcing the right people with the right skills at the right time to replace the staff that had resigned?

Yes	01
No	02
Comments	

39. Does Eskom meet the expectations of communities in delivering electricity services?

Yes	01
No	02
Comments	

40. Were there employees resigning from Eskom to join foreign companies in foreign countries that you were aware of?

Yes	01
No	02
Comments	

ANNEXURE G



INTERVIEW QUESTIONS FOR LOWER LEVEL EMPLOYEES

1. Do all managers in Eskom treat Eskom employees under their supervision with respect?

Yes	No	Not Sure	Other Specify
01	02	03	04

2. Are managers in Eskom closed to ideas that come from their subordinates?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

3. Is the communication line open between managers and their subordinates?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

4. What management style can be observed from most managers in Eskom?

01	02	03	04
Autocratic	Beaureaucratic	Laises faire	Other (specify)

5. Do managers in Eskom treat their subordinates differently?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

6. Do managers in Eskom acknowledge excellent work performed by their individual subordinates?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

7. Are managers in Eskom biased when mediating conflict among team members?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

8. Is it Eskom's principle that managers should not allow failure in the performance of their subordinates?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

D. KNOWLEDGE ABOUT HEALTHCARE MATTERS

9. Do managers in Eskom avoid working with employees with health challenges?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

10. Do many employees leave their employment in Eskom due to illness?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

11. Do all employees have access to healthcare facilities available in all Eskom sites?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

12. Does Eskom provide enough information to help employees understand HIV/AIDS matters?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

13. Are employees in Eskom forced to have medical aid facility available to them?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

E. OUTSOURCING OF ESKOM ACTIVITIES

14. Does Eskom outsource up to 90% of their work to external service providers?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

15. Does Eskom pay better rates for all their outsourced work compared to employee packages?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

16. Does Eskom have a shortage of technically qualified staff to carry out all technical work?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

17. Do most of the employees who resigned from Eskom become suppliers of goods and services to Eskom?

Yes	No	Not Sure	(Specify)Other
01	02	03	04

F. WELFARE MATTERS

18. Do managers ensure that all qualifying employees get their benefits from the company?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

19. Do managers promote acceptance of HIV/AIDS infected employees in the work place?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

20. Do managers hold grudges against subordinates for the past wrongs?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

21. Do managers in Eskom often fail to communicate the goals of the business to team members?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

22. Are managers able to give support to subordinates or solicit support from superiors?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

23. Are there differences in salary scales for employees doing the same job at the same job grading.

Yes	No	Not Sure	Other (Specify)
	02	03	04

24. Are there differences in job grading for employees doing the same jobs?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

25. Is racial discrimination a practice by some managers in Eskom?

Yes	No	Not Sure	Other (Specify)
01	02	03	04

26. Is Eskom the best employer in the job market.

Yes	No	Not Sure	Other (Specify)
01	02	03	04

ANNEXURE H



INTERVIEW QUESTIONS FOR HUMAN RESOURCE PRACTITIONERS

The following questions will be used when engaging the Human Resource Practitioners to source their opinion on staff turnover in Eskom Distribution Division:

1. What is the estimated number of staff that resigns from Eskom every year?
2. Do most employees resign because they have found other jobs elsewhere?
3. Do most of the employees resign because of ill health?
4. Does Eskom pay market related salaries to employees?
5. Do you often have cases of conflict between the managers and suppliers?
6. Do you often have cases of conflict between the managers and their subordinate?
7. Are there measures in place to educate employees about health challenges?
8. Are there measures in place to promote communication skills within the business?
9. Do you often handle cases of racial discrimination within the business?
10. Are there measures in place to ensure that employees doing same job are paid the same salaries and occupy same job grading?
11. In what way does Eskom ensure that all employees get the benefits they qualify for?
12. Does Eskom have enough technical staff to handle all technical work?
13. What strategies does Eskom use to recruit suitable staff to fill in positions?
14. What strategies does Eskom have in place to retain staff?
15. Does Eskom re-employ retired staff members?
16. Does Eskom recruit students from tertiary institutions to join their workforce?
17. Does Eskom allow employees to affiliate with trade unions?
18. Does Eskom consider opinions from trade unions to meet the employee expectations?
19. Do you conduct exit interviews with the employees that are resigning from Eskom?
20. What are the main reasons they usually give for leaving their employment from Eskom?