

**AN INVESTIGATION INTO THE RETENTION
STRATEGIES OF TWO LARGE BANKS TOWARDS
AFFIRMATIVE ACTION EMPLOYEES IN
KWAZULU NATAL**

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NATAL

BY

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Submitted in partial fulfilment of the requirements of the
degree of Master of Social Sciences (Industrial Psychology) in
the Centre for Industrial Organisational and Labour Studies of
the University of Natal, Durban.

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DATE : January 2000

DECLARATION

I declare that this dissertation is my own work. It has not been submitted before for any degree or examination at this or any other university.



GEORGE FERREIRA

January 2000

ACKNOWLEDGEMENTS

I would like to thank the following people who have contributed towards the completion of this work :

- My supervisor, Dr Sylvia Magojo for her guidance and calming influence
- Dr Steve Collings for assisting me with the data analysis
- My wife, Pam for her patience and encouragement, as well as my children, Lee and Matt for their understanding
- My parents for their support and motivation
- My staff, Nirenderi and Tina for keeping things going in my absence as well as Pretty and Surie for typing up this document
- The interviewees who agreed to participate

ABSTRACT

Affirmative Action has been around in South Africa for about two decades. Recently, the government decided to impose Affirmative Action through the Employment Equity Act. Organisations are anxious to transform their demographical composition across job categories, particularly into management. One of the problems organisations faced in the past and may continue to face in the future is the perceived short tenure ("job hopping") of black employees. The impression has been created that black employees are taking advantage of the favourable employment market and constantly keep moving on to jobs that offer better packages.

The aim of this study is to investigate how organisations are trying to manage this problem. Five Human Resources systems/criteria i.e. selection, training and development, career management, pay and socialisation were identified in the theory as instruments with which employees could be retained.

In-depth case studies were conducted at two large banks (A and B) in Kwazulu Natal to establish and compare the relationships that these human resources criteria might have with the retention of black employees. To obtain this information, a structured interview schedule with open-ended as well as closed-ended questions was used. Face to face interviews with a senior Human Resources Practitioner from each bank as well as two current and two ex-employees from each bank were conducted. The resulting data was captured onto a computer and analysed statistically.

The results of the research showed that the bank that scored the best (bank A) on the implementation of these five retention-related criteria also had the highest turnover of black employees. This was contrary to what was anticipated. The research also found that there was little uniformity in practice between the two banks

regarding which criteria they were emphasising within their respective organisations. Furthermore, current and ex-employees had different perceptions to management regarding how well these criteria were being implemented.

The findings suggest that when employees are developing they are content and tend to stay longer. They further indicate that in order to reduce black employee turnover, management should recruit individuals with potential and develop them, rather than purchasing skills from the outside. The findings also show that whilst management might have good Human Resources systems at its disposal, the implementation thereof needs to be of a high standard and well-controlled in order to optimise retention.

LIST OF ABBREVIATIONS

HR	:	Human Resources
EE	:	Employment Equity
AA	:	Affirmative Action
KRA	:	Key Result Area
CDP	:	Career Development Program
CMC	:	Career Management Committee
MBA	:	Master of Business Administration Degree
LRA	:	Labour Relations Act
KZN	:	KwaZulu Natal

DEFINITION OF A BLACK EMPLOYEE

In the text, “black employees” means employees who are of African origin, excluding asians and coloureds.

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CHAPTER 1

INTRODUCTION

1.1 Aim of the chapter

The aim of this chapter is to briefly explain the social circumstances that have resulted in the abnormally high demand for skilled black employees in our economy. Furthermore, the relative importance of employee retention from the individual's as well as the organisation's perspective is considered. A brief outline of the theory that informs management how to manage retention is given. Finally, the overall objectives of this study are set out as well as the structure of the chapters that lie ahead.

1.2 Background and discussion of problem

Since the development of the large mining industries in South Africa in the late 19th century by Europeans, black people have been the "workers" and white males the "managers". This situation in our country has not changed much in 100 years, mainly due to apartheid policies which have only recently been eradicated.

The apartheid era has contributed significantly towards a host of social problems such as crime and dysfunctional families as well as economic problems like unemployment and insufficient skills. Many Human Resources (HR) specialists and writers have for a long time been stressing the importance of the development of black employees in the work context through "Affirmative Action"

(AA) for economic growth and other reasons (Frost, 1993; Manning, 1993; Schlemmer, 1986). Despite their work and about twenty years of AA initiatives, the problems still exist. Ramphela (1998) was quoted as saying that only 2,99% of managers (Paterson F grade and upwards) in private organisations are black. Similarly, Coldwell (1995) also estimated about 3%. According to the recent Breakwater Monitor Report (1999) the current figure has moved up to 8,5%. The above scenario has resulted in massive inequalities. According to the Employment Equity (EE) Bill (Government Gazette, 1 July 1996) such inequality in income and status has affected social cohesion as well as undermined efficiency and economic growth. The gazette concludes that for example:

- the inequalities have contributed to high levels of social unrest and crime which have undermined foreign investment and in turn retarded growth and development of the economy;
- Human capital has not been used efficiently in the past. Apartheid policies have marginalised large sections of the labour force, preventing them from developing much needed skills. This has prevented the growth of the black middle class which has in turn stunted domestic demand.

Against this background, government decided to legislate and the EE Bill has recently become law. The Act aims to help redress disadvantages emanating from past racial policies and to promote the accommodation of differences between people in the workplace. The government acknowledges that EE legislation is only one part of a broader, co-ordinated strategy which includes many other parts, the collective aim of which is to reduce inequalities and promote greater productivity and economic growth. The Skills Development Act, for example could be regarded as another part. The EE Act for its part requires organisations to take positive employment equity measures. Chapter 3, section (12) 2e of the Act states that organisations must show what steps they have taken to train, develop and **retain** people from designated groups. In line with the requirement of the Act, the focus of this research will be the retention of such employees as seen from an organisational perspective.

Organisations certainly have their own reasons for wanting to retain employees from designated groups. Generally speaking, employee turnover can have positive and negative (dysfunctional) effects on an organisation (Abelson and Baysinger, 1984; Dalton, Todor and Krackhardt, 1982; Hollenbeck and Williams, 1986). By bringing new people into an organisation, the organisation can gain from their new ideas, different or better skills and greater enthusiasm. On the other hand, too much turnover certainly brings quantifiable short-term costs (for example, recruitment costs) and longer-term costs that are less easy to quantify (for example, cost of training, loss in productivity). In their model of optimal turnover, Abelson and Baysinger (1984) indicate a point where the cost of too much employee turnover becomes problematic and threatens organisational effectiveness. South African organisations have a more complex situation in that they too would like to have optimum turnover, but are operating in an environment where there is significant pressure to implement effective EE measures.

For such organisations, finding the right black employees and then losing them is like taking two steps forward and one step backwards all the time. From their own narrower perspective of EE, failure to reach the correct racial numbers/targets could mean loss of business or even fines in terms of the Act.

Unfortunately, retention of employees from these designated groups does not appear to be a very easy task. Charoux and Moerdyk (1997) as well as Buswa (1994) have identified the short tenure of black employees as a problem. Coldwell (1995) is of the opinion that because of this problem many South African organisations are unwilling to incur the costs of embracing sophisticated AA programmes. He argues that through their actions, organisations are demonstrating that it is more cost effective to "poach" blacks from other organisations. This is the reason why "limited numbers of qualified blacks are job hopping to their hearts content as they are offered better and better packages" (1995:20).

Besides the economic consequences for organisations, individual employees should also be aware of the personal consequences of their job mobility between organisations. Possible negative consequences (according to Mobley, 1982) of changing from one job to another include :

- disillusionment upon finding that the new job is not what it had been expected to be;
- finding that the move in a new career direction was a bad decision and that a move back to the previous industry or organisation is not possible. In such a case, irreparable damage to an individual's career may have been done.;
- disruption to family and social support systems;
- transition-related stress.

On the other hand, positive consequences (according to Mobley, 1982) can include :

- increased earnings;
- career advancement;
- better person-organisation fit resulting in less stress, better use of skills;
- renewed stimulation and motivation;
- attainment of non-work values;
- self development, improved confidence and enhanced self efficacy perceptions.

Hall (1976) and other writers encourage job mobility. In fact Hall regards it as a key to success in a career. In later writings, Hall (1987) looks at business trends at the turn of the century and correctly points out how technological, organisational and societal changes will impact on careers. He identifies decreased loyalty to organisations and higher rates of mobility.

In conclusion, it seems that there is a conflict between the needs of the organisation (to retain good employees) and individual employees (to advance their careers). The timing of career moves from one organisation to another becomes important for the employee. Too short a period of tenure will make an employee an

unattractive option, particularly to South African organisations that are now being compelled to invest hard-earned money into training and development. Someone with an employment history of short-tenure will be regarded as too much of a risk. On the other hand, staying at one organisation too long could make an employee too specialised and also less attractive to other employers.

1.3 Theory guiding this research

Arthur (1994) as well as Huselid (1995) are of the viewpoint that organisations with superior human resources management practices create a source of sustained competitive advantage for themselves. Furthermore, they found a relationship between human resources systems and employee retention. They found that the better the human resources systems in an organisation are, the higher the rate of employee retention. Whilst HR systems are obviously not the only factors that influence employee retention, the main HR criteria they identified as playing a role in employee retention can be incorporated into the following five:

- *selection*
- *training and development*
- *career and performance management*
- *pay*
- *socialisation*

The above findings were made in a first world environment where the potential employee base was stable and fairly homogeneous. South Africa is a very different environment indeed. We are unique in that the minority (whites) have held the vast majority of managerial positions. Affirmative Action has been legislated in order to bring about a change in this situation as quickly as possible. The employment market is therefore very favourable for black employees and according to March and Simon (1958:100) “when jobs are plentiful, voluntary movement is high, when jobs are scarce, voluntary turnover is small”. Puswa (1994), Charoux and Moerdyk (1997) and Coldwell (1995) have identified a “job hopping” phenomenon, but if Arthur and Huselid’s findings were to hold true, South African organisations with good HR systems that have been adapted towards the management of diversity in

particular, ought to experience greater retention among their black employees with little or less “job-hopping”.

The theoretical premise that guided this research was therefore that South African organisations with superior human resources systems specifically in the areas of selection, career management, training and development, pay and employee socialisation, would experience higher retention among their black employees than other organisations with inferior HR practices.

1.4 Objectives of this Research

The objective of this research is to investigate and compare two large banks in KwaZulu Natal and to establish the extent of the relationships between the five HR retention strategies and black employee retention at the respective banks.

1.5 Structure of this study

Chapter 2 will look at how current theory informs management regarding employee turnover. In particular, it will look at how employee turnover can be optimised. Chapter 3 explains the scientific methodological procedures that were used to conduct this research and chapter 4 discusses the results. Chapter 5 explains the results and recommends to management how to improve retention of black employees on the basis of the findings of this study.

CHAPTER 2

THE THEORETICAL FRAMEWORK : THE CONSEQUENCES FOR ORGANISATIONS, THE CAUSES AND THE MANAGEMENT OF EMPLOYEE TURNOVER.

2.1 Introduction

Employee turnover occurs when an individual withdraws his/her labour from an organisation, either voluntarily or involuntarily. It can be measured quantitatively. For example, one could say that the employee turnover rate in a particular organisation might be 10% per annum on average, meaning that one out of every 10 employees will leave that organisation on average in any given year. Alternatively, one could express employee turnover in terms of length of tenure. For example, one could say that on average Computer Programmers stay in their jobs for two years before moving on to another organisation.

This chapter will attempt to consider employee turnover in perspective from an organisational point of view. The circumstances under which employee turnover would be seen as a good or bad thing will be analysed. Thereafter, the causes that bring an employee to the point of terminating the employment relationship will be looked at. Finally, this chapter will show how (in theory) HR strategies can be used to retain employees.

2.2 The consequences of Employee Turnover

The presumption that employee turnover is dysfunctional is outdated. It is now well recognised that turnover may actually benefit both the individual and the organisation (Abelson and Baysinger, 1984; Dalton, Todor and Krackhardt, 1982; Hollenbeck and Williams, 1986). This does not imply that negative

consequences are no longer important. It means that only some turnover is negative and that management should therefore only focus on that area. Mobley (1982) discusses some possible negative and positive outcomes of employee turnover for organisations.

2.2.1 Possible Negative Consequences for Organisations

- *Costs* - turnover costs can be direct as well as indirect. Direct costs could include advertising costs, personnel agency fees, training course costs etc. whilst indirect costs could include management time during the interview process, training time costs etc. (Agno, 1998; Binning and Adorno, 1998; Brannick, 1999).

- *Disruption of social communication structures* - the departure of a respected member of staff can negatively influence the functioning of the group. The fact that the leaver might have found a position which is perceived as being better could decrease satisfaction and motivation amongst those that have stayed.

- *Negative “word of mouth” from leavers* - it can happen that dissatisfied ex-employees give negative information about the organisation which could affect the business directly or indirectly.

- *Loss in productivity* - this might occur between the time that the employee leaves and the time it takes for the replacement employee to become fully competent in the job. This loss in productivity is worse if the leaver was a high performer and was replaced by someone who does not perform at the same level.

2.2.2 Possible Positive Consequences for Organisations

- *Displacement of poor performers* - sometimes when people leave an organisation, the organisation concerned is pleased to see that person go because he/she was a poor performer anyway. Often such employees might have been displaying other withdrawal

behaviours, such as absenteeism. The organisation now has the opportunity to replace such an employee with a higher performer.

- *Opportunities for cost reduction* - particularly in today's global economy, employee turnover provides the organisation the opportunity to restructure/reorganise their employee structure, thereby reducing costs.

- *Infusion of new knowledge/technology via replacements* - it could be beneficial to the organisation to bring in people from other organisations or industries who might be able to contribute to the business because of their unbiased perspective.

- *Increased internal mobility opportunities* - the leaving of an employee would under normal circumstances create a vacancy in the organisation which could be seen as an opportunity for internal mobility by the remaining employees. This can be beneficial for the overall morale of the organisation.

- *Stimulate changes in policy and practise* - the shock or disappointment of losing an employee might stimulate the organisation to address some aspects of their policies/practices that might currently be leading to dissatisfaction amongst employees.

- *Increased satisfaction amongst stayers* - the leaving of an unpopular employee might increase satisfaction amongst the stayers.

Considering the above positive as well as negative consequences of employee turnover, it would be unwise to make the assumption that turnover is essentially bad. The challenge for management is to work out which turnover is harmful and which is not.

2.2.3 Functional versus Dysfunctional Turnover

Abelson and Baysinger (1984:331) define dysfunctional turnover as "the level that produces a divergence between the organisation's optimal balance of costs associated with turnover and the costs associated with retaining employees". Stated more simply this means that if the overall productivity of the firm declines in the medium to long term as a result of an employee leaving, then that turnover can be regarded as dysfunctional.

In practice, it is fairly difficult to measure the effect on productivity of an individual case because there are too many possible other factors that could affect accurate measurement. This is probably why there is so much interest in turnover theory. Notwithstanding, Hollenbeck and Williams (1986) undertook one such study and found that the costs associated with replacing non-performers was trivial in relation to the benefits of employing better performers. They came to the conclusion that the negative effects of turnover are overstated.

Turnover has generally been separated into two categories, i.e. voluntary and involuntary (Abelson and Baysinger, 1984; Dalton, Todor and Krackhardt, 1982). Firstly, voluntary turnover refers to employee separation which is initiated by the employee at his or her own free will. Furthermore, voluntary turnover can be unavoidable (for example when an employee who would not normally have resigned does so in order to marry and relocate to another town with her husband) or avoidable (for example when an employee resigns out of disillusionment with his/her current employer). Secondly, involuntary turnover relates to turnover initiated by the organisation when for example an employee is retrenched or dismissed.

It would be reasonable to assume that most employees and organisations would be happy with each other when the employment relationships starts off. Over time, their evaluation of each other could change. The organisation may become disappointed in the employee and visa versa or they might remain happy with each other for a long time. From an organisational point of view, it would like to keep favoured employees happy, thereby hopefully retaining their services. Unfortunately, this is not always possible.

From an organisational point of view, all resignations of employees that it would have preferred to retain are dysfunctional. However, the unavoidable are exactly that, unavoidable. There is therefore no point in focusing on these. Therefore the only portion of total turnover that management ought to consider as truly dysfunctional are these that are voluntary and avoidable and where the organisation would have preferred to retain the employees. This scenario is well illustrated by Dalton, Todor and Krackhardt's (1982) adapted graphical representation below :

Organisation's Evaluation of Individual

<u>Individual's</u> <u>Evaluation</u> <u>of</u> <u>Organisation</u>	<i>Positive</i>	<i>Negative</i>	<i>No Initiation of Voluntary Turnover</i> <i>Initiation of Voluntary Turnover</i>
	Employee Remains A	Employee Terminated b	
	Employee Quits Dysfunctional Turnover C	Employee Quits Functional Turnover d	

In the graphical representation above, each cell represents a condition of the employment relationship between an employee and the organisation.

Cell "a" illustrates the position where the organisation and the employee are both happy with one another and they maintain the employment relationship.

Cell "b" is where the individual would like to maintain the employment relationship, but the organisation is not and the latter "fires" the employee.

Cell "c" illustrates the condition where the employee quits voluntarily, either for avoidable or unavoidable reasons.

The organisation would have preferred to retain the employee. This is regarded as dysfunctional turnover and as mentioned before, only the avoidable portion of dysfunctional turnover can really be addressed.

Cell "d" is where neither the employee or the organisation are happy with each other and the employee leaves voluntarily. This is regarded as functional turnover.

When an employee starts a job it is reasonable to assume that he/she will start in cell "a". South African organisations have many reasons for wanting to keep black employees (in particular) in cell "a" and prevent them from gravitating to the other cells, especially not cell "c".

2.3 The Reasons for Employee Turnover

Mobley (1977), Simon and March (1958) as well as other writers describe the voluntary turnover decision as a process, the final step of which is resignation. The intention to search for alternative employment usually takes place beforehand. Lee (1996:6) identified “jarring events” which he called “shocks to the system” which sometimes occur to employees and which cause them to start looking around for another job when they were not doing so before. These jarring events are psychological shocks the employee experiences and can include almost anything from a bad annual increase to a racial jibe. Not all employees experience jarring events. Some employees might gradually become dissatisfied over a period of time and others might receive an irresistible job offer whilst they were perfectly content in their current job. A review on some turnover literature (Abelson and Baysinger, 1984; Arnold and Feldman, 1982; Binning and Adorno, 1998; March and Simon, 1958; Mobley, 1982) reveals that there is general agreement on the broader reasons why employees move from one job to another. Cotton and Tuttle (1986) conducted a meta-analysis of the correlates of employee turnover and concluded that correlates fall into three broad categories, i.e. external, work related and personal.

2.3.1 External Correlates

These correlates relate to reasons that are not particular to the individual employee or the organisation, but are rather a bit broader

- *Perception of employment opportunities* - the employee is more likely to look for another position if it is perceived that there are possibly better opportunities for him or her (Mobley, 1977; Simon and March, 1958). The Employment Equity Act has now legislated Affirmative Action. This follows about two decades of Affirmative Action initiatives that have not been particularly successful, hence the need for legislation. Obviously, there are and will be more opportunities for black employees than for other employees and so it is logical that a higher turnover rate should result. If this were not the case then something would be amiss.

- *Level of employment in the economy* - March and Simon (1958) state that under nearly all conditions, the most accurate single predictor of labour turnover is the state of the economy. “When

jobs are plentiful, voluntary movement is high, when jobs are scarce, voluntary turnover is small" (1958:100).

2.3.2 Work Related Correlates

The second group of correlates are particular to the work situation, These factors include :

- *Pay* - the amount of remuneration an employee receives affects turnover. The more money an alternative job is offering, the more attractive it will be (Hammermesh and Rees, 1984; Sapsford and Tzannatos, 1993). Furthermore, taking the laws of supply and demand into account in the specific South African scenario, it stands to reason that the price (wages) for black employees will be driven upwards because of the relatively large demand and small supply (particularly in skilled, white collar jobs and skilled technical positions).

- *Satisfaction with work itself* - this sub-category can include various reasons and will be particular to the individual employee (Abbott, 1980). For example the unique challenges of the job, or the repetitive tasks, or the hours of work can make a job more or less attractive.

- *Satisfaction with supervision* - this refers to the extent to which satisfaction with one's superiors can contribute to employee turnover (Cotton and Tuttle, 1986). This is of particular significance in this research because white managers are often the ones who are expected to be "driving" affirmative action. These white managers are not necessarily seen by blacks as doing so with genuine commitment (Magojo, 1996; Langa, 1999).

- *Satisfaction with co-workers* - this refers to the extent to which employees feel they do or don't fit in and get along with co-workers. In an atmosphere of affirmative action, it is not inconceivable that newly appointed black employees feel uncomfortable, particularly when in the minority from a numbers point of view in the organisation.

- *Satisfaction with promotional/career opportunities* - the extent to which employees perceive their upward mobility also has an effect on the decision to stay or leave (Abbot, 1980).

- *Organisational commitment* - Arnold and Feldman (1982) found that the more committed an employee was/is to an organisation, the more difficult it was/is to leave. Gaining committed staff who “buy in” to the organisation’s goals is enhanced through the application of superior human resources systems (Walton, 1985).

- *Tenure* - according to March and Simon (1958), the longer an employee stays in a job, the greater the specialisation. The greater the specialisation, the less extra organisational opportunities are available to that employee.

- *Job Performance* - there is concern among researchers of employee turnover that is usually the better performers that tend to leave. Dalton, Tudor and Krackhardt (1982) give the example of the United States railroad industry that has an employee tenure average of nearly 20 years, but is generally regarded as a poor service provider. The implication is that poor performers are not always adequately dealt with. The good performers are not adequately recognised either and so they leave. The challenge for management is to reverse the trend by retaining good performers and losing poor ones. Again, superior human resources systems are regarded as an instrument to accomplish this.

2.3.3 Personal Correlates

The third group of correlates refer to reasons that are unique to the individual and are not related to the job. These factors include :

- *Age* - the older an employee is, the less likely he or she is to move (Arnold and Feldman, 1982; March and Simon, 1958).

- *Gender* - according to Cotton and Tuttle’s (1986) meta-analysis,

indications are that woman are more likely to leave than men.

- *Education* - Cotton and Tuttle (1986) found that more educated employees are more likely to leave.

- *Family circumstances* - Cotton and Tuttle (1986) refer to dependants and marital status as being negatively related to turnover. This means that if one has fewer or no dependants or is not married, the likelihood of moving is greater. Other family-related reasons for leaving could also include illness of a family member and relocation to be with family.

2.4 The Role of Human Resources Systems in Employee Retention

Management theory concludes that co-ordinated HR management practices can create a sustained source of competitive advantage for an organisation (Becker and Gerhart, 1996). As noted in chapter 1, Arthur (1994) as well as Huselid (1995) found a relationship with HR systems and employee retention. Their findings do not exclude other criteria from also having an influence on retention. The main HR criteria that they identified as playing a role in the retention of staff can be summarised as :

- *selection*
- *training and development*
- *career management (including performance management)*
- *pay*
- *socialisation*

If one is to compare these criteria with the reasons why employees leave their jobs as discussed by Cotton and Tuttle (1986), Mobley (1982) and numerous other writers, there is a definite link between the two, as elaborated below:

2.4.1 Selection

The selection of the right people is an extremely important function in the organisation and could quite possibly lead to the success or failure of the organisation. According to Beach (1985:137)

“The selection process has as its objective the sorting out or elimination of those judged unqualified to meet job and organisation requirements and to choose individuals who possess the necessary skills, abilities and personality to successfully fill specific jobs in the organisation”.

There are a wide variety of instruments or tools that organisations can use which add to the process of selecting the right people. For example, one could have interviews which vary in number and type. One could have structured or unstructured interviews conducted once-off in a panel setting or in two, three or even four separate interviews. Also, various types of tests including intelligence, aptitude/skills, personality, integrity, polygraph and many more can be used. The point is that selecting the right people is an important function for the organisation and contributes significantly to employee retention. This research will focus on three areas within the selection function i.e interviewing, testing and referencing to try to establish to what extent the practices within the organisations being researched contribute toward employee retention.

2.4.1.1 Interviewing

“Selections based on impressions are highly suspect” (Gratus, 1988:3). Fortunately, the vast amount of research in the HR area has led to a more professional approach in the last decade or so. Nowadays we find that interviewers (or at least the HR Consultant/Person) at organisations have been trained and are more skilled at interviewing than in the past. The most popular interviewing style presently used is a structured interview during which evidence (examples) of specific job-related behaviours are

extracted from the interviewee during the interview. "Targeted Selection" (Byham 1981) is one such style. Byham argues that the best predictor of future behaviour in a job is previous behaviour. Examples of past behaviours are therefore sought by the interviewer during the interview. The interviewer would normally use a structured interview schedule and ask questions around specific dimensions/criteria that are regarded as important to the job being interviewed for.

The examples of behaviours that are given by the interviewee in the interview are matched up against the behaviours required for the job and the interviewee is objectively rated. The selection process is enhanced if there is more than one interviewer (perhaps between two and four). The idea is that "two heads are better than one". The interviewers would later have a discussion to explain their ratings and hopefully come to meaningful conclusions about the applicant. The integration of interview information in this way controls for biase and stereotyping.

This above type of interviewing style has become prevalent in South Africa not only because it is generally regarded as a superior interviewing technique, but also because it complies well with the LRA by avoiding /minimising the possibilities of subjectivity and arbitrary discrimination. Interviewees that are able to provide evidence (during the interview) of their ability to meet the behaviours required in the job are more likely to be successful in the job, perform better, be satisfied and therefore stay longer.

2.4.1.2 Testing

Besides interviewing, objective tests that measure aptitudes or skills, intelligence and personality can also be used by organisations to optimise the person-to-job fit. According to Beach (1985) the utilisation of valid tests contributes towards employee retention. It is extremely important that only valid tests are used. "A test is valid to the extent that inferences made from it are appropriate, meaningful, and useful" (Gregory, 1996:107). The LRA has legislated that tests used must be valid. Due to the multicultural workforce, it is a challenge for South African organisations to find and utilise appropriate tests. Intelligence tests that were used in the past such as the Wechsler Adult Intelligence Scale-Revised (WAIS-R) may not be appropriate as the results in a South African setting

might be unreliable. An example of a suggested alternative instrument is the Potential Index Battery (PIB). The PIB is regarded as culturally fair and will provide predictions of potential that are valid across all levels of literacy (Erasmus, 1995).

Numerous measures of personality exist that have not yet been challenged as invalid, for example the sixteen personality factor (16 PF) and the Minnesota Multiphasic Personality Inventory (MMPI). Holland's Self Directed Search (SDS) is an example of a career-orientated interest inventory. The motivation behind the use of interest/personality tests is to place people in jobs that match their interests and personalities. In this way, people will be more satisfied with the job content and should stay longer.

With regards to specific aptitudes and skills, the possibilities are endless, ranging from on-the-job tests like testing for welding or typing abilities to assessment centres or in-basket exercises.

2.4.1.3 References

An investigation into the background of a potential employee can provide useful information which could verify /confirm an employment decision. Previous employers, school teachers etc. are able to provide feedback concerning an individual.

In accordance with the LRA, potential employees must grant permission for references to be done on them and have a right to know what was said about them. This has implications for the referee who needs to be aware that false information can have legal ramifications. Referees do have the option not to provide a reference if they wish.

Due to the fact that organisations are under pressure to improve their demographics (as required by the EE Act), it is possible that they may take shortcuts in the selection procedure, merely taking on more black employees in what Kossek and Lobel (1996) label "diversity expansion".

For the purpose of this research, "diversity expansion" is regarded as an inferior HR policy. A superior selection system will be regarded as one where an employee undergoes a thorough interviewing procedure, is given valid tests and on whom references were taken before confirmation of employment

2.4.2 Training and development

No organisation can succeed without properly skilled and knowledgeable human resources. Therefore, ongoing employee development is critical to the short-term and long-term success of every business. With a drastic skills shortage in South Africa (Bezuidenhout, 1993; Frost, 1993) this is even more important and so it is no surprise that much of AA literature lies in this area. The government has in fact taken the development of skills in our country so seriously that they have decided to legislate through the Skills Development Act. Whilst it is generally accepted that the major thrust of training and development should be aimed at the previously disadvantaged black employees (Christie, 1993; Joubert, 1993), it is not to say that other race groups need not be developed. The emphasis will fall mainly on black employees because that is where, relatively speaking, training and development is mostly needed. The training and development of human resources will obviously benefit organisations, individuals and the economy in general. The only major hindering factor for organisations appears to be the financial investment (Manning, 1993; Frost, 1993). Watson (1994) is of the opinion that to succeed with sustained AA, the training and development objectives should include :

- job skills training
- multiskilling of staff
- formal education

Bearing in mind that this research will involve two large banks where 99% (if not all) of staff are at least of a clerical level and upwards, one could consider these three criteria as a framework for training and development as follows:

2.4.2.1 Job skills training

In order to do a job as a Teller for example, one would have to identify the key skills (or competencies) required. In order to arrive at those basic competencies, one would need to first identify the *key performance areas* in the job. "A key performance area (KPA) is an important activity that is essential for achieving the general objective of a main activity" (Bornman, Sass and Wood, 1993:1). KPA's group similar tasks that are performed on a job. For

example a Teller may need to accept deposits and pay withdrawals. After identifying the KPA's the *key tasks* that need to be performed should be identified. "A key task is an important subactivity that is essential for achieving the KPA objective" (1993:1). A Teller would need to know how to count money, capture the amounts on-line and communicate well with customers. These tasks need basic *competencies/skills*. Bornman, Sass and Wood (1993:1) define a skill as the "ability to do things competently, understanding how they are done".

Examples of skill/competencies that might be required as a Teller are:

- interpersonal skills like being able to communicate and get on well with customers
- arithmetic skills like counting money and balancing the amounts correctly
- keyboard skills in order to data capture information quickly enough

The research will investigate to what extent the organisations being researched are providing their staff with basic job skills training so that they can acquire the competencies required in the job.

2.4.2.2 Multiskilling

The alternative to "poaching" employees as mentioned by Coldwell (1995) is for organisations to invest in the development of their own employees over and above basic job skills training. This calls for the accelerated development of black employees through multiskilling. Bornman, Sass and Wood, (1993:1) define multiskilling as "a way of organising work so that people are able to acquire and use a greater range of skills". He goes on to discuss three possible dimensions to multiskilling which are appropriate to this research:

- horizontal multiskilling - providing an employee with diverse skills at a similar level of job complexity. For example, a Teller may be moved to a position of Reports Clerk whilst someone is on maternity leave. Such an event benefits the employee (who learns new skills) as well as the organisation (which now has a wider range of skills at its disposal).
- Cross skilling - providing an employee with diverse skills at a similar level of job complexity, but in a different area of the business/organisation. For example, a Branch Manager may be asked to spend six months in Corporate Credit department in order to acquire the skills to analyse corporate financial loan applications.
- vertical multiskilling. This type of multiskilling provides an employee with additional skills at a higher level of complexity. Whilst horizontal multiskilling and cross skilling are obviously very important, much emphasis is being placed on developing
- black employees to take up more senior positions. As a result, there are a host of possible HR development interventions that exist, a few of which are mentioned below.

Mentorship programs - Caldwell and Carter (1993:9) define a mentor as “a father figure, a teacher, a role model, an approachable counsellor, a trusted adviser, a challenger and an encourager”. In practice, the implementation of a mentorship program means that a black employee who has been identified to be developed vertically has a mentor (often white) who helps him/her settle down, learn the ropes etc and at the same time provides/coaches the employee around information (directly or indirectly job related) that will help him/her progress upwards within the organisation. At this point it is important to note that numerous writers including Kemp (1993), Mafuna (1993), Charoux (1990) and Norris (1996) state clearly that white managers also need skills development. White managers need to improve their coaching skills, interpersonal and leadership skills as well as their understanding of the diversity of people.

Language training - Lowen (1993) believes that if English language training language is not an integral part of an AA program, then

black employees are not being empowered for development. Lowen's viewpoint might be more applicable to a manufacturing environment where workers with poor English skills but good potential may be held back. However, in a banking environment, it is likely that a prerequisite for entry might be at least reasonable fluency in English.

Trainee Manager programs - many of the large organisations in South Africa visit the universities every year with the view to recruiting potential managers. These potential managers are then placed on trainee programs so that in a specified amount of time they might be ready for a supervisory or management position.

2.4.2.3 Formal Education

Hofmeyr and van Wyk (1997) attribute (partly) the problem of the lack of skills in South Africa due to the poor formal education system that black people have had in the past. It did not equip black employees with the necessary skills for a developing country like South Africa to become globally competitive.

Joubert (1993) feels it is important for organisations to provide bridging education at tertiary level in the disciplines required in their industry (for example in banking this might mean mathematics, accounting and other business related-subjects).

Many organisations in South Africa already provide financial support for formal education, from basic adult educational programs through to company-sponsored MBA programs for managers. Hofmeyr and van Wyk (1997) believe that the new educational dispensation including the National Qualifications Framework will begin to benefit employers within the next three to five years. In the meantime the emphasis falls heavily on organisations to invest in the education of their black employees so as to prepare them for more demanding and productive jobs.

This research will investigate to what extent the two banks being compared are assisting/supporting the formal academic development of their black employees.

2.4.3 Career Management

Ware (in Smith, 1997) believes that career advancement is one of the top two influences on job satisfaction and employee retention. Considering career management from an organisational perspective, the managing of individual careers forms part of an overall manpower plan that the organisation should have in place. Schein (in Koontz et al, 1980) describes a manpower plan as the plan an organisation has of all the skills required in the organisation versus the available skills. Manpower planning therefore focuses on the numbers of the people in the given jobs and the number of people at various levels that might be required under certain assumptions of growth of the organisation. For example, in this research, the banks researched might have identified that they have too few females in their management ranks. In order to rectify this within five years, they might need to develop a manpower plan to selectively recruit higher proportions of females who have the potential to develop into managerial positions. Manpower planning is obviously not an exact science because it is very difficult to know the extent to which external variables such as economic pressures will have an effect on the organisation. An ideal career management system would therefore be one that seeks to match the organisation's requirement for human resources with the individual's need for career development and growth. To achieve this goal, certain matching activities need to take place. These activities usually take place through a performance appraisal system and for this reason performance appraisal is included in this section on career management.

2.4.3.1 Performance Appraisal

According to Schein (in Koontz et al, 1980), human growth takes place through successive encounters with one's environment. As an employee encounters a new job situation, he or she is forced to try new responses to deal with that situation. Learning takes place as a function of how these responses actually work out. If the employee is successful with coping in the new situation, he or she increases his or her repertory of responses and growth has taken place. Out of this process of growth, two things are happening:

- The employee is demonstrating new responses

- The employee knows if he or she is coping i.e. is getting feedback

Returning to the organisational perspective, the organisation needs to meet its manpower requirement and in so doing promote the right people. In practice this means identifying the people whose current performance suggests that they would be able to deliver the responses required of a new and more senior job. A formal performance appraisal system is a useful HR sub-system which helps organisations to make such decisions as one of the goals of performance appraisal. Bevan and Thompson (1991) identified another nine:

- to improve organisational effectiveness
- to manage the wage bill
- to support total quality management
- to change organisational culture
- to link pay to performance
- to link pay to skills development
- to motivate employees
- to attract and retain staff
- to improve training and development

From the above list it is noteworthy that many of the criteria being researched here are linked to performance appraisals.

In most organisations there is some effort to have a standard, formal performance appraisal system over and above the normal performance feedback which is expected on a day to day basis. This is important because knowledge of the results of how one is doing is a crucial component of any development process, as discussed above. Furthermore, to retain committed staff the performance appraisal process needs credibility through implementation of results. In other words, higher measured performance should lead to higher pay and quicker career development. Huselid (1995) explains that performance appraisal should be used as a tool to gain commitment from and retain good staff, whilst making it uncomfortable for poor performers to stay. Huselid explains that without an efficient performance appraisal system where your best workers are being recognised and awarded,

these very employees whom organisations would prefer to retain will be the ones who leave. Dalton, Tudor and Krackhardt (1982) give the example of the American Railways where the average turnover of employees is very low, but overall performance of the organisation is bad.

According to Schein (in Koontz et al, 1980), it is important that organisations provide some means for their employees to become more proactive about their careers. This can usually take place during a performance appraisal, but it can be a separate process. There should be a session of joint dialogue, counselling and career planning during which the manager reviews with the employee his or her future potential, development needs, strength and weaknesses, career options etc. The employee needs this process to take place because he or she cannot manage their own career development without information on how their own needs, talents etc coincide with opportunities provided by the organisation. Organisations are reluctant to promise that an individual employee will get to point X or Y in the organisation within a certain time, but they may give realistic possibilities and time frames. The individual employee would then come to his or her own decisions about whether his or her career development is too slow or not. If there is an oversupply of black employees with certain skills in an organisation, (which could occur as a result of a variety of reasons) and an undersupply in other organisations, economic principles of supply and demand suggest that employees from the one organisation would be attracted to the other organisations.

This study will investigate to what extent the organisations researched are doing performance appraisals. It will then be seen how this process is being linked to pay and career development if at all.

2.4.3.2 Exit interviews

Exit interviews are a basic tool used to determine why individuals leave an organisation. In an AA environment where organisations are investing huge financial resources into the development of black employees, it is understandable that they will be disappointed when these employees leave, especially if the organisation perceives that

they have not had a commensurate return on their investment yet from that employee. According to Boase (1997), exit interviews are useful :

- to explore the reasons for resignation
- to assist in the development of a strategy to control labour turnover and to improve staff retention.

During the exit interview, it is important to probe the following areas (amongst others):

- the atmosphere amongst the employees i.e to what extent are employees of different race groups getting on with each other and management?
- what were the employee's career aspirations and were they being met?
- was there equality amongst employees?
- were working conditions satisfactory?
- were performance appraisals fair?
- what was the employee's perception of pay and advancement opportunities in the organisation?
- an evaluation of training received.

Reducing avoidable turnover helps to reduce costs and can be achieved by assessing the factors/criteria regarded as unsatisfactory and then taking action if deemed necessary. Boase (1997) regards exit interviews as a proactive step to retain staff. This research will investigate if organisations are using exit interviews, and if they are to what extent information obtained through this means is used to improve the overall system with the view to retention of black employees.

2.4.4 Pay

Armstrong and Murlis (1980) describe pay as the means to attract, retain and motivate employees to achieve the objectives of the employer. According to Fact sheet no 171 (IPM Journal, June 1988), the amount of pay required is determined by:

- *The market* - The total remuneration package offered to an employee needs to be at a level which will enable the organisation to attract and retain employees in a competitive market situation within an industry for e.g banking. An organisation should realise that to pay below average salaries will not attract good people. Nevertheless, it is the prerogative of the organisation to position itself wherever it wishes relative to its competitors. If it is a top, prominent leader in that industry, it is likely to want to position itself at least at the midpoint of the market salary range or higher.
- *Level of responsibility* - jobs in organisations have varying levels of responsibility. The level of responsibility is usually measured using job evaluation tools of which there are a number to choose from. This results in jobs being graded relative to their levels of responsibility. Within the capitalist culture then, the more responsibility a job has attached to it, the higher the remuneration package. To put it another way, the more important the job is to the organisation, the more the organisation will pay.
- *Individual expertise* - usually grading systems will have a range (consisting of a minimum and maximum) of remuneration applicable to a job. All employees who have jobs of the same grading should in theory earn more or less the same. This ensures equity which is an important concept within remuneration policy. Pay equity comes from the "perceived sense that salary policies are just and fair and there is equal pay for equal work" (Armstrong and Murlis, 1980:13). The only permissible variations should occur within the range where individual expertise is rewarded. Individual expertise originates from performance and qualifications. Performance in particular is very important. As already noted (on page 25), if good performers are not rewarded they are unfortunately the types who leave, whilst the non-performers stay. One of the ways of rewarding good performers is through paying them more than non-performers. Sometimes the difference in pay can be quite substantial, particularly if the range of remuneration for the grade is wide/broad.

Besides the three main aspects in determining pay levels, a fourth issue relates to salary premiums.

- *Premiums* - salary premiums are sometimes paid in specific job categories when there is a shortage of supply in those skills. For example, Computer Analysts, Computer Programmers, Engineers and Artisans may be in short supply from time to time. Organisations sometimes have to pay a premium over and above the normal grading of the job in order to attract and retain employees who have these skills. Premiums usually apply to a shortage of skills, not to a particular race group or gender. However, EE is a priority and it is conceivable that black employees with appropriate skills could be paid more than other race groups in order to be retained by organisations.

Hammermesh and Rees (1984) as well as Sapsford and Tzannatos (1983) confirm that the more money a job is offering the more attractive it is. Despite this, Finnigan (1983) noted that research indicated that better pay was not the main cause of employee turnover. Motivation theory also downplays the importance of money. Herzberg's theory classed work motivators into satisfiers and dissatisfiers (Wild and Lowes, 1972). His research showed that pay was a dissatisfier which would cause dissatisfaction if considered too little, but result in only a neutral attitude if considered fair/good. Money would therefore not provide lasting satisfaction or motivation. Only other work-related factors like jobs/career advancement, achievement and recognition could achieve this.

Maslow's very well known theory of motivation is different, yet comes to the same conclusion. His hierarchy of needs (Norwood, 1999) proposed that human needs could be classified into five ascending hierarchical needs and that the first is preponent to the second which is preponent to the third, fourth and fifth. The physiological need is the first and most basic need. The theory postulates the pay satisfies the needs found in levels one and two, but not the next three "higher-order" needs. These higher-order needs relate to the need to belong, esteem needs and the need to self-actualise.

A third motivational theory which has relevance here is Vroom's expectancy theory (Ivancevich and Matterson, 1993). In a nutshell, the theory postulates that employees will behave in a certain way if the outcomes they expect will be forthcoming. It applies to employee retention theory in that employee turnover occurs as a result of dissatisfaction that employees experience when their expectations in the workplace are not met. So, for example if an employee works very hard to achieve a good performance rating in order to get a good pay increase which is then not forthcoming, this can cause demotivation and ultimately resignation. Expectancy theory applies not only to pay, but to training and development as well as career issues.

The perception in the South African environment is that pay might be playing a disproportionately important role as "limited numbers of qualified blacks are job hopping to their hearts content as they are offered better and better packages" (Coldwell, 1995:20). Whilst the theory (as discussed above) seems to not support this, the question must arise as to whether the South African situation is different and perhaps unique. Is it possible that because of socio-economic pressures that black people have lived with in the past and to a very large extent still do, that money has emerged as a clear front runner in order to attract and retain black employees?

This research will attempt to uncover how the organisations being researched are using pay as an instrument to retain black employees. In order to establish this, questions relating to where they position themselves in the pay market as opposed to their competitors will need to be answered as well as to how they link pay to performance and whether premiums are used to retain black employees.

2.4.5 Socialisation

"Socialisation is the process through which new members of an organisation gain exposure to its values and norms, its policies and procedures, and the behaviours expected from new people" (Attner and Plunkett, 1989: 60).

The EE Act requires organisations to change their demographics. The result in the future will be a multicultural working environment. For new black employees coming into areas of organisations previously dominated by a set of norms, values etc set by whites this creates problems. There is lots of evidence of the types of problems that have been occurring (Charoux, 1990; Schlemmer, 1986). For example, black managers have left organisations and complained that they were not given proper responsibilities, but were made to feel as though they were employed for the colour of their skin only and not as part of the team.

Organisations with superior HR systems should have programs in place that facilitate the "settling-in" of new employees. In South Africa specifically, socialisation also calls for proactive measures by organisations to assist their multicultural employees to understand one another better and to be able to work together towards a common goal. Magojo (1998) found that black employees who experienced positive relationships with superiors and colleagues felt empowered to be able to progress upwards within organisations. Whilst Magojo was not researching employee retention specifically, Mobley (1982) argued that such positive relationships affecting employee retention.

From a practical point of view, a proper induction program underpins the socialisation process. Southey (1992) identifies induction as an instrument to reduce employee turnover in that it develops positive attitudes and feelings of identification with an organisation. Besides induction, which is usually formally controlled, organisations can also actively promote social activities like soccer matches, Christmas parties etc which also promote common identity. Furthermore, formal management development courses, workshops, team building exercises etc the aims of which would be to manage and build a common identity for the organisation amongst a diversity of peoples can be regarded as part of the socialisation process. This research will investigate to what extent the organisations are participating in the activities described above.

CHAPTER 3

METHODOLOGY

3.1 Aim of the chapter

The following discussion is an exposition of the procedure used in order to study this research problem and includes the rationale for the methodology used and the limitations thereof. The aim of the methodology was to establish from the Senior HR Practitioners the extent to which their respective organisations are trying to retain their black employees through the implementation of the five HR criteria. Current and ex-employees are also consulted.

3.2 Introduction

The issue of what is and what is not an acceptable employee turnover rate is an ongoing debate. For example it is quite acceptable and even preferable for some organisations when certain categories of employees bring their skills to the organisation for a short while only and then move on (for example Artisans or Computer Programmers). Due to the nature of their business, some industries like the hospitality industry might naturally have a higher employee turnover rate than the organisations sampled in this research (i.e. banks). So it was important for this study to be able to make a comparison between two similar organisations so that whatever the black employee turnover ratios were, one would be able to draw meaningful conclusions, through comparing these ratios relative to one another.

The depth of information needed to assess the retention criteria within each organisation required qualitative research methods. At the same time, the qualitative information had to be coded/graded, therefore quantitative data analysis methods were combined into the research. For the above reasons, case studies of two organisations were done using the survey method. Face to face interviews were

conducted using a structured questionnaire which contained open as well as closed questions.

3.3 Case study

“A case study is an intensive description and analysis of a single individual, organisation, or event based on information obtained from a variety of sources such as interviews, documents, test results and archival records” (Christensen, 1994:50).

Case studies are an important method for studying specific phenomena (like employee retention) qualitatively. Mouton and Marais (1991:31) describe the qualitative approach to research as:

“approaches (to research) in which the procedures are not strictly formalised, while the scope is more likely to be undefined, and a more philosophical mode of operation is adopted”

The advantage of using qualitative research methods to investigate employee retention included:

- the interviewer was able to obtain surplus meaning to answers given by the respondents. This proved to be helpful in the scoring of the various criteria. It was also helpful because spontaneous examples were given and the conversation was able to move freely across criteria.
- the interviewer was able to take the context of the respondent and the answers supplied into account and place them in perspective.
- the relaxed interview situation lent itself well to the topic under investigation. The topic was wide and had to be reduced to a series of quantitative scores. The only way to achieve this other than having an impractical, very long qualitative questionnaire was to combine a qualitative interview with quantitative scores.

According to Christensen (1994), the biggest disadvantage of a case study is that because it is a study of one event or organisation, it is difficult to generalise to other situations. Considering that the ultimate objective of scientific research is to understand the world

around us, it is a pity that findings from case studies are difficult to generalise further. On the other hand, case studies do provide a fertile breeding ground for new ideas and hypotheses. This is the biggest advantage of case studies, according to Christensen, (1994)

3.4 Data collection procedures

In order to obtain the information required, a survey of both organisations needed to be done.

“A survey is a field of study in which an interview technique is used to gather data on a given state of affairs in a representative sample of the population” (Christensen, 1994:58).

3.4.1 Face-to-face interview

Face-to-face interviews were conducted with respondents. This involved making an appointment with the respondents at either their offices or at the researcher's office. Most of the interviews took place during office hours. The interviews averaged about one hour each. This was slightly longer than had been anticipated originally, but it was necessary to clear any ambiguities and generally get more complete information.

3.4.2 Population and sample group

The population being researched were all financial-orientated services organisation in KZN. This population could have included insurance organisations, banks, etc. The calibre of individual employed in such an organisation would typically have at least a standard ten level of education. Due to the fact that this researcher has a ex-banking background himself, it was decided to sample two of the four largest banks in South Africa. The respective Regional HR Managers for KwaZulu Natal were approached and they both agreed to participate in the research as the findings would be of interest to them. These banks are referred to as bank A and bank B throughout chapters 4 and 5.

With regard to the respondents, it was obviously very important to interview a senior HR Practitioner from each bank. The Regional HR Manager from bank A made herself available as a respondent and bank B had a specialist Employment Equity Manager who was interviewed. In order to control for accuracy of information, it was important to verify the information given by these senior HR Practitioners and so four additional respondents from each bank were interviewed. These respondents were chosen randomly. Neal and Leisbert (1980) amongst other writers state that random sampling is a procedure which is likely to yield a sample that is most representative of a population group. The two banks each provided a list of six current employees, from which two were randomly selected from each bank to be interviewed. These current respondents were contacted and interviews were arranged. Nobody declined to be interviewed. These interviewees were asked to provide as many names and contact details as possible of ex-employees who had left their respective banks in the last 12 months. The banks themselves were unable to assist with this list because they felt that such information was confidential and providing it would be unethical. Nevertheless, in this way a database of ten names with contact details of ex-employees was built from each bank. From this database, two names from each bank were again randomly selected and interviews were arranged. Again, nobody declined to participate.

Finally, due to the fact that this research concerns black employees (excluding Indian and Coloured), all eight respondents (excluding the HR Practitioners) had to be black, which they were.

3.4.3 Rationale for the design of the questionnaire:

As discussed in Chapter 2, employee turnover can be effectively countered by good HR management practices, in particular the five strategies, i.e. selection, training and development, career management, pay and socialisation. The questionnaire was designed to measure the extent to which the two banks being researched were implementing these strategies. The five criteria therefore made up the five major sections of the questionnaire. Each section of the questionnaire was given a maximum rating of

20 points and the items within each section were based on what was regarded as important from the theoretical perspective in chapter 2.

Two questionnaires were developed (see appendices 1 and 2), one for the Senior HR Practitioner and one for the current employees/ex-employees. The questionnaires were almost identical, but the questionnaire for employees/ex-employees made allowance for personal experiences.

3.5 Data Analysis

Information regarding the actual employee turnover statistics for all race groups were required from each bank so that comparisons could be made (within bank and between banks). Firstly, the total number of employees employed in KwaZulu Natal for each bank, broken down into racial groups were required. Employee turnover was then converted and expressed as a percentage and shown in tabular form (see tables 3 and 4 on pages 111 and 112).

Secondly, using the questionnaire the ratings/score for the various employee-retention criteria were totalled for each individual respondent as well as for each criterion at the two banks. A grand total (rating) for each bank was then obtained which then represented the sum of the five scores it's senior HR Practitioner, two current and two ex-employed gave it. The figures were also expressed as tables (see tables 1 and 2 on pages 109 and 110). The researcher was then able to see which bank had done the best in terms of implementation of these retention criteria and also on which criteria they had done relatively well or poorly. This information was then related back to the actual black employee turnover statistics to see whether there were any trends and specifically to see whether the bank that was implementing the retention strategies best was experiencing the lowest turnover as might be expected.

The research then went further and made use of statistical correlation scores to examine in more depth what the findings were possibly suggesting. Downie and Heath (1970:86) describe correlation as "basically a measure of relationship between two variables usually in the form of a number called the coefficient of correlation". Guilford and Fruchler (1978:77) defined a coefficient of correlation as:

“a single number that tells us to what extent two things are related, to what extent variations in the one go with variations in the other”.

The coefficient of correlation is a summarising type of number which varies in value from +1.00 which means perfect positive correlation, through zero down to -1.00, which means perfect negative correlation. From the actual number computed, one learns first of all if there is a negative or positive relationship between the variable. A positive relationship exists if an increase in the other variable causes an increase in the other variable. For example, higher pay should lead to higher employee retention. A negative relationship exists if an increase in one variable results in a decrease in the other variable. For example, the higher the interest rates charged by banks, the lower the amount of bond applications received.

There are various correlation coefficients in use, the most frequently encountered is the Pearson product-moment correlation coefficient (Downie and Heath, 1970). When samples are small, as is the case with this research, a convenient procedure is Spearman's rank-difference method (Downie and Heath, 1970; Fruchter and Guilford, 1978; Huysamen, 1983). A two-tailed test would be most appropriate because there was no specific prediction about the direction of the difference between the scores measured.

In order to make use of Spearman's rank-difference correlation method it was necessary to convert the raw scores obtained from the questionnaires (tables 1 and 2) into ranked scores (tables 5 and 6). In this regard scores were grouped and ranked for each bank according to the scores obtained by management, current employees as well as ex-employees. Two tailed Spearman's correlation coefficients were then computed to measure the following:

3.5.1 Between-bank comparisons

- A comparison of the Senior HR Practitioners' scores to measure the extent to which the two banks had similar or different approaches regarding the implementation of the five employee retention criteria. In other words, were they emphasising the same or different criteria in order to hold on to their black employees?

- A comparison of the current employee's scores to measure the extent to which they think their respective banks are implementing their employee retention strategies
- A comparison of the ex-employees scores to measure how they thought their respective banks implemented the retention strategies

From the above comparison between the two banks, it was hoped that some interesting findings might surface that could inform the researcher whether the banks were adopting similar retention strategies or not.

3.5.2 Within-bank comparisons

For each bank separately, the following correlation coefficients were computed:

- a comparison between the ratings of the Senior HR Practitioner and the current employees
- a comparison between the ratings of the Senior HR Practitioner and the ex-employees
- a comparison between the ratings of the ex-employees and current employees

The above correlation coefficients were computed because they would inform the researcher about the extent of the gap between how management at the banks (represented by the Senior HR Practitioner) thought they were applying the employee-retention strategies and how current and ex-employees experienced these strategies in the actual work environment. The higher the correlation coefficient, the more consensus there would be between the various parties and the more reliable the results would be.

3.6 Limitations of this Research

- Due to the qualitative, case study approach it was not practical to have a large sample. As a consequence, the results of this research should not be generalised to all organisations in South Africa who are implementing AA. The sample was taken from the financial services industry and the results should not be generalised further than organisations that fall into that category.
- It is acknowledged that time may have affected the accuracy of some of the scores. This could have happened because some of the current and ex-employees were initially recruited more than five years ago. It is therefore possible that their experience of the retention criteria being researched may have been different. It is quite feasible that the banks researched may have improved in the implementation of these criteria, without the respondents being aware of it. The researcher tried to control for this extraneous variable as much as possible by not only probing the respondent's personal experience, but also asking about what he or she had recently seen taking place. The interview situation allowed for this flexibility.
- It is acknowledged that other researchers may regard different activities within these HR criteria to be more important than those chosen to be rated. For example, behavioural interviewing/targeted selection is regarded as important for the purposes of this research and the banks that use this technique would have scored well on the questionnaire. Other writers and researchers may disagree. Nevertheless, the inclusion of each item in the questionnaire is justified through the discussion in chapter 2.
- Christensen (1994) discusses researcher attributes and how these can affect the outcome of responses and hence the results. He mentions race group and it is quite possible that some of the respondents in this study might have felt uncomfortable due to the fact that the researcher was from another race grouping. Also, human nature being what it is, it is possible that the researcher's motivation for conducting research in this specific area combined with expectancies regarding outcomes might have influenced the interpretation of responses in a biased way. This researcher was aware of these potential shortcomings and consciously guarded against them.

CHAPTER 4

RESULTS OF THE SURVEY

4.1 Aim of the chapter

The aim of this chapter is to explain systematically the results that were achieved by the two banks for each respective criterion, starting with selection through to socialisation. The way responses were interpreted is explained and linked to the theoretical foundation of chapter 2.

4.2 Introduction

The ten structured interview schedules were collated and the scores obtained by banks A and B are shown on tables 1 and 2 on pages 109 and 110 respectively, but can be summarised in order of achievement as follows:

<u>Bank A</u>	<u>Achievement</u>	<u>Maximum possible score</u>
Selection	67,5	100
Career Management	66	100
Training and Development	64	100
Socialisation	63	100
Pay	<u>42</u>	<u>100</u>
	<u>302,5</u>	<u>500</u>

<u>Bank B</u>	<u>Achievement</u>	<u>Maximum possible score</u>
Training and Development	73	100
Selection	66,5	100
Career Management	59	100
Pay	54,5	100
Socialisation	<u>42</u>	<u>100</u>
	<u>295</u>	<u>500</u>

For ease of reading this chapter, respondents are abbreviated as follows:

Bank A

Senior HR Practitioner (representing management) = AM
 Current employee no 1 = AC1
 Current employee no 2 = AC2
 Ex-employee no 1 = AX1
 Ex-employee no 2 = AX2

Bank B

Senior HR Practitioner (representing management) = BM
 Current employee no 1 = BC1
 Current employee no 2 = BC2
 Ex-employee no 1 = BX1
 Ex-employee no 2 = BX2

4.3 Selection

4.3.1 Bank A

As can be seen from table 1, selection was bank A's best criteria

(out of the five criteria) with an average score across respondents of 13,5 out of a maximum of 20 points.

The HR Manager (AM) asserted that at the interview stage at least two or three interviews would take place before a person is appointed. Furthermore, it was policy to ensure that an HR Consultant was included in the interviewing process, preferably at the first interview. This was regarded as important because according to the respondent, the line managers were not necessarily skilled at interviewing. The HR Consultants on the other hand are fairly skilled and would be in a position to advise the line managers should they feel uncomfortable about a particular prospective employee. Respondent AM was of the opinion that the more senior the position became, the more senior the HR Consultant as well as line managers conducting the interviews would be. The number of interviews would not necessarily be increased.

There was a fair amount of concurrence among current and ex-employees regarding the selection policy of bank A. Respondent AC1 recalled that she had two interviews (besides prior testing), one with HR department on their own and one with HR and the line manager. She sensed that the line manager did not appear to be too involved with the decision to appoint her. It was more a question of her being sent by HR to that Branch. Respondent AC2 rated the process highly. He had also been through two interviews which had incorporated HR and the line managers.

Respondent AX1 in contrast to AC1 and AC2 said that she had simply filled in a form at her Branch and had been interviewed by the manager. There had been only this one interview. Respondent AX2 informed the interviewer that she was recruited from University at one of the graduate recruitment visitations. After the initial interview at the university she was also given another one interview by HR Department before she was appointed. She had been appointed onto a special graduate trainee program and Human Resources Department were responsible for these employees. For this reason, no line managers were involved. Respondent AX2 said that whilst she agreed that the selection process at bank A was good, it was perhaps overrated. She based her view on the fact that her current employer had been more professional in their approach. Apparently they were made to spend an entire day at her new employer doing a variety of activities including interviews and

simulated job exercises prior to an offer of employment being made.

With regard to testing, respondent AM acknowledged that they did make use of testing. In the past, fairly commonly used psychometric tests had been used, but after the new Labour Relations Act had been passed, they had changed this process. For clerical and other lower level positions, prospective employees are given aptitude tests, literacy skills tests and clerical skills tests. The latter relates to a type of test that was developed internally and which consists of typical banking exercises, like checking and adding deposits made, etc. For more senior positions, more advanced psychometric/cognitive tests were used. They ensured that whichever instruments were used were regarded as fair and valid. Besides individual testing, they also conducted the following quality control checks:

- credit bureau check - if a prospective employee was found to have an adverse comment or default judgement listed at credit bureau, it would count against such a person. Bank A would not necessarily decline on applicant on this basis alone. However, a plausible explanation from the applicant would be required. The logic behind this thinking is that employees who are not able to manage their own money well cannot be expected to manage the money of others well.
- document verification - all prospective employees are required to provide original certificates (preferably not certified copies) to verify their qualifications.
- criminal record check - all prospective employees are checked for a possible criminal record. A previous conviction will disqualify an applicant for employment.
- work references - previous companies where the applicants have worked or studies are contacted to obtain information about the prospective employee's work habits etc. This information adds value to all other information obtained during the interview and testing process.

All other respondents from bank A (with the exclusion of AX1) concurred that testing was done. AC2 had been employed during the pre-LRA period and had done traditional psychometric tests. AX2 was definitely aware that the psychometric testing procedure had stopped and that they were using different (more job related tests). AX1 was not tested at all.

In general, the respondents were not able to verify with absolute certainty that the quality control checks were taking place. They were quite sure though that they were because HR department asked for this information. Whether HR department checked each prospective employee meticulously was difficult to confirm from their position.

In general, bank A appeared to have a good selection procedure. Although current and ex-employees did not rate the process as highly as management, all the ingredients for a good selection policy were present. Bank A interviews candidates thoroughly, using behavioural techniques (input of HR Consultants) and more than one interview. Appropriate testing procedures and quality controls are used. It was rather odd that one respondent (AX1) managed to “slip through” the system.

4.3.2 Bank B

From table 2 (see page 110) selection was bank B's second best criteria (out of five) with an average score across respondents of 13,3 out of a maximum of 20 points.

The Senior HR Practitioner for bank B (BM) stated that they try to stick to two or a maximum of three interviews. They believe that their line managers should play a very active role in the selection process. For this reason, they preferred making use of a panel interview process, where they could have any number of interviewers usually ranging from three to five and use a structured interview schedule. The level of the seniority of the job would determine the seniority of the people on the panel. BM implied that the panel interview was usually the second and final interview. There would always be an HR Consultant on the panel (who would be the convenor) and the balance on the panel would be made up of parties who had an interest in the appointment (usually various line

managers). The first interview may not necessarily have been done by an HR person (as was the case at organisation A). It appeared that HR at bank B did not control selection decisions as tightly as organisation A. According to respondent BM, whilst most of their HR Consultants were skilled in behavioural interviewing techniques, they were not all and neither were the majority of line managers. This was a development area that they were working on.

The responses from current and ex-employees at bank B were varied. Both current employees confirmed the panel concept because they had been through it. Respondent BC2 (who happened to be an HR Consultant at supervisory level) felt that “gut feelings” were being used to make decisions about employment during panel interviews. He had participated on these panels and the line managers were not skilled enough in the use of behavioural interviewing skills, in his opinion. His response confirmed that of respondent BM who stated this was a development area. Both ex-employees only had one interview which had been conducted by HR department. The reason for this was that they had been brought in on specialist development programs which were sponsored by HR. Line managers were not involved at all.

With regard to testing, respondent BM stated that all applicants were tested using the OPQ (Occupational Personality Questionnaire). Apparently, no tests to evaluate cognitive functioning are done. With regard to quality control checks, respondent BM confirmed that they obtained permission from prospective employees to do criminal record checks. They also conduct credit bureau checks and have the same philosophy regarding credit bureau checks as bank A (see page 42). He confirmed that they do not verify educational certificates, but will accept certified copies. An interesting additional quality check they use is known as the “integrity test”. This test entails using an outside agency who are based in Johannesburg and who will fly down to Durban when required to undertake these “integrity tests”. Permission is obtained from the prospective employee beforehand. The test involves the outside agent who physically visits previous employers and discusses the applicant’s suitability, including honesty, integrity etc. This integrity test is conducted before the final appointment is made and is only conducted for “risk” positions. Risk positions are those where employees are working with money (more the 50% of positions). The current employer of

a prospective employee is excluded from the integrity test so as to protect the applicant's confidentiality.

Current and ex-employees verified that criminal record and credit bureau checks were definitely done including finger printing (according to respondent BC2). Respondent BX2 was sure that they did this properly because they "caught" someone that he knew. Unfortunately, only respondent BC2 knew anything about the "integrity test". It apparently is being done, but only for senior positions, not on all risk positions as suggested by respondent BM.

In summary, bank B also appears to have most of the ingredients that could make up a thorough selection policy. To a large extent they do apply their policy well. It seems that they are in a state of improvement for the better. The panel interview process is particularly good (and expedient) in that it involves the decision makers in only one interview. A behaviourally-based structured schedule is used. The end result should be objective decision-making that does not fall foul of the LRA. The testing procedure is appropriate, although it might be improved upon through the introduction of additional tests. The quality control process is thorough and the "integrity test" is unique, innovative and in the interests of combating corruption which is prevalent in our society at the moment.

4.4 Training and Development

4.2.1 Bank A

According to the Senior HR Practitioner for bank A (respondent AM), training and development is one of the most important areas where they are able to implement practical affirmative action steps. Her rating of their success in this area was top of the list (along with selection), whilst the other respondents from bank A confirmed training and development's relative success. Overall, it averaged out as their second best area in terms of achievement according to table 1.

It is acknowledged that this research could not do justice to all the possible training and development interventions taking place within

bank A. However, the most prominent ones were concentrated upon. Respondent AM stated that any new employee would go on a battery of courses (besides induction) during their first year of joining the organisation. These courses would be specifically job-related. They had an internal training department that had devised course material which focused on competencies required for various jobs. If and when employees changed jobs or if they were prepared for different/more senior positions they would be sent on one of these courses. Use of outside agencies for certain courses complemented their training strategy. The above training policy applied to all employees, irrespective of race.

Regarding AA specifically, respondent AM described a well-designed mentorship programme within organisation A. There are two different mentorship programmes in operation at the same time. There is an ordinary program and an "equity sponsorship" program. The latter mentorship program is intended for "high-flyers", those people who have been identified by the organisation as definite management material. Those employees who are on the ordinary mentorship program are certainly not excluded from supervisory or management positions in the future, however the need for two mentorship programs was to address the racial mix disparity at management level within bank A in the shortest amount of time possible.

Another intervention that respondent AM described at bank A is their Career Development Programme (CDP). The CDP entails the recruitment and selection of higher-potential graduates or diplomats with business-related qualifications and then systematically exposing these employees to all aspects of banking within a certain time-frame. Respondent AM claimed that this was working well.

Respondent AM also discussed bank A's policy regarding their support for formal education. Bank A has a bursary and loan scheme where employees could apply for financial assistance to study towards a particular qualification. If in the opinion of the bank, the study direction was relevant to their nature of business, a bursary would be provided. The employee would however have to pay up-front and would be re-imbursed in full if he/she passes the year successfully. The bank would grant a loan for the first year of study in such cases. If the direction of study was not in the interests of the bank, the employee could make use of a staff loan at preferential interest rates to finance the studies.

Respondent AM explained that in the past they had sent employees to university full-time, paid for their studies and in some cases their salaries as well. This program had been stopped because of the high turnover of such employees. Bank A felt that they had seldom received their return on investment because these employees typically left or bought themselves out of their employment contracts as soon as possible. There were too few successes with this approach.

The interventions described by AM were confirmed to varying extents by the current and ex-employees of organisation A. The one intervention where there seemed to be a great amount of consensus was the study loan and bursary policy, which was generally rated highly by all concerned. However, the mentorship programs were not being perceived by current and ex-employees as being too successful. Respondent AX2 felt that her mentor had been a quiet person who was difficult to get to know. Furthermore, he was too busy to be committed to mentoring and as a result they only met four times in a year on average. Respondent AX2 also felt that the CDP was not really effective because it only works for a few people. She believed that at the end of a CDP (which took 18 months to three years) there might be a promotion into a job of higher grading or responsibility, but this was not forthcoming in most cases. As a result, "most people leave and others are trying to leave." Respondent AC2 confirmed the existence of the two mentorship programs running in the branches. His view was that these programs lost speed because there was not really much to talk about. Furthermore, like respondent AX2, he also suggested a lack of time on the part of the mentor as a problem. He said organisation A is very good with their routine training courses and employees would go on courses regularly if they were job-related.

Respondents AC1 and AX1 were rather negative. Neither of these two respondents were graduates, nor had they been on mentorship programs or CDP's. They said that whilst they were aware of the CDP, it had lost speed and AC1 thought that it had been stopped. Neither of them had seen the mentorship program in action on other employees either. Respondent AX1 had only been on two courses and one course respectively in a total of seven years of employment. They were occupying /had occupied fairly junior clerical positions in a Branch environment.

To summarise the results of the section on Training and Development at bank A, it seems that these interventions as described by AM do exist. However, the implementation (particularly for mentoring) is not particularly effective. The CDP is a positive and excellent development intervention from an employee perspective, but the benefits for the bank can be questioned because it appears that perhaps too many graduates of the CDP are lost to the bank. The reason for this might be because the manpower requirements might have been overestimated in an economy where bank and financial sectors have been shrinking rather than growing. With too many CDP graduates vying for too few available career opportunities, it is not surprising that ordinary employees at Branch level (such as respondent AX1 and AC1) feel neglected from a development point of view.

4.4.2 Bank B

Training and development came out as the top criteria at bank B in relation to the other four criteria (table 1). The Senior HR Practitioner interviewed rated their achievement as 18 out of a possible twenty and the overall rating including current and ex-employees was 14,6.

Respondent BM described a number of interventions taking place at bank B. He believed that their most outstanding achievement towards training and development was their commitment to formal education. He stated that their organisation took a broad view in that they were willing to invest money into formal education knowing fully well that they might not get a return. This entailed the recruitment and selection of matriculants ultimately for entry level positions within the Branches. In order to prepare these people they are placed full-time at Damelin School of Banking on a one year program where they attend lectures three days per week. The organisation pays full tuition as well as salary with only a one-year employment contract which compels the employee to work for the bank). Bank B currently has about 20 employees on this program which is costing them in excess of R1 million per annum. Whilst on the course/program, the employees are known as "Candidate Bank Technicians". A banking diploma can be obtained which is recognised and can be used towards obtaining a

degree in banking or a related business field through other educational institutions.

Further to the above, respondent BM explained that supervisors and managers were encouraged to study part-time. They had an arrangement with Potchefstroom University (School of Business) where lectures were transmitted via satellite to a big-screen television in their training facility for graduates who wanted to do an MBA. This has proved very popular and there were quite a number of employees studying towards their MBA's at the moment, all sponsored by the organisation. As with bank A, organisation B was also willing to provide bursaries and loans for study at tertiary institutions (see page 46). Respondent BM confirmed that not all new employees were placed on "Candidate Bank Technician" programs. Other employees employed at Branch level were not neglected and that a new employee could expect to go on five or six in-house bank-related courses in that first year of employment.

According to respondent BM, bank B also has a "Graduate Trainee Program" where Commerce or Social Science graduates/diplomats could be placed for accelerated development. In addition to the above, respondent BM described a mentorship development program, a coaching development program and also a senior management training program. He acknowledged that whilst these latter programs were in existence, they were fairly low-key in terms of implementation.

All current and ex-employees without exception confirmed bank B's commitment to formal education. Respondent BC2 said that to be promoted you "have to be studying something". There was some variation in terms of the duration of the "technicians" course. Respondent BC2 went on a six-month course with no working in the Branch and respondent BX1 went on a three month program without working in the branch. It appears that this program can be flexible ranging from three months to a year. Nevertheless, the commitment to supporting formal education at bank B cannot be doubted.

Whilst respondent BM played down the role of mentorship at bank B, it appeared to have made some impact on the respondents in this survey. Respondent BX1 said had two mentors along the way. The first mentor had been very good, but not the second. In his opinion,

the success of mentorship at bank B depended on the mentor. This was an interesting observation because respondent AX2 at bank A made the same observation. Respondent BC1 claimed that someone had been appointed as his mentor but “the guy did nothing”. Respondent BC2 felt that the mentorship program was not effective enough because the mentors did not have the skills. The accelerated trainee program was confirmed by the respondents from bank B as an intervention that was working well.

In summary, bank B does show considerable commitment to the training and development of their black employees. In contrast to bank A, they develop from the lowest level within the Branches and encourage these employees (through bursaries and loans) to improve themselves through study. The interviewer sensed a greater degree of satisfaction/less frustration from employees at this level within bank B than was the case at bank A. The mentorship program at bank B does not appear to be going smoothly, mainly due to the perceived lack of skills/ability on the part of mentors. The graduate accelerated training program and training courses provided for on-the-job skills appear to be of a good standard.

4.5 Career development

4.5.1 Bank A

The HR Senior Practitioner (respondent AM) confirmed that they had a performance assessment system in place. Whilst managers were expected to discuss performance with staff on an on-going basis, there was an official interim performance appraisal half-way through the year under review and then a final one towards the end of the period. The ratings achieved by employees were used directly to determine the increases employees got every year. Better performers got a greater slice of the pie so that over time better performers would earn a higher salary. Furthermore, performance appraisal scores for each year were kept on employee's files and used to make decisions about promotion/career as well as bursary applications.

There was general consceusus from current and ex-employees that the performance appraisals took place and that the results thereof

were quite strictly applied to the annual salary review. However, current and ex-employees did not believe that good performance necessarily led to promotion or career development. AC1's performance ratings had been very good every year, but despite this she has been stuck in the same job for years.

According to respondent AM, the performance appraisal process linked up with their career development plan for each person and the overall manpower plan for organisation A. A special section and time slot during the performance appraisal was used for this purpose. Individual employees were earmarked for positions in the future, but no unrealistic promises were made because they did not want to raise expectations. Each Branch has a Career Management Committee (CMC) that oversees the career management process and tries to ensure that people with potential are identified and steered in the correct career direction in the interest of the bank and the employee concerned. Information about employees who are able to be promoted is passed on to HR who are able to plan manpower requirements accordingly.

Regarding the question of whether black employees with potential are given an opportunity for promotion ahead of employees from other race groups (who may have more experience, but similar long-term potential), respondent AM admitted they did this about half the time. They tried to do it in a balanced way, so as to not shut the door of career opportunity within the organisation for other race groups. However, there were /are black employees coming through the bank who were getting promoted purely on merit, with no employment equity persuasion required.

There was no official policy at bank A to broaden employees skills by transferring them internally, according to respondent AM. Jobs within the organisation are divided into related functions (job families) and employees were usually based within a job family and division (for example, retail or commercial). It could happen that employees could be transferred to other divisions but there was no official HR strategy to purposely manage employees in this way.

Current and ex-employees all agreed that the career discussion did take place during the performance appraisal. Most of them had a negative perception of the process, unfortunately. Respondent AX2 was the most positive. She had been made to write down her short and long-term career goals and these were discussed with her. She

informed the interviewer that in her last year at bank A, she had been aware of some black employees who had been promoted into management, but the process was too slow in her opinion. She had also seen others who had been stuck in one job family like "queries" for ten years. The other three respondents all concurred that black employees were not been given opportunities. Both respondents AX1 and AC1 felt that asians were always promoted, but not blacks. Respondent AC2 believed that whites were always promoted easily, but blacks really had to earn it.

Current and ex-employees said the process of feeding back information to HR regarding good employees who were promotable was not noticeable at Branch level. Respondents AC2 and AX1 felt that HR were driving these processes and there was not good communication between HR and the line managers.

Regarding exit interviews, respondent AM disclosed that all black employees were interviewed on resignation, but not necessary the other race groups. The HR department would send termination of employment statistics up to Head Office on a monthly basis and she believed that appropriate attention was given to these figures. Current and ex-employees had different experiences regarding exit interviews. Respondent AX2 had been called in and they had tried to talk her out of leaving. The other ex-employee (AX1), had not been given an exit interview. The two current employees agreed that it depended on who you were, but not all black employees were exit-interviewed. The general feeling was that if one was a graduate, you were more important and the bank would try to retain you. Current and ex-employees believed that there was not much that would be done concerning the reasons why people were leaving because it concerned issues that couldn't really change. For example (respondent AX2), people wanted to move up more quickly.

In summary, it appears that bank A is definitely making use of a performance appraisal system on an annual basis. This system incorporates a career discussion segment as well. Good performance is rewarded by relatively better pay (within a grading/band), but does not guarantee promotion/career development. Whilst management feel that they are trying to give black employees an opportunity to move into supervisory and management positions, current and ex-employees do not perceive

this to be the case. Instead they believe asians (in particular) and whites are more easily promoted. It is apparent that bank A does

exit interviews on those black employees that they would prefer not to lose, but not on all black employees.

4.5.2 Bank B

According to the HR Senior Practitioner (respondent BM), bank B has two performance appraisals every year. These appraisals are conducted by the direct supervisor or line manager and for senior positions a colleague or another manager is also included in the discussion. The performance rating is directly linked to pay as well as career decisions.

The current and ex-employees agreed that performance appraisals were conducted twice per year. However, there was a feeling that in practise, it was not scientifically linked to pay. Respondent BC1, BX1 and BX2 all agreed that subjectivity crept in and that whilst the process was sound in theory, it was not being implemented that way. All four of the current and ex-employees did not think that good performance appraisals led to career development. Respondent BX1 was unhappy that he had been stuck in the same job for five years even though he had achieved good performance appraisal scores every year. Respondent BC2 was of the view that performance appraisals were only a small part of the career development process because there were other factors involved.

Respondent BM said that career discussions were held during the performance appraisal process. Bank B focused more on supervisory positions and above and from this level upwards everyone was discussed at “development board meetings”, similar to the CMC’s at organisation A. There was no official process that linked specific employees with an overall manpower plan of the future. In practise this was difficult to do and the manpower of the region was manageable without this. Respondent BM acknowledged that bank B battled to get black employees with potential to be promoted ahead of employees of the other race groups (who might have more experience, but similar potential).

He said that the black employees that went upwards through the ranks were the ones that had been specifically earmarked and who were on a traineeship program of some sort. Bank B did have an official policy to develop specific individuals by transferring them laterally to different areas of the organisation. This was part of the EE policy. These employees were then promoted.

Current and ex-employees confirmed that there was indeed a career discussion process in place as part of the performance appraisal process. Respondent BC1 and BX1 felt that the process was vague, but respondents BX2 and BC2 (who were at supervisory level) had experienced career discussions. Respondent BC2 confirmed the existence of the "development board meetings". Unfortunately, the experience of all four current and ex respondents concerning the implementation/final results of the career discussion was quite negative. They felt that in practise, things never really worked out as they had been planned. For example, respondent BX2 said "they don't practise what they preach". When asked to what extent black employees with potential were getting promoted, respondent BC1 said "people who decide on that are white and so the blacks don't get the job". Respondent BC2 agreed by saying that "the white guy will get the job, but the black guy would be put on a traineeship position."

Regarding exit interviews, respondent BM disclosed that they only did exit interviews for management and above. The general response from the current and ex-employees confirmed this. Respondent BX2 had been given a 60-point questionnaire to fill in and respondent BX1 said his manager had spoken to him casually. There was no official policy.

In summary, it appears that organisation B does have a suitable system in place for career development. They have performance appraisals twice per year. These performance appraisals incorporate career aspects and a "development board" exists to identify and promote employees for the mutual benefit of the organisation and employee. Bank B does not appear to be getting much feedback via the exit interview process. Despite the systems being in place, it seems that employees are not experiencing the benefits that could come out of these systems. Current and ex-employees were not convinced that salary increases were strictly linked to performance and certainly not to promotion prospects.

Furthermore, career development mechanisms were not really working in their experience.

4.6 Pay

4.6.1 Bank A

Pay was the criteria that bank A scored worst on, eight and a half points out of a possible twenty points (see table 1). The HR Senior Practitioner (respondent AM) confirmed that bank A did receive salary survey information and that their policy was to pitch themselves at approximately the 75th percentile (i.e. they want to pay better the 75 percent of other banks). They used “comparatios” to decide where individual employees would be paid between a minimum and maximum range. Respondent AM said that they were trying to identify areas where they might be able to introduce incentives and some of the Branches were already doing so (for reaching sales targets). She said that bank A placed a great importance on salary equity and so they did not pay black employees a premium or more than employees of other race groups. As a result when black employees resigned they could not really make a counter-offer because this would result in an unfair situation. In a minority of cases, there might be room within the applicable salary range and they would try to keep the person if he/she was a good employee.

Current and ex-employees accepted that bank A probably did obtain salary information from the marketplace, but their perception was that their salaries were around the 50th percentile if not below. Respondent AC2 was convinced that this had to be the case because he knew of quite a few people who had left to go to competitors for more money. The respondents confirmed that sales incentives were being introduced at the Branches. All current and ex-employees agreed with respondent AM that black employees are not paid more than other race groups, although respondent AC1 and AC2 knew of employees who had been made a counter-offer to stay.

In summary it is uncertain exactly where organisation A positions itself in the pay market. However, it is clear that organisation A is not using pay as a tool to retain black employees.

4.6.2 Bank B

Respondents from bank B rated pay as the second least effective criteria under research (table 2). The HR Manager (respondent BM) confirmed that their organisation also obtained salary information from the marketplace and that they positioned themselves around the 50th percentile. They also had introduced sales incentives and a 14th cheque to motivate employees. They had a “broad banding” policy with regard to remuneration and whilst it was certainly not their policy to pay black employees more than other groups, they did have the flexibility to use money to retain people they wanted to (within reason). They would therefore sometimes do so by promoting a person into a higher grade even though such a person might stay in the same job for the time being.

After interviewing the current and ex-employees, it became clear that the remuneration policy at bank B was not very transparent to ordinary employees. While most agreed that bank B probably positioned itself in the middle of the pay market, respondent BC1 felt they paid better than that and respondent BX1 felt that they paid worse. From their varying responses, it was clear to the researcher that flexibility is being applied, as mentioned by respondent BM. Respondent BX1 gave an example of Mr Z who he knew had to be getting well paid because of the car he was driving. Respondent BX2 was particularly unhappy and said that unfairness with regard to his salary had caused him to leave after five years of service. Apparently a new, white employee had been employed at his branch and had inadvertently left his salary advice open on the desk. Respondent BX2 was shocked to see that this employee (who he had taught the job) was earning more than he was. At that point he decided that he would find another job, which he subsequently did.

Respondent BC2 said that bank B would always try to retain those black employees they wanted to keep by offering more money. Other respondents were not sure about this.

In summary, it appears that bank B have a remuneration policy which is flexible even though it might not be equitable all the time. This flexibility enables them to use money to retain black employees they would like to and they appear to be doing so. At the same time they are taking the risk of creating some dissatisfaction among those employees who perceive themselves to be unfairly or poorly paid.

4.7 Socialisation

4.7.1 Bank A

According to the average score of respondents from bank A, socialisation was the second least effective criteria in the HR strategy relating to employee retention.

The Senior HR Practitioner (respondent AM) stated that they have a well-developed induction program which takes five days. It combines classroom lecturers, videos and computer-based training. New employees were asked to rate the program and feedback was invariably very positive.

She informed the interviewer that there were no social activities that were officially initiated by the organisation to promote racial harmony besides the mentorship program. However, she was aware that the branches did arrange ad hoc socials like parties, drinks after work etc.

Bank A had a “diversity workshop” program that everyone in the organisation attended. White managers had been sent on “transformation” workshops and were continually given information/education about how to manage diversity.

The current and ex-employees at organisation confirmed that the induction program took place, was one week long and that it was effective in getting new, black employees to settle in. There was agreement that no official social activities were initiated by bank A, but that the Branches all did their “own thing”. For example, respondent AC1 said their branch opened the pub every

Friday night and the staff stayed for drinks. Respondent AX2 confirmed the same thing and said they would always do something on someone's birthday and at Christmas. With the exclusion of respondents of AC2 and AX1, the existence of the 'diversity' and "transformation" workshops were confirmed and the general feeling was that they were effective. Respondents AC1 and AX2 never knew of these workshops and had not been on them.

In summary, it was unanimous that the induction program was effective. Bank A does not actively promote socialising, but leaves it up to individual branches to let this happen naturally. It seems that formal programs to educate different races about one another and to promote understanding are in place. However, employees at lower levels of the bank are not included even though the idea might have been to include them.

4.7.2 Bank B

According to table 2, socialisation was rated last (by far) on average by the respondents at bank B. The Senior HR Practitioner manager (BM) informed the interviewer that for the specially recruited trainees, there was a three week classroom induction, whilst other employees were given a "welcoming pack" including a video. This was perhaps a bit coldish and whilst the bank did welcome new black employees, the branch environment did not, in his opinion. No social activities were initiated by the bank but 90 percent of the Branches had bar facilities and made use of them. However, there were plenty of official activities aimed at preparing/assisting employees to work together well. They had "white indaba" and "black indaba" workshops for white and black employees respectively. At these workshops the employees are encouraged to discuss their concerns. The thoughts coming from these workshops were then pooled at a multicultural workshop, a "diversity forum". They also had a "coaching development program" in place for white managers. With the exception of respondent BC2, none of the other respondents from bank B had experienced induction. The respondents confirmed that socialising between some of the branches. Furthermore, the respondents agreed that branches had pub facilities and informal parties for birthdays, Christmas and the occasional champagne breakfast. Respondent BC2 was the only respondent to have been exposed to culturally-related workshops.

He confirmed that the “white indaba” and “black indaba” programs were a reality, but that only about 20 % of employees had gone through them.

In summary, socialisation is not a high priority criteria at bank B. The induction program is not well established and the purposeful exposure of different cultural issues to the employees of differing race groups is affecting only a small number of employees. Overall, it is fair to say that socialisation cannot be having much of an effect on employee retention at bank B.

4.8 Data Analysis

Table 3 and 4 (on pages 111 and 112 respectively) show the information provided by banks A and B respectively regarding the turnover of all staff for the period 1 January 1998 to 31 December 1998.

As mentioned in the introduction to chapter 3, the black employee turnover statistics of the two banks in relation to one another is more important than the turnover rate as such. As it turns out, the turnover rate for black employees for bank A and B is 19 and 14 percent respectively. However, the total points scored by bank A in terms of the implementation of the employee-retention criteria is higher (302,5) and is contrary to what was expected because they have the higher black employee turnover.

The raw scores from the questionnaire which are reflected on tables 1 and 2 were grouped and ranked in order to compute Spearman's rank-difference correlation coefficient which is represented by r_s . The level of probability/certainty is represented by p

4.8.1 Between-bank comparison

- there was no significant agreement between the ratings given by the two Senior HR Practitioners for the various retention strategies:

Correlation coefficient $r_s = 0.62$, $p < 0.27$

- there was no significant agreement between the ratings given by the current employees of the two banks:

$r_s = 0.56$, $p < 0.32$

- there was no significant agreement between the ratings given by ex-employees of the two banks:

$r_s = 0.60$, $p < 0.29$

What the above means is that banks A and B are not implementing the five retention-related strategies in a uniform way. They placed emphasis on different criteria and through their actions one can deduce that they are not following a set formula to retain their black employees.

4.8.2 Within-banks comparison

4.8.2.1 Bank A

- there was a significant agreement between the ratings made by management and current employees :

$r_s = 0.97$, $p < 0.01$

- there was no significant agreement between the ratings of management and ex-employees:

$$r_s = 0.05, p < 0.94$$

This means that ex-employees did not experience the HR retention criteria at workplace level to the extent that management claim they ought to have.

- There was no significant agreement between the ratings made by current employees and ex-employees either

$$r_s = 0.10, p < 0.87$$

This means that current employees were experiencing the implementation impact of the HR criteria as described by management, but ex-employees had not.

4.8.2.2 Bank B

- there was no significant agreement between ratings of management (represented by a Senior HR Practitioner) and current employees regarding the implementation of the retention strategies:

$$r_s = 0.66, p < 0.22$$

- there was also no significant agreement in this regard between management and ex-employees:

$$r_s = 0.50, p < 0.39$$

- there was however, significant agreement between current employees and ex-employees of bank B regarding the implementation of the HR criteria:

$$r_s = 0.97, p < 0.01$$

What the above means quite clearly is that management at bank B think they are implementing the HR strategies in a certain way, but that both current employees and ex-employees are experiencing it differently at the workplace.

CHAPTER 5

DISCUSSION OF RESULTS, RECOMMENDATIONS AND IDEAS FOR FUTURE STUDIES

5.1 Introduction

The purpose of this chapter is to interpret and explain the results of each criterion against the theoretical background of chapter 2.

Both banks had good retention strategies in place, but contrary to what might have been expected, the bank that achieved the highest score in terms of the retention strategies also had the highest turnover of black employees. A closer scrutiny of the results is required to take meaning from this.

5.2 Discussion of results

5.2.1 Selection

The results indicate that both banks have good selection policies which include interviewing, testing and quality control checks.

From the responses, it appears that bank A might be over-recruiting or at least might have done so in the past. Over-recruiting in this context means that they have over-estimated the number of positions they expected to have available in the supervisory and managerial ranks for black employees. Whilst there are only 248 black employees in the region out of 1388 (18%), there are 625 Asians/Coloureds (45%). As table 3 shows, the turnover rate for this latter group is very low indeed (3% for 1998). So whilst bank A might have recruited a good number of black employees with high potential, the opportunities are not forthcoming. The reasons for this could be to do with the facts that the turnover rate for asians/coloureds is so low, as well as the well-known fact that the

banking industry as a whole is downsizing as new technology is introduced. The end result is that they are perhaps recruiting more "high-flyer" types (usually graduates) than they need. This is apparent from the responses of the respondents who indicated that there was a significant degree of frustration because of a bottleneck situation to break into managerial and supervisory levels. By over-recruiting in this way, bank A is unable to meet the expectations/career aspirations of these employees who then leave to find other jobs. Bank A could possibly consider a more realistic recruitment policy in the sense that they might perhaps consider employing a greater ratio of non-graduates who should have slower career aspirations and would probably be happy to remain with the bank for a longer period under the circumstances. Retention will be enhanced in this way. However, it may be recalled from Dalton, Todor and Krackhardt (1982) that employee turnover is only dysfunctional when an organisation loses employees they would have preferred to retain. It is conceivable that bank A may know in advance that they will lose a number of their black employees because of unmet expectations, but they simply prefer to employ a higher calibre employee. In such a case, even though their retention rate is lower, the turnover cannot really be seen as dysfunctional.

Bank B appears to be more realistic in linking their selection to their manpower requirements. The emphasis of their EE recruitment drive appears to be at entry level where new black employees are encouraged to develop a career in banking through self-study in the banking field. As a result, the frustration as experienced by current and ex-employees of bank A was absent. On the negative side, the interviewers at bank B (HR Consultants and line managers) are not as skilled at interviewing as they could be. This could result in poor selection decisions, in turn leading to higher employee turnover.

5.2.2 Training and Development

Regarding training and development, it appears that both banks are making substantial investments in this area. There was evidence from both banks of skills training, AA interventions such as mentoring and career development programs, with support for formal education. With regard to the latter, bank B was particularly supportive. Despite the fact that Spearman's rank correlation coefficient showed no statistically significant agreement between management, current and ex-employees at bank B on all the criteria, all three groups of respondents nevertheless rated training and development top. Upon closer examination of the actual responses, it became apparent that the high score was as a result of bank B's commitment to assisting their black employees to further their formal education. This indicates that support for formal education as suggested by Watson (1994) is a particularly effective instrument for management to retain their black employees.

Mentoring seemed to fall behind as an effective intervention at both banks and the question arises whether mentoring is still an effective instrument, if it ever was. Certainly the role of the mentor (his/her commitment, available time and personality) were questioned through the responses given in this research.

5.2.3 Career Management

Regarding career management, bank A in particular appears to have excellent systems in place. The system is blighted only by the spillover of the over-recruitment problem as discussed (in the view of this researcher). Furthermore, it is clear that both banks do not concern themselves too much about the lower level (clerical) employees when it comes to career management. Bank B admitted that they only really begin to look at career management from supervisor level upwards. This type of approach from these banks would lead to higher turnover, but seen in perspective this is probably not regarded as too much of a problem by them because these lower level employees can be replaced fairly easily.

5.2.4 Pay

Bank A was regarded as the better payer of the two banks. Despite this, bank B appeared to be using pay more effectively to retain black employees. They were more willing to pay a premium to hold on to black employees they did not want to lose. This strategy obviously helps retain staff at least in the short-term, but is a controversial long-term strategy because other employees could become very dissatisfied and they in turn could leave. Even then, bank B might be happy for this to happen as they would be able to implement EE goals even further. Interestingly, the turnover rate for white employees was higher at bank B than for black employees, raising the question whether this is already happening. Generally it seemed that bank B was paying staff with quite a bit of flexibility. As mentioned in the results, one respondent (BX2) experienced what Lee (1996:6) described as a “jarring event” when he saw that someone else with less experience was earning more than him. This, according to him led to his voluntary resignation.

Bank A on the other hand are very consistent and equitable regarding the pay policy. Their transparent pay system does not really allow them much room to use pay as a retention instrument. As a result, they scored poorly and were a full 12 points lower than Bank B.

There is no doubt that higher salaries can retain black employees. This can be a very effective instrument particularly if organisations have identified those black employees that they would be loathe to lose. Organisations could carefully monitor the market situation regarding these employees and apply flexibility within reason in order to retain them.

5.2.5 Socialisation

The deviation between the two scores of the banks was the greatest for this criterion, in favour of bank A. Bank A have a fairly advanced induction process which is virtually absent at bank B. Neither bank went out of it's way to encourage socialisation other than through formal “culture sharing” types of workshops.

In view of the fact that bank B has a lower rate of black employee turnover than bank A, it seems that socialisation plays an insignificant role in the retention of black employees. If one removes the scores for socialisation from tables 1 and 2, then bank B ends up with a better score than bank A (253 versus 239,5). Considering that bank B has the lower turnover, these figures would make sense in theory. It is possible therefore that in the South African situation where black employees are building careers and developing skills at a quick pace, socialisation is a higher-order HR strategy which has little effect on retention.

5.2.6 Between – bank comparisons

The Spearman's rank correlation coefficient showed no significant agreement between banks A and B when comparisons were made between the respective scores of management, employees and ex-employees. This implies that each bank is doing "it's own thing" with regard to these criteria and there is no set formula. The banks are therefore using their own discretion as to which HR criteria they emphasise and which not. So whilst bank A has a fairly good score across criteria, they emphasise the recruitment of high-quality staff. Bank B on the other hand are very committed to supporting formal education. Also, they are willing to manipulate pay to some extent whereas bank A are not.

5.2.7 Within – bank comparisons

5.2.7.1 Bank A

There was significant agreement between management and current employees at bank A, but no agreement with ex-employees. This implies that current staff are experiencing the retention-criteria even

though they may not have scored them as highly as management did. The fact that ex-employees did not correlate well was puzzling and upon closer scrutiny of the individual scores, it was discovered that respondent AX1 had pulled down the score of this group very badly. Respondent AX2's score may have correlated on its own but this computation was not done. Respondent AX1 had been a clerical bank worker and the conclusion that can be drawn from this is that bank A do not filter down their HR systems to everyone, but only to those employees who are regarded as more valuable.

5.2.7.2 Bank B

There was no significant agreement at all between management, current employees and ex-employees. This result implies that management is not implementing the criteria well enough for the employees to experience them in action. This is confirmed through the fact that current employees and ex-employees agree (i.e. their scores correlated highly). Nevertheless, bank B still managed to have a lower turnover rate.

5.3 Recommendations to Management

The theoretical background to employee retention suggests a co-ordinated HR strategy to retain employees. The five criteria selection, training and development, career management, pay and socialisation were identified as the main criteria. In practice, for the overall HR system in an organisation to run effectively, these criteria need to integrate well. For example for a car to drive along smoothly, it needs numerous working parts. A flat tyre can cause the entire car not to function for a while. In the same way, for black employee retention to be successfully implemented by organisations, the retention criteria need to be implemented in a planned and co-ordinated way. This research investigated the five HR retention criteria and the results suggest the following :

- Recruitment strategy and careful manpower planning need to be more carefully integrated in order to avoid recruiting more employees than required in the various job categories. This study indicated that employee turnover was taking place because black employees with qualifications and experience to be promoted were not having their career expectations met because there were no available positions. To reduce employee turnover, it is recommended that organisations take a more realistic recruitment approach by selecting fewer black employees with qualifications and more black employees who have potential to develop, but who are not over qualified.
- This research suggested that financial support and motivation towards formal education is a very good retention strategy. This can be linked with the previous recommendation to select lesser qualified employees. Organisations can then truly grow their own people and retain them for a reasonable period.
- The general perception that black employees are continuously job-hopping for better pay is questionable. There were no responses from respondents (including management) to indicate that this was happening to any large degree. It is recommended that organisations should identify their key black employees and monitor their pay and the pay market continuously to ensure that they do not lose people they would have preferred to keep.
- The effectiveness of socialising employees into the culture of the organisation as a retention strategy is questionable in the South African situation. Whilst socialisation is obviously of benefit to organisations, when it comes to employee retention, selecting the right people in the first instance and then managing their development, performance and careers appears to be of greater value. Herbert (1994) made a similar observation and called for recruitment and selection, testing, training and development, appraisal and promotion.

- Employee retention would be further improved if organisations were to implement their available systems more effectively. This research showed that whilst the systems were available, they were not generally perceived by current and ex-employees to be as effective as the HR departments thought they were. In practice, HR departments in organisations are only the custodians of the systems and advisors to line management. Line management should carry the final responsibility of managing and retaining employees for the organisation. Organisations should monitor the performance of their line managers more closely in this regard to ensure that they become more competent in their management of people.

5.4 Ideas for Further Research

From this research project, further issues of interest arose which if researched on their own could add value to the HR field.

- the asian/coloured turnover rates are particularly low. It appears that this is a very common trend in KZN. A study of the attitudes or perceptions of this group of employees in contrast to another group (for example black employees) regarding organisational commitment would be of interest
- the effectiveness of mentorship as an affirmative action intervention and in particular the role of the mentor in making this intervention a success or not
- a quantitative study could possibly be done with a larger sample of respondents to investigate the perceptions of black ex-employees regarding reasons why they left their previous employment. Such a study could shed more light

on the relative importance of the criteria investigated in this research (in relation to each other) and would contribute further to black employee turnover knowledge in South Africa.

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APPENDIX 1

STRUCTURED INTERVIEW SCHEDULE

FOR

SENIOR HR PRACTITIONER

1. SELECTION

Interviews

1.1 How many interviews
will a new recruit have
to go through?

How many interviewers
at each interview?

What job titles (who) are
the people doing the interviews?

Interviewer's rating

1 = Poor
2 = Less than satisfactory
3 = Satisfactory
4 = More than satisfactory
5 = Excellent

1.2 On the scale of 1-5, how
skilled are each of these groups
of people an interviewing?

Explain your rating for each

Interviewee's ratings

1=Very Poor
2=Poor
3=Average
4=Good
5=Very Good

Testing

1.3 Does your institution use aptitude, personality and/or potential-assessment instruments as part of the recruitment process for Affirmative Action employees?

Yes

No

If yes, explain which tests are used and under what circumstances.

Interviewer's ratings

- 1 = no testing used
- 2 = suspect (invalid) tests used
- 3 = valid testing, but only on some employees
- 4 = Everyone who gets employed undergoes at least 1 test
- 5 = As in 4, but more than 1 valid test. Could be 1 test but with different components

1.4 What other quality controls do you have in place (for example, criminal record check, credit bureau, verification of certificates)

Interviewer's ratings

- 1 = no qc
- 2 = less than standard qc
- 3 = standard qc
- 4 = more than standard qc
- 5 = much more than standard qc

2. TRAINING AND DEVELOPMENT

2.1 When a new recruit joins the bank, is he/she placed on a routinely planned series of courses to acquire skills for his/her job or job family?

Yes

No

Approximately how many courses will a new recruit go on (excluding induction) in the 1st year of employment?

Interviewer's rating

1= none

2= fewer than optimum

3= the correct no of courses to do the job

4= more than required to do the job

5= much more than required to do the job

2.2 The EEA calls for the Training and Development of people from previously disadvantaged groups. Name and explain at least 3 T & D interventions that are in place at your organisation and how you rate the success of each on the scale from 1-5. (For e.g., mentorship programmes, bursary schemes, accelerated training programmes)

Interviewee's rating

- 1 = Very poor
- 2 = Poor
- 3 = Moderate/average
- 4 = Good
- 5 = Very Good

Interviewee's rating

- 1 = Very poor
- 2 = Poor
- 3 = Moderate/average
- 4 = Good
- 5 = Very Good

Interviewee's rating

- 1 = Very poor
- 2 = Poor
- 3 = Moderate/average
- 4 = Good
- 5 = Very Good



3. CAREER MANAGEMENT

3.1 Does your organisation have a formal quantitative (meaning you come up with an overall performance score) performance appraisal system in place?

Yes No

Who conducts it?

How often?

Interviewer's rating

1= No feedback

3= less than satisfactory
(perhaps informal, no discussions etc.)

5= full feedback, discussions of score/rating, done by direct superior at least once year

3.2 How does this performance score relate back to pay (through increases) on a scale of 1 - 5

Interviewee's rating

1 = Not at all

2 = A little

3 = It's supposed to, but I don't know how

4 = To a significant extent

5 = Very much so

3.3 How does this performance score relate back to promotion on a scale of 1 - 5

Interviewee's rating

- 1 = Not at all
- 2 = A little
- 3 = It's supposed to, but I don't know how
- 4 = To a significant extent
- 5 = Very much so

3.4 Are future career possibilities always discussed during the Performance Appraisal? Explain

Yes

No

Interviewer's rating

- 1= nothing
- 2= yes, unofficially
- 3= yes, officially but there is no time frame/implementation
- 4= yes, some implementation (to broaden skills), but no time frames
- 5= Yes, clear, career plan with realistic time frames are discussed skills development/preparation takes place

If no, is there any other formal career planning session undertaken with each employee every year?

Explain

Yes

No

3.5 Does your organisation try to link individual career aspirations with the overall manpower strategy of the organisation? Explain

In your view, to what extent is this process successful (on a scale of 1 - 5). Please explain your rating.

Interviewee's rating

- 1 = Very poor
- 2 = Poor
- 3 = Moderate success
- 4 = Good
- 5 = Very good

3.6 In your view, to what extent are black employees with potential (but who perhaps lack experience) being given preference over other race groups when it comes to promotional opportunities (rating of 1 - 5)

Interviewee's ratings

- 1 = Never (strictly merit)
- 2 = Seldom
- 3 = About half the time
- 4 = Mostly
- 5 = Always

3.7 To your knowledge, is there an official policy (in the manpower plan) to broaden employee's skills by transferring them laterally to different areas within the organisation?

Yes

No

On the scale of 1 - 5, to what extent does this happen? Explain

Interviewee's rating

- 1 = Never/very seldom
- 2 = Seldom
- 3 = Sometimes
- 4 = Frequently
- 5 = always/very frequently

Exit Interviews

3.8 Are exit interviews conducted on all AA employees who resign?

Yes

No

In your opinion, and on the rating scale of 1-5, how much attention do the “powers that be” pay to information contained in the exit interviews?

Explain your rating.

Interviewee's ratings

- 1 = None
- 2 = Little
- 3 = Not sure
- 4 = They take notice
- 5 = They take very seriously

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4. REMUNERATION

4.1 To your knowledge, does your organisation get salary survey information?

Yes

No

To your knowledge /experience, where about in the market does your organisation position itself?

Interviewee's rating

1= Bottom
2= 1st quartile
3= Middle
4= 3rd quartile
5= Top

4.2 Taking into account the total remuneration package at your organisation, which of the standard elements would it include?

- Basic
- 13th cheque
- Housing subsidy/bond
- Medical aid contribution
- Pension contribution

- Car / car allowance
- Group life
- Leave
- Sales Incentives

Are there any other elements of pay/remuneration that your organisation does that could be as innovative and fostering employee retention? Please explain

1=much < standard REM

2= < standard REM

3= standard REM

4= > standard REM

5= much > than standard REM

4.3 Does your organisation sometimes pay black employees a premium (more than another person of a different race group) to do the same job. Scale 1 - 5 Explain your rating.

Interviewee's ratings

1 = Never

2 = Sometimes

3 = ½ the time

4 = Often

5 = Always

4.4 When a black employee resigns, how often will your organisation make a counter offer? Explain your rating.

Interviewee's rating

1 = Never

2 = Sometimes

3 = ½ the time

4 = Often

5 = Always



5. SOCIALISATION

5.1 Does your organisation have an official induction programme?

Yes

No

What form does it take, and how long is it?

How effective do you think it is in getting black people to settle in?

Interviewee's ratings

- 1 = Very ineffective
- 2 = Ineffective
- 3 = Average
- 4 = Effective
- 5 = Very effective

5.2 Are there any official social activities initiated by the organisation which in your opinion contribute towards a better mutual understanding between race groups? Please name them and generally rate their effectiveness on a scale of 1 - 5

Interviewee's ratings

- 1 = Very ineffective
- 2 = Ineffective
- 3 = Average
- 4 = Effective
- 5 = Very Effective

5.3 Are there any programmes
courses that are/have been
run, the aim of which is to educate
one another about our different cultures?
Please explain:

Interviewer's ratings

1= much < standard
2= < standard
3= standard
4= >standard
5= much > standard

Who attends and how often were they run?

5.4 Were there any courses specifically
designed for white managers to develop
skills in the managing of diversity?
Please explain

Interviewer's rating

1= much < standard
2= < standard
3= standard
4= > standard
5= much > standard



GENERAL

1. What was the turnover percentage of black employees in your region/organisation last year (1998)?

THANK YOU

STRUCTURED INTERVIEW SCHEDULEFORCURRENT AND EX-EMPLOYEES

1. SELECTION

Interviews

1.1 How many interviews
did you go through?

How many interviewers
at each interview?

What job titles (who) were
the people doing the interviews?

Interviewer's rating

- 1 = Poor
- 2 = Less than satisfactory
- 3 = Satisfactory
- 4 = More than satisfactory
- 5 = Excellent

1.2 On the scale of 1-5, in your opinion, how skilled are each of these groups of people at interviewing? Explain your rating for each

Interviewee's ratings

1=Very Poor
2=Poor
3=Average
4=Good
5=Very Good

Testing

1.3 Did your institution use aptitude, personality and/or potential-assessment instruments as part of the recruitment process when you were employed?

Yes

No

If yes, explain which tests were used and under what circumstances.

Interviewer's ratings

1 = no testing used
2 = suspect (invalid) tests used
3 = valid testing, but only on some employees
4 = Everyone who gets employed undergoes at least 1 test
5 = As in 4, but more than 1 valid test. Could be 1 test but with different components

1.4 To your knowledge, what other quality controls do they have in place (for example, criminal record check, credit bureau, verification of certificates) before confirming employment

Interviewer's ratings

- 1 = no qc
- 2 = less than standard qc
- 3 = standard qc
- 4 = more than standard qc
- 5 = much more than standard qc

2. TRAINING AND DEVELOPMENT

2.1 When a new recruit joins the bank, is he/she placed on a routinely planned series of courses to acquire skills for his/her job or job family?

Yes

No

Approximately how many courses did you go on (excluding induction) in the 1st year of employment?

Interviewer's rating

- 1= none
- 2= fewer than optimum
- 3= the correct no of courses to do the job
- 4= more than required to do the job
- 5= much more than required to do the job

2.2 The EEA calls for the Training and Development of people from previously disadvantaged groups. Name and explain at least 3 T & D interventions that are in place at your organisation and how you rate the success of each on the scale from 1-5. (For e.g., mentorship programmes, bursary schemes, accelerated training programmes). Also explain how you were affected if at all

Interviewee's rating

- 1 = Very poor
- 2 = Poor
- 3 = Moderate/average
- 4 = Good
- 5 = Very Good

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- 5 = Very Good



3. CAREER MANAGEMENT

3.1 Does your organisation have a formal quantitative (meaning you come up with an overall performance score) performance appraisal system in place?

Yes No

Who conducts it?

How often?

Interviewer's rating

1= No feedback

3= less than satisfactory
(perhaps informal, no discussions etc.)

5= full feedback, discussions of score/rating, done by direct superior at least once year

3.2 From your personal experience, how does this performance score relate back to pay (through increases) on a scale of 1 - 5

Interviewee's rating

1 = Not at all

2 = A little

3 = It's supposed to, but I don't know how

4 = To a significant extent

5 = Very much so

3.3 In your personal experience, how does this performance score relate back to promotion on a scale of 1 - 5

Interviewee's rating

- 1 = Not at all
- 2 = A little
- 3 = It's supposed to, but I don't know how
- 4 = To a significant extent
- 5 = Very much so

3.4 Are future career possibilities always discussed during the Performance Appraisal? Explain

Yes

No

Interviewer's rating

- 1= nothing
- 2= yes, unofficially
- 3= yes, officially but there is no time frame/implementation
- 4= yes, some implementation (to broaden skills), but no time frames
- 5= Yes, clear, career plan with realistic time frames are discussed skills development/preparation takes place

If no, is/was there any other formal career planning session undertaken with you every year? Explain

Yes

No

3.5 Does your organisation try to link your individual career aspirations with the overall manpower strategy of the organisation? Explain

If yes, to what extent is this process successful (on a scale of 1 - 5). In your opinion? Please explain your rating.

Interviewee's rating

- 1 = Very poor / No
- 2 = Poor
- 3 = Moderate success
- 4 = Good
- 5 = Very good

3.6 In your view, to what extent are black employees with potential (but who perhaps lack experience) being given preference over other race groups when it comes to promotional opportunities (rating of 1 - 5)

Interviewee's ratings

- 1 = Never (strictly merit)
- 2 = Seldom
- 3 = About half the time
- 4 = Mostly
- 5 = Always

3.7 To your knowledge, is there an official policy (in the manpower plan) to broaden employee's skills by transferring them laterally to different areas within the organisation?

Yes

No

On the scale of 1 - 5, to what extent have you seen this happen? Explain

Interviewee's rating

- 1 = Never/very seldom
- 2 = Seldom
- 3 = Sometimes
- 4 = Frequently
- 5 = always/very frequently

Exit Interviews

3.8 Are exit interviews conducted on all AA employees who resign?
Were you given an exit interview?

Yes

No

In your opinion, and on the rating scale of 1-5, how much attention do the “powers that be” pay to information obtained from exit interviews?

Explain your rating.

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Scale 1 - 5 Explain your rating.

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4.4 When a black employee resigns, how often will your organisation make a counter offer? Did they make you a counter offer?

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5. SOCIALISATION

5.1 Were you placed on an official induction program ?

Yes

No

What form did it take, and how long was it?

How effective do you think it is in getting black people to settle in?

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Who attends and how often were they run?

5.4 To your knowledge, were there any courses specifically designed for white managers to develop skills in the managing of diversity? Please explain

Interviewer's rating

1= much < standard
2= < standard
3= standard
4= > standard
5= much > standard



THANK YOU

TABLE 1**SCORE ON RELATIVE ACHIEVEMENT BY BANK A ON THE HR CRITERIA**

CRITERION	SENIOR HR PRACTITIONER CAM	CURRENT EMPLOYEE 1 (AC1)	CURRENT EMPLOYEE 2 (AC2)	EX-EMPLOYEE 1 (AX1)	EX-EMPLOYEE 2 (AX2)	TOTAL	AVERAGE
Selection	17	14	16	8	12,5	67,5	13,5
Training & Development	17	11,5	15,5	8	12	64	12,8
Career Management	16	11,5	12	10,5	16	66	13,2
Pay	9	10	6,5	8	8,5	42	8,4
Socialisation	16,5	9	15	6	16,5	63	12,6
TOTAL	75,5	56	65	40,5	65,5	302,5	60,5

TABLE 2**SCORE ON RELATIVE ACHIEVEMENT BY BANK B ON THE HR CRITERIA**

CRITERION	SENIOR HR PRACTITIONER (BM)	CURRENT EMPLOYEE NO.1 (BC1)	CURRENT EMPLOYEE NO.2 (BC2)	EX-EMPLOYEE NO.1 (BX1)	EX-EMPLOYEE NO.2 (BX2)	TOTAL	AVERAGE
Selection	14	10	15,5	14	13	66,5	13,3
Training & Development	18	12	15,5	14	13,5	73	14,6
Career Management	15,5	10,5	13,5	10	9,5	59	11,8
Pay	10	8	16	11,5	9	54,5	10,9
Socialisation	12	7,5	12	5,5	5	42	8,4
TOTALS	69,5	48	72,5	55	50	295	59

TABLE 3**EMPLOYEE TURNOVER AT BANK A FOR 1998**

RACE GROUP	NUMBER WHO LEFT	AVERAGE COMPLEMENT FOR THE YEAR	PERCENTAGE TURNOVER
Black	46	248	19
White	60	515	12
Coloured & Asian	20	625	3
TOTALS	126	1388	9

The above figures include all possible reasons for leaving, but exclude retrenchments

TABLE 4**EMPLOYEE TURNOVER AT BANK B FOR 1998**

RACE GROUP	NUMBER WHO LEFT	AVERAGE COMPLEMENT FOR THE YEAR	PENTAGE TURNOVER
Black	39	288	14
White	169	1126	15
Coloured & Asian	45	468	10
TOTAL	253	1882	13

The above figures include all possible reasons for leaving, but include retrenchments

TABLE 5**RANKING OF THE RELATIVE ACHIEVEMENT BY BANK A ON THE HR CRITERIA**

CRITERION	MANAGEMENT	EMPLOYEES	EX-EMPLOYEES
Selection	1.5	1.0	3.0
Training & Development	1.5	2.0	4.0
Career Development	4.0	4.0	1.0
Pay	5.0	5.0	5.0
Socialisation	3.0	3.0	2.0

TABLE 6**RANKING OF THE RELATIVE ACHIEVEMENT BY BANK B ON THE HR CRITERIA**

CRITERION	MANAGEMENT	EMPLOYEES	EX-EMPLOYEES
Selection	3.0	2.0	2.0
Training & Development	1.0	1.0	1.0
Career Development	2.0	3.5	3.0
Pay	5.0	3.5	4.0
Socialisation	4.0	5.0	5.0

The lower the ranking the better the achievement in terms of the HR criteria