

**AN INVESTIGATION INTO THE FACTORS THAT CONTRIBUTE TO THE  
RETENTION OF INFORMATION TECHNOLOGY SPECIALISTS IN FINANCIAL  
INSTITUTIONS**

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**A thesis submitted in fulfilment of the requirements for the degree of Magister  
Commercii in the Department of Information Systems, University of the Western Cape.**



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**November 2011**

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**Francois Chessley Plaatjies**

**KEYWORDS**



Financial Institution

Human Resources

Information Technology

Information Technology specialists

Motivation

Retention

Retention Factors

## **ABSTRACT**

### **AN INVESTIGATION INTO THE FACTORS THAT CONTRIBUTE TO THE RETENTION OF INFORMATION TECHNOLOGY SPECIALISTS IN FINANCIAL INSTITUTIONS**

**FRANCOIS CHESSLEY PLAATJIES**

**M.Com (Information Management) full thesis, Department of Information Systems, University of the Western Cape.**

Many financial organisations are working hard to design a skills management strategy that reflects the overarching national skills need for an institution, in the process of attracting highly skilled Information Technology (IT) specialists. But there are many organisations that are less concerned about mobility across nations and more concerned about the need to retain highly skilled IT staff. The pace and ubiquity of the information technologies' (IT) progress means that organisations need to improve on their technologies, and so the skills needed to operate and utilise these technologies. The need for a highly IT skilled workforce is rising and, therefore, organisations will have to move beyond their traditional policies and practices to retain highly skilled IT staff.

Organisations are employing and utilising various models, frameworks and strategies to nurture and address the retention of skilled IT staff. Even though these methods are well implemented and coordinated within organisations, skilled IT staff still leave organisations and minimises the level of retaining skilled IT staff. This is a functional shortfall at a management level, since a coherent lack to monitor the impact of external factors on retention strategies are overlooked. The same holds for the financial sector in South Africa. Therefore the aim of this research was to propose effective retention strategies for employers within the financial environment, to retain their skilled IT workforce.

In order to fulfil the objectives of this study, the literature review had been performed followed by the empirical field research. The field data were gathered by using twofold data collection technique: disseminating a questionnaire and interviewing participants in this

study. The fieldwork followed the University of the Western Cape guidelines on research ethics.

The outcomes of the study showed that there is a strong correlation between having good HR retention policies and procedures, and the management of these policies and procedures. The findings suggested the importance of involving employees at all employment levels to provide input on the development of these policies and procedures so that the retention process is well understood across the firm

Apart from contributing to the existing academic knowledge area, the study outcomes can beneficially contribute to organisations' advantage and ability to retain skilled IT staff on a long-term basis.

From a financial services sector perspective, this study will possibly contribute to the existing body of knowledge in the field of Staff Retention especially the area of Information Technology.

**November 2011**



## DECLARATION

I declare that “*An investigation into the Factors that Contribute to the Retention of Information Technology Specialists in Financial Institutions*” is my own work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Francois Chessley Platjies

Date: .....



Signed:.....

## ACKNOWLEDGEMENTS

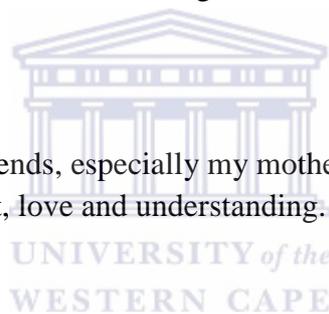
Thanks and much appreciation to my Lord and Saviour for His blessings and grace.

I would like to express a great deal of gratitude to my supervisor, Dr. Zoran Mitrovic, for his support, commitment, guidance and motivation, which made completion of this thesis possible.

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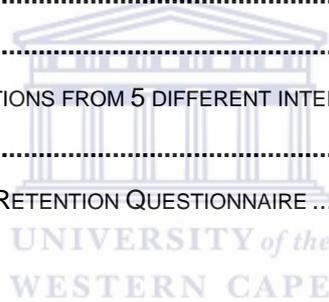
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# CHAPTER 1: INTRODUCTION

## Background

This chapter sets out the contextual background and motivation for this research. In stating the background, the reader will be exposed to the implicit objectives contained in formulating a strategy on how to best retain skilled IT staff. Further, this chapter describes the inherent motivators that drive employees to leave organisations. This is followed by the statement of the research problem, research questions and the objectives of this study. The chapter ends by the sections dedicated to the significance of this study, limitations of this study, the research design and the chapter outline.

One of the biggest issues facing businesses either small or large in recent times has been staff retention, in particular Information Technology (IT) staff. Having successfully recruited talented and qualified personnel in a tight labour market, it is important that you can engage and retain this valuable resource.

Some level of staff turnover in a business is to be expected and can be beneficial. However, to grow and maintain a competitive edge, companies should have a strategy in place to retain their skilled IT staff and intellectual property. The costs of staff turnovers can be significant both financially, with regard to recruitment costs, and also in terms of the impact on an organisation's reputation and culture.

When a key member of an IT team leaves, they take with them their knowledge, expertise and the business relationships they have developed both internally and externally. Addressing the loss involves investing time and money in training up other staff members which can put pressure on the resources of businesses. It is believed that a well-devised staff retention strategy/policy will reduce the impact on operations of financial organisations.

As we hurl ahead at an increasing pace in the area of information technology and the demand for the skilled resources utilising these technologies, we are fortunately facing an increased shortage of highly skilled IT professionals (William, 2008). IT employee retention is a concern for companies within the financial services market, due to the shortage of highly skilled IT specialists within this service market. It is deemed that there is a high demand for skilled IT professionals and their services.

The application of axiom of “trimming the fat and keeping the healthy part of the cow” in the human resources management field continues to be a serious challenge. The cost to replace an employee is becoming more documented and cost ineffective (seen as cost burden) for employers, therefore many organisations and businesses are looking for a better way to retain valued and highly skilled IT staff.

The development of a skills retention strategy at financial organisations in South Africa is a structured process which is determined by various sets of motivators and existing strategies. To develop a comprehensive understanding of the impact that retention strategies has on retaining skilled staff, a review of the current strategic motivators was therefore imperative.

Amaram (2005), in analysing South African businesses, stated that until the last three years, South African businesses have experienced prolonged growth and business boom in the majority of private-sector industries especially in the area of high-tech skills development. Simultaneously, the pool of knowledge-based workforce has been shrinking as many “baby boomers” (1990’s generation) get to retirement age. Consequently, human resource managers and other recruiters in the information technology-intensive industries feel compelled to engage in ruthless competition in the marketplace to find and keep available IT talent.

With the tight job market clearly in favour of the worker, employers are increasingly forced to deal with an unreliable, poorly motivated and inexperienced workforce, among other hurdles. Job-hopping by the talented few has become commonplace as the typical employee averages five years or less at a job before moving on in search of better employment opportunities (Amaram, 2005).

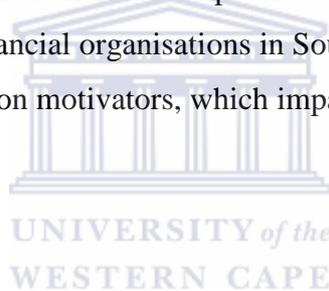
In attempting to develop an understanding as to why employees leave companies, literature describing experiences of other companies may offer some explanation. Robert Half Technologies (2006) for instance, after reviewing international reports on CIO’s top retention strategies for skilled IT staff, state that factors such as providing training or professional development, offering flexible working schedules, increasing base compensation, offering bonuses and other company benefits (e.g. retirement schemes), with all hindering and influencing the retention of skilled IT staff.

Lall (2001) also argues that the new form of work organisations and financial organisations entails new skills. In many cases, these skills need to be complemented with other changes such as different attitudes to work, new occupational categories, new working relationships

and new management structures. Moreover, skills are subject to constant change and consequently well established education and training systems have to be in place to upgrade and transfer skills constantly in line with emerging needs of organisations.

Thus, the demand for professionals has increased in all countries, as their analytical, cognitive and behavioural skills equip them better to adapt to more sophisticated computerised technology. However, even with these high-skilled jobs the trend is increasing towards multi-skilling – combining specialised expertise with business and management skills. Therefore, in order for employers to retain their skilled workforce, they should note that the trend is towards up-skilling and multi-skilling (Wilson, 2008)

Realising that retention strategies within financial organisations is a well-researched issue, marginal research exists on how to retain skilled IT staff, especially in financial organisations, due to the fact that the field of information technology has constantly altered in recent years. The goal of this thesis is therefore to provide a retention strategy relating to IT staff, which can be utilised by financial organisations in South Africa in general. This is done by describing the key staff retention motivators, which impact on the IT staff retention process.



## **Statement of the problem and research questions**

Financial organisations in South Africa, in general, and the Western Cape (and Cape Town, the empirical setting of this study), in particular, are finding it increasingly more difficult to retain and also attract staff, especially in the area of IT where there is a huge demand and insufficient supply of skills. Considering the limitations of flexible working schedules, decentralisation of skills force and increasing competition for skilled staff as a result of globalisation, financial organisations are at a major disadvantage when competing with the other companies within the private sector and also public sector to retain IT staff from a limited skills pool. Considering that skilled employees are normally recruited through very expensive recruitment drives, and their skills further developed at high costs to the organisation, the organisation loses money when these employees are “poached” by other companies.

In order to address the identified problem, this study established and answered the following question:

What are the factors that contribute to the retention of skilled IT staff in a financial organisation and what will be an effective way of retaining IT specialists?

In order to answer this main research question, the following sub-questions are established:

- What are the factors that contribute to IT specialists leaving financial organisations?
- What will be an effective way of retaining IT specialists? In answering this question, it was important to understand:
  - What are the factors that contribute to retain valued IT specialists?
  - What is an effective way to optimise these factors?

## **Research objective**

The main aim of this research was to understand what causes skilled IT workers to leave financial organisations and to propose the way to retain these employees. In order to reach this aim, the following objectives were established:

- to identify and understand the factors that contribute to IT specialists leaving financial organisations;
- to identify the factors that influence skilled IT employees to stay in their current organisation, i.e. to identify the factors that contribute to retention of valued IT specialists;
- to explore the way for optimising these factors in order to suggest a possible way for retaining IT skilled employees in South African financial organisations, i.e. to assist these organisations to implement an effective retention strategy.

## **Significance of study**

The findings of the study can be applied to financial organisations operating within the private sector in the Western Cape, provided that contextual factors and dynamics that might be considered unique to a specific institution.

The loss of skilled IT staff has massive financial and operational implications on employers, and therefore it is vital and beneficial for organisations to follow the best-suited employee

retention strategy that will minimise expenditure on skills enhancement. Replacement costs typically include expenditure related to:

- The recruitment and selection process, including advertising and costs associated with the assessment of job applicant
- Loss of productivity due to employees leaving
- Lower productivity of a dissatisfied or de-motivated employee prior leaving
- Loss of intellectual property
- Operational disruptions linked to the area where the departed employee functioned

It is evident that the failure to retain skilled staff would result in much higher staff-turnover and thus escalate the costs to replace staff.

Financial services organisations can consider the non-financial incentives and motivators presented by this study in order to establish more comprehensive staff acquisition and retention policies, strategies and practices.

In summary, the study's significance is justified with considering (i) the financial impact of the issue under investigation (ii) the impact on stakeholders at Company A and possibly similar organisations, and (iii) operational loss to employers due to loss of skilled staff.

Furthermore, the significance of this study lies in furthering theoretical understanding of the topic explored here. This gives the opportunities for other critique and to further this study.

### **Limitations of study**

The study was limited to the employment dynamics of Company A, Cape Town only, and does not include the entire financial industry. Therefore, the findings of the study lack the generalisation capacity as the findings are limited to the IT staff employed by one of the financial organisations within the City of Cape Town. The fact that certain employees relocated to Cape Town, might have different motivating factors other than monetary incentives (e.g. specific climate or the life style), implies that caution must be exercised in generalising the findings to employees employed in geographical areas with the dynamics significantly different to these of Cape Town.

It is also important to note that, at the time of conducting this study, economic conditions, due to the worldwide economic crisis, were specific for staff recruitment and staff retention.

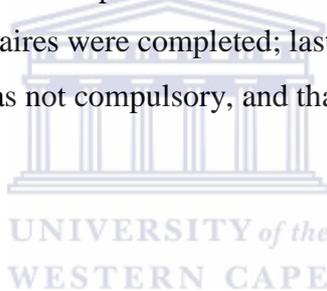
This might be an influential factor regarding staff concerns related to job security and welfare that this study could not elaborate.

## **Research Design**

The case-study methodology was used for the data collection and analysis resulting in documenting, determining and developing an IT skills retention strategy at Company A situated in Cape Town. The research data was gathered from participants across three employment levels namely consultants, managers and directors. The data was gathered through conducting face-to-face interviews and the completion of a questionnaire.

## **Ethical concerns**

The ethical issues that were relevant for this study were: firstly, all informants needed to give informed consent to participate and their secrecy must be assured; secondly, all informants needed to know that their privacy will be protected and what will happen to their information after the interviews and questionnaires were completed; lastly, all informants were made aware of the fact that the study was not compulsory, and that they had the right to withdraw from the study if they wish to.



## **Chapter Outline**

**Chapter 2** contains a literature study of research related to the problem under investigation, i.e. how to effectively retain skilled staff by the implementation of retention strategies. The findings from the reviewed pertinent literature are discussed, and thereafter the literature review is scaled down to the staff retention theories. The chapter ends with a discussion on the relating factors and their relevance towards the study. In its essence, this chapter provides a conceptual model that was subsequently tested in a financial organisation in Cape Town.

**Chapter 3** examines and describes the methodology and procedures used to gather data for the study. Chapter 3 gives an outline for the use of the Case study methodology approach for the study. The case-study research process is outlined, which includes a discussion on the various fieldwork methods that was used to gather - and subsequently analyse - the data for the study.

**Chapter 4** presents the research findings in the form of case study narrative by providing a discussion and understanding of the research findings.

**Chapter 5** provides a conclusion of the study and recommendations for implementation of the findings as well as possible topics for a future research.



## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

*“Organisations have shifted their competitive approach to operate and coordinate business activities from the Industrial Age into the Information Age in which competitive advantage have become that of information, knowledge, ideas and management skills. This has resulted in the development of a new corporate paradigm in which corporate dependence on the employee is rapidly on the rise”* (Gaylard et al, 2005).

This transition has recognised that retention has become a strategic competitive advantage for the future of business and that successful organisation’ connections among their systems, strategies, support and clients are human drivers that are strategically connected (Cook and Jagers, 2005).

This chapter intends to highlight and discuss specific literature pertaining to firstly, identifying what the underlying motivational factors is that are considered the reasons why IT skilled staff cannot be retained, and secondly to identify the factors that contribute to the retention of skilled IT specialists, and thirdly to explore the way for optimising these factors in order to suggest a strategy towards retaining skilled IT specialists. .

In order to provide a comprehensive theoretical and contextual framework for this study, the literature review includes a number of theories and theoretical frameworks, including motivation theories, economic theories for employment towards remuneration and compensation, human resource perspectives and organisational development perspectives. Furthermore, special emphasis was placed on Human Resource Management as this area contributes significantly and strategically towards the organisational efforts to retain skilled employees.

### 2.2 The Motivational Controversy

The literature under review revealed and stated that researchers can be divided into two camps, which is those in favour of the fact of money and monetary incentives as the only

significant motivator for workers, and those claiming that workers are motivated by satisfaction of internal needs.

The global trend of job turnovers within a workforce points towards reversing training trends and raises the issue of the costs to employers and loss of knowledge workers, especially where the organisation has a young workforce. This analysis of human resource costs and benefits is a useful tool in determining the level of investment employers need to consider in the employee retirement and retention process (Brooke, 2003). Brooke argues that monetary incentives are the primary causes for IT staff turnovers.

According to Hofes-Alfeis (2008), and in contrast to Brooke (2003), there are various situations that arise (e.g. training costs, monetary losses, operational dynamics) with the departure of an expert from an organization, e.g. moving to another part of the company, starting up his own business, taking on a position with another organisation or retiring. Each case creates a different relationship between expert and organization, while leaving and after departure. This necessitates different approaches for knowledge sharing or knowledge retention. Hofes-Alfeis takes a closer look at the various forms of knowledge with which the leaving expert is involved, showing that the leaving expert issue means more than just an issue for knowledge retention, and thus mainly for human resource management and the employer view this situation as a loss of income (money) to the organisation.

The assumptions associated with Theory X and Theory Y (to be discussed below) as far as the early 1900s criticised by Greenfield (1993) who claimed that the only workers in South Africa whose behaviour can be explained in terms of Theory Y, are those workers who have their hobbies as their jobs - some examples being professional athletes, top musicians and writers. The rest according to Greenfield (1993) are classic Theory X employees, who either flaunt their work lethargy or disguise their inherent dislike to work. Seeing that McGregor's Theory X (Greenfield, 1993) proposes recognition in terms of material rewards (in terms of cash) as opposed to achievement, self-efficiency and the path of one's own behaviour in case of Theory Y (Greenfield, 1993) claims that the vast majority of the South African workforce is motivated by money. Greenfield (1993) further quotes results of research, where the top listed companies in South Africa were investigated, on how these companies view their future. With reference to how the

productivity of the workers could be raised, the results confirmed that 96% of the companies surveyed believed that money as the most important motivating factor. In modern times this is evident and mostly due to the situation of global economic recession (Brooke, 2003).

### 2.3 Gender Principles

According to Murgai (1999), with updated assumptions and principles by Adam (2005), and considering gender-differences in the process to retain staff, retention and behavioural differences between males and females were expected, based on the following assumptions:

- i. *Needs Principle* states that job motivation is determined by the biological, psychological and social needs of the individual. These needs are believed to influence the behaviour of the individual on the job. As males and females differ at least on the biological aspects, the possibility of differences in job motivation, in terms of this principle can be expressed.
- ii. *Socially Perceived Principle* accentuates environmental factors instead of individual factors. Societal norms and interactions could lead to males being reared with expression of aggression being encouraged and the outcome being rewarded, whilst females might be reared being docile and behaviour supporting while others are rewarded. Gender differences illustrated with regard to job motivation
- iii. *Cultural issues and values* deeply held by the majority of the population are transferred from generation to generation and presented in society and organisations.

### 2.4 Human Resource Management Approach

Effective Human Resource Management (HRM) can reduce staff turnover. The ability to retain employees depends significantly on the ability to manage them. Effectively managed staff is comfortable within the organisation and usually believe that they own the business. Their commitment and loyalty are therefore high and they rarely try to find a way to leave the organisation (Kaliprasad, 2006).

An effective human resource management system considers the interdependence of four key processes in the system. These include the following:

1. The motivational process
2. The interaction process
3. The visioning process, and
4. The learning process

These processes are interlinked and therefore affect each other. In other words, if one element of one process is overlooked, it will obstruct the efficiency of the other process. Knowing these processes and the effective way of managing them are crucial. The ability to keep an organisation's intellectual capital depends heavily on these conditions. The key for retaining the right staff is effective management of these four processes (DeMers, 2002).

## **2.5 Classification of isolating factors**

For the purpose of identifying the isolating factors of motivation that has influenced the staff retention process, all referenced resources were consulted to identify the significant motivating factors in the working environment.

Extrinsic motivators are identified by Kaliprasad (2006) as (i) pay, (ii) comfortable and safe work environment, (iii) competence of leadership and (iv) resource provision.

Spector (2000) identifies (i) money, (ii) company shares and (iii) profit sharing as extrinsic factors. Lall (2001) describes and identifies (i) a well-balanced workforce, (ii) policies, (iii) rules and (iv) skills investment - as extrinsic motivating factors.

In addition, Wilson (2008) identifies various intrinsic factors as motivational drivers such as (i) worker's behaviours, (ii) worker's competencies, (iii) expectations, (iv) beliefs and (v) morale values. Hofes-Alfeis (2008) offers intrinsic recognition to factors such as (i) job restructuring, (ii) co-worker relationships, and (iii) knowledge. Examples of intrinsic motivators are identified as (i) job insecurity, (ii) job satisfaction, (iii) loyalty, (iv) job turnovers, and (v) knowledge retention (Capelli, 2007; Kelley, 2007; Blackman, 2007; Hurst, 2007).

In reviewing various studies and literature, Ramlall (2003) lists the common motivating factors isolated for assessment as being:

- Location of the company
- Compensation
- Challenging and interesting job
- Company's reputation
- Career development
- Job security
- Training and development
- Participation in decision-making (Empowerment)
- Attractive benefits
- Promotional opportunities

All the aforementioned factors of motivation are accommodated in the theories to be discussed in the following section of this thesis. The theories to be discussed overlap and interlink with these factors identified, but provide a coherent understanding and link on the core motivational factors that govern skilled IT employees' decision to leave or be retained by financial organisations.

## 2.6 Employee Retention

There are various views on what employee retention constitutes. Mobley (1982) describes retention as the opposite of staff turnover, in the sense that retention is the process towards keeping skilled staff as turnover is the process when employees leave an organisation and have to be replaced. Cascio (2000) describes retention as ideas implemented by management with the aim of keeping employees from leaving the organisation. These initiatives may include: (i) rewarding employees for effective job performance, (ii) ensuring good working relationships between management and employees, and (iii) maintaining a safe, healthy working environment.

Moving from theory to a "real" world, the Wisconsin State Government (2005) considers that effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Ultimately employee retention is the process or approach facilitated by organisations on striving to keep their

human capital (namely employees) loyal, performance motivated and committed to the company.

## **2.7 Retention Theory**

In managing and retaining people in the workplace, managements are striving to understand the underlying drivers and motivators involved to ensure that the most suited and competitive strategy is employed by the organisation that will minimise the ratio of employee retention to employee turnover ( Ramlall, 2004). For that purpose, Ramlall (2004) suggests that a number of strategies are often implemented with the hope of successfully retaining employees and may range from various reward and recognition systems, development and advancement opportunities, to creating nurturing environments. However, these strategies may not necessarily ensure the retention of an organisations key talent. Thus, Ramlall suggests application of “Employee Theory”, which is a filtered strategy and model which stems from an organisations retention approaches and principles, initiated through the study of their staff’s personal preferences and behaviours. Therefore, a retention theory can be regarded as an employee retention model, which is a philosophical and touted theory. Therefore, as the literature reviewed enabled this research point, no industry based retention theory exists but organisations theories are guided by the strategies they employ.

According to Cook and Jagers (2005), employee retention is not an intangible business concept, but rather a strategic business competitive advantage. Therefore, the establishment and implementation of a well-thought-through retention strategy can prove to be beneficial for both the organisation and the employees of the organisation. It has therefore been highlighted that whether an organisation chooses to create a retention strategy or not, they will have one which will be depicted through the organisation’s actions.

## **2.8 Traditional Retention Approaches**

Kaliprasad (2006) states that capable people are in short supply globally, which accounts for the fierce competition between organisations to attract and retain these skills resources. He adds that in South Africa this situation is often compounded by the legacy of Apartheid, which limited access to education, skills development and training to a racial minority. The net result observed is that only a small number of these must needed

IT enabled human resources were produced. According to Kaliprasad, the most effective approaches towards retaining capable and skilled people in South Africa are those that are centred on creating a stimulating and challenging work environment. The following approaches are considered crucial to ensure that an organisation retains their people (Kaliprasad, 2006):

- Employee orientation and integration
- Career planning and development
- Employee relations and motivation
- Performance management
- Training and development
- Promotional opportunities
- Compensation and benefit programs

## **2.9 Retention drivers: four philosophies of human nature**

It is crucial that employers isolate the most effective drivers of retention and develop strategies aimed at key talent. This statement is based on the results of a study conducted by the Corporate Leadership Council (2004) which focused on retention strategies at leading international companies. According to the results, 40% of senior executives and management expects to leave their job in two year's time. This creates the situation to employees that management structures are not loyal, and therefore they should also not be.

Beck (1983) identifies four philosophies of human nature (with each having sub-motivating factors encoded) that form the basis of most traditional approaches to dealing with workers and their motivation to be retained:

1. When workers are approached as Rational-Economic beings, it is assumed that they are driven by economic needs and consideration. In line with this approach, people-aspects are ignored with the sole considerations being the control of worker output by means of wages and financial incentives.

2. In viewing workers as social beings, it is acknowledged that workers are driven by social components. These components are not necessarily satisfied at work and efforts should be made to meet these social components at least in part. The focus on the worker as a social being gave rise to management practices like worker participation and group decision-making.
3. When workers are approached as Self-Actualising beings, every effort is made in order to make work meaningful and fulfilling. Workers are encouraged to take ownership of their work and the development of accomplishment and pride is supported.
4. Approaching workers as Complex beings implies having due regard for the dynamic and unique nature of the motives, emotions, abilities, experiences and circumstances of the workers. This philosophy suggests a unique approach to each worker and discourages approaches in the single strategy or 'everybody dragged through the same ring' approach.

With this in mind, the concept of motivation will be defined and explored in relation to various theories on motivation.

## **2.10 Employee motivation**

What is fundamentally paramount in organisations today is that employees are not only able to work, but must also be willing to work. The ability to work is characterised by having the necessary skills and knowledge to function in one's work.

Motivation is defined by Robbins (1996) as the willingness to put extra effort in order to achieve organisational goals, conditioned by the effort's ability to satisfy some individual need.

Motivation is considered to be the influencing of an individual's behaviour towards a specific goal whilst taking the individual's specific motives, desires and reality into account. The specific goal being referred to could be the achievement of organisational objectives and employment attainments. If the individual experiences the 'influencing' as positive, the desired situation can be considered motivating. If the individual experiences the 'influencing' as negative, the desired situation can be considered de-motivating (Banerjee, 1995).

For the purpose of the study, Motivation is considered to be the desired positive willingness that provokes a person to action. The factors that can be considered to be motivating factors include specific needs, wants, drivers or impulses.

## **2.11 Traditional motivation approaches: two historical perspectives of employee motivation**

Early researchers, such as Beck (1983), argue that before proper research was conducted in the area of motivation, the understanding to and of motivation was based on basic assumptions of the human nature. Considering that modern theories of motivation evolved from these assumptions and perspectives, the two major historical perspectives are briefly outlined. Historically, according to Muchinsky (1990) motivation to work can be viewed from two respective, namely, (1) Trait Theory and (2) Environmental Theory. The **Trait Theory** states that motivation is evidently genetically-determined. People are therefore considered to be born with either a high level, or low level of motivation to carry out tasks. Trait theory further suggests that the level of motivation is fairly stable over an individual's life span alluding to the assumption that motivation can't develop over time (As Muchinsky says: "*You are either born to work hard, or not*").

However, the **Environmental Theory** is in direct antagonism to the Trait Theory. With regard to the Environmental Theory, an individual's level of motivation is a product of that individual's circumstances. Environmental theory therefore supports the assumption that environmental factors determine an individual's level of motivation to work. Muchinsky (1990) defines some of these environmental factors to be: (i) work environment, (ii) type of work, (ii) relationship with co-workers and (iv) rewards.

## **2.12 Motivation Theories**

The employee's willingness to work is influenced by the individual, but equally dependent upon how that person is managed in the workplace. A person behaving in a particular manner usually provokes the reaction as to what motivates them.

Motivation is about what makes people to act or behave in the way that they do. Just as the employee has certain wants that he/she requires the organisation to supply or fulfil, the company has certain types of behaviour and expectations of that employee. The managerial responsibility for getting this behaviour from staff is usually called directing or motivating (Kaliprasad, 2006). To understand this, motivational theories are briefly outlined to facilitate a better understanding.

### **2.12.1 Maslow's Hierarchy of Needs**

Maslow's Theory was the first major motivational theory to be widely applied within the work context. What is central to this theory is the idea of a needs hierarchy. The need is simply the motivator of behaviour and its absence will result in physiological or psychological pathology (Kreitner, 1998), with well-being restored once that need has been fulfilled. The top two needs are termed the high order needs, whereas the bottom three needs are termed lower order needs.

As the physiological needs are classified as primary they are given first priority. For example, if a person is starving, then only food occupies the mind. As soon as this need is satisfied, a second need becomes apparent, example the need for safety and security. As this need is satisfied, the next need presents itself. This model serves to highlight that human beings are motivated by unsatisfied needs and not by those that have been achieved or fulfilled.

Furthermore, people are never completely satisfied on any given need level, therefore this model has further use in explaining some of the mistakes of management. An example would be if a company wants to strive for better customer service, but there is no fair and competitive wage structure for its employees. Striving for better customer service would ultimately prove to be a complete waste of valuable time and effort for the organisation. It first would satisfy the wage needs of its employees (Kaliprasad, 2006).

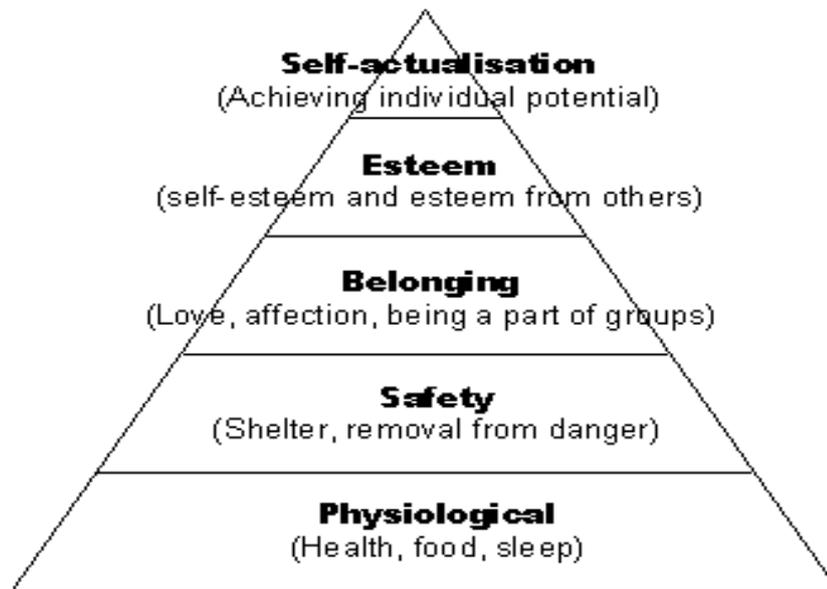


FIGURE 1: MASLOW'S HIERARCHY OF NEEDS (SOURCE: KREITNER, 1998)

### 2.12.2 Alderfer's ERG Theory

The ERG theory, proposed by Clayton Paul Alderfer (1969), is also based on needs. It differs from Maslow's theory in three basic respects. The five needs from Maslow's theory are (Kaliprasad, 2006), collapsed into three: (i) Existence needs, (ii) Relatedness needs and (iii) Growth needs.

- Existence needs are classified as the desire for physiological and material well-being.
- Relatedness needs are those needs that satisfy the interpersonal relationships, and
- Growth needs describe those desires for continued personal growth and development.

The second aspect by which the ERG theory differs from that of Maslow is that while Maslow's theory argues that individuals progress up a needs hierarchy, the ERG theory emphasises a frustration-regression component. An already satisfied lower need can become activated when a higher level need cannot be satisfied. Therefore, if a person is continually frustrated in her/his attempts to satisfy growth needs, relatedness needs can again surface as key motivators (Spector, 2000).

Thirdly, the ERG theory contends that more than one need may be activated at the same time. This is unlike Maslow's theory in that only one need can be activated at any one time.

### **2.12.3 McGregor's Theory X and Theory Y**

McGregor (1960) has formulated the Theory X and Theory Y which formed the basis of a lot of common thinking about employee motivation. Theory X assumes that workers are lazy, avoid hard or difficult work, have no achievement ambitions, and avoid taking responsibility. The need driving employees, in terms of Theory X, is the need for security and reward. In order to get work done, employees need to be continuously coerced, intimidated or punished in terms of this theory. Comparing this to Maslow's hierarchy of needs theory, employees who operate in line with Theory X would operate at Maslow's lower levels of need.

Theory Y assumes that people have integrity, work hard towards achieving objectives, assumes responsibility, are achievement-oriented, and can contribute a lot to the success of an organisation. A further assumption of Theory Y is that reward is not so much seen in cash payments, but in the freedom to do difficult and challenging work. In comparison to Maslow's hierarchy of needs, the employees who are considered to be displaying Theory Y characteristics would operate at the higher levels of esteem and self-actualisation, striving towards the realisation of their full potential (McGregor, 1960).

Robbins (1996) and Armstrong (1996) considered McGregor's theory to be basic assumptions about how management deal with employees, rather than a theory.

### **2.12.4 Herzberg Two Factor Theory**

The two factor theory, or the motivator-hygiene theory as it is also known, was developed by Frederick Herzberg (Spector, 2000). This theory portrays different factors as primary causes of job satisfaction and job dissatisfaction. Hygiene factors are sources of job dissatisfaction while motivators are sources of satisfaction.

Hygiene factors are those factors associated with the job context or work setting i.e., they relate more to the environment in which people work than to the nature of the

work itself. Motivator factors on the other hand, are related to the job content i.e., what people actually do in their work. The figure below captures the sources of satisfaction and dissatisfaction in the Herzberg Two Factor Theory.

Among the hygiene factors shown in Figure 2, it was found by Herzberg that low salaries make people dissatisfied, but that paying them more does not necessarily satisfy or motivate them. It should therefore be remembered that in the two-factor theory, job satisfaction and job dissatisfaction are totally different dimensions. Therefore, the improvement of a hygiene factor, such as Status, will not make people satisfied with their work, but only prevent them from being dissatisfied (Kaliprasad, 2006).

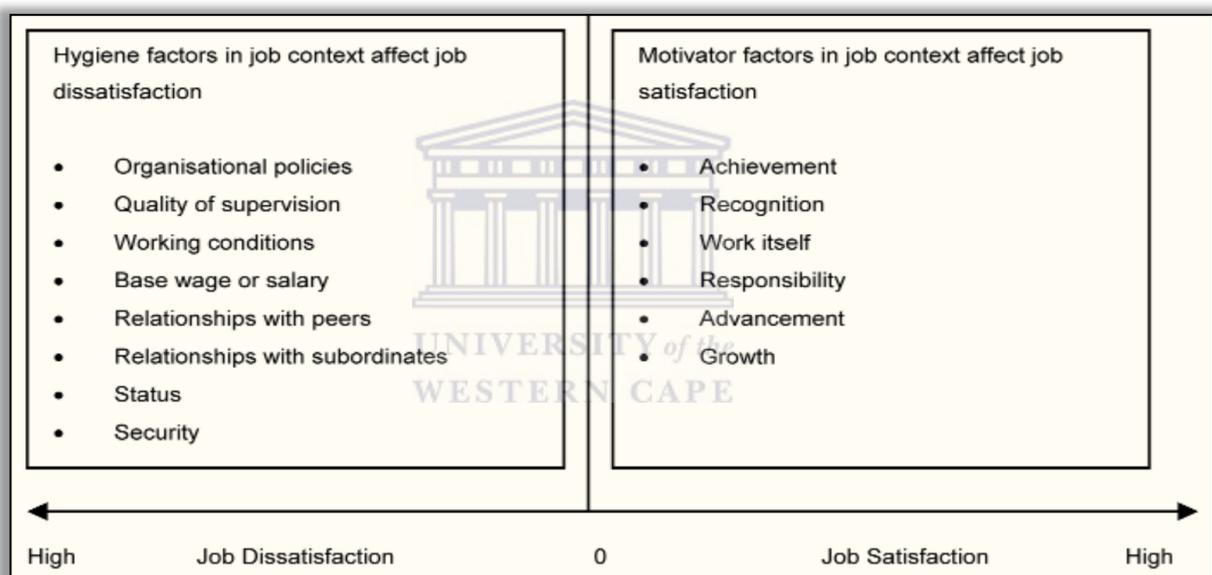


FIGURE 2: SOURCES OF DISSATISFACTION AND SATISFACTION IN HERZBERG TWO FACTOR THEORY

Motivator factors are also shown on the right in Figure 2. Adding the motivators to people's jobs is Herzberg's link to performance. These factors include a sense of:

- Achievement
- Recognition, and
- Responsibility

According to Herzberg, when these opportunities are not available, low job satisfaction causes a lack of motivation and performance will suffer subsequently. For

the study's purposes, focus remains professional skilled staff which justifies Herzberg's theory.

#### **2.12.5 Economic Theories**

According to Wellington (2004), theories of economic competition are all based on the premise of demand and supply as represented in the original Economic Competition theory proposed by William Smith in the late 1700s. If the supply of skills (availability) exceeds the industry demand for the skills, levels of remuneration are lower and when there is a shortage of skills within the specific industry, the remuneration will be higher. In line with Economic Competition Theory, IT specialists can demand massive remuneration packages because of the huge demand and limited supply of skills currently existing.

The Efficiency Wage Theory (Patten, 1977), states that companies may pay workers salaries higher than what is justifiable in terms of supply and demand, in the belief that higher salaries will lead to higher level of performance and efficiency. This is also a well-used tactic of attracting new staff.

In terms of the Human Capital Theory (Armstrong, 1996), the skills, talents and knowledge that workers are equipped with, can be used to gain economic value (e.g. their skills can be used as a service, which will provide payment). Certain skills, talents and knowledge can be translated and transformed into economic value. The conclusion of this theory is therefore that, the higher the human capital of the worker, the higher the remuneration bargaining situation for the worker.

### **2.13 Identification and selection of the relevant factors**

This research endeavour is concerned with two core components, staff retention and information technology specialists. With regard to answering the research questions deemed important by the study, it was discovered that the review of existing literature supports the view that no-single theory or framework encapsulates all motivational factors (as described above, in the preceding sections of chapter 2) - as

outlined in Table 1 below. However, the identified literature addressed the factors listed below as compelling in the process to retain IT staff, with the effective alignment between the occurrence and management of these factors stemming from the literature reviewed and described accordingly below.

- i. ***Location of the company*** – This factor as described by Ramlall (2002) and viewed as most suitable to manage through the provision of personal benefits such as individual offices, monetary benefits (travelling allowance).
- ii. ***Compensation*** – Regarded as one of the most notable factors towards retaining staff eminently (Moncarz, Zhao, Kay, 2008). Managerial emphasis should be to ensure a competitive wage system is employed, wage is aligned to performance, standard of living, and level of employment,
- iii. ***Challenging and interesting job*** – Walsh and Taylor (2008) noted that most employees committed to performing challenging work within challenging and conducive working environments, are the employees that are most likely to remain. Therefore, management should implement and facilitate well structured rotation procedures and work processes, continuously enrich work tasks, promote intense working arrangements and promote cross-sectional working tasks.
- iv. ***Company's reputation*** – With the reference to the Herzberg Theory (Spector, 2000), a positive relationship between organisation's image and employees' satisfaction is crucial towards retaining staff (Clardy, 2005). Reputation is at best managed when organisations fulfil all their commitments and promises made to employees in terms of welfare and working conditions and to clients in terms of quality services delivered.
- v. ***Personal well-being*** – Satisfaction of employee's personal needs is crucial towards retaining employees. As discussed by Maslow's Theory furthermore, people are never completely satisfied on any given need level, thus it's difficult for management to coordinate the personal well-being of an employee. Maslow and other Theorists state that the best way to manage this factor is to first determine what the employee's needs are, and then satisfy those needs, and thereafter all external factors will be satisfied by the employee.

- vi. **Job security** – Affiliated to Maslow’s Hierarchy of Needs Theory and McGregor’s X/Y Theory, job security is an exceptionally strong factor and is properly and well managed through the provision of sustainable and beneficial employment contracts and well-organised working conditions and environment.
- vii. **Job satisfaction** – As prominently explained and initiated through the Herzberg Two-Factor Theory and the assistance of various researchers and their research delivered, it is widely accepted that competitive compensation structures, beneficial promotional opportunities, well-balanced employee benefits, effective career development initiatives and good working conditions are the most essential elements to coordinate properly to enhance job satisfaction among employees.
- viii. **Job turnover** – Griffeth et al (2000) describes job turnover best managed through the relationship of pay and performance (higher the performance, higher the pay). Provision of various reward structures is vital, as is the creation of social community that will enhance social ties between employees.
- ix. **Training and development** – Development and training (T&D) is considered a life-long learning provision approach (Denton, 1994). There’s various avenues that is regarded as best T&D approach, but the most effective and efficient managerial approaches to T&D is in the forms of: basic skills enhancements (improve and enhance internal skills, by cross-sectional training); targeted education, training or counselling (educative workshops, extra training courses and career counselling session); college and university options (improved skills and qualifications to improve living standards and satisfaction),
- x. **Participation in decision-making (Empowerment)** – In relation to Ramlall (2003) and the base provided by Jike (2003), decision-making participating efforts enhance performance and is well-managed through initiative exhibition sessions and also personal input in major decisions and discussions.
- xi. **Promotional opportunities** – In correlation with job satisfaction, and the review of Ramlall’s (2003) literature, it’s concluded that critical factors such as structural career opportunities, intrinsic job rewards and recognition were necessary to mitigate the risk of losing employees through unrealistic promotional processes. More specifically, the importance to move the mature professional to a job which enables their experience, maturity and skill which

have been developed over the years to be put into practice. Doing more applied, generalist work would provide more feedback, more sense of task identity, more variety and more feeling of task significance, all of which are critical in enriching a job and creating a sense of promotion.

- xii. **Employee rewards** – Literature has shown that rewards as provided by organisations are closely linked to job satisfaction, and that it helps to motivate and retain competitive staff. Heneman and Judge (2003) argued that for organisations to retain its IT staff, rewards must be match to preference (match between rewards desired by employee and offered by the organisation).
- xiii. **Working conditions** – Relating to Herzberg Theory and interlinked to job satisfaction, working conditions are well-managed through the provision of flexible working hours, fun working environment, ideal workspace and positive self-fulfilment.
- xiv. **Interpersonal relationships** – With reference to Alderfer’s ERG Theory and Herzberg’s Theory, relatedness is at most well-managed when management go out of their job requirements to directly engage with staff members, share tasks among staff members, assign a peer to staff members if needed (e.g. Development Facilitating process as at Company A), and investing in relationship building (social gathering).
- xv. **Personal growth and development** – Personal growth and development can be argued that is dependent on the employee self to manage and facilitate, because growth is based on individual perception and motivation. Sadri and Tran (2002) state that the most proper ways to handle the process (as a diverse workforce) is to improve career planning, provide a supporting work environment, and by helping the employee balance career and family issues by clarifying his or her priorities.

All the above described factors are also given in a tabular form in Table 1 below. This represents a “*Mixed theory model*”, compiled by this author, which serves as a conceptual model for the staff retention in the financial organisations. This model (containing factors from Table 1) is subsequently tested in a financial organisation in Cape Town.

Table 1: Motivational factors as per literature reviewed: Mixed theory model

Factor	Reference
Location of the company	Ramlall (2002)
Compensation	Zhao and Kay, 2008
Challenging and interesting job	Walsh and Taylor, 2008
Company's reputation	Spector, 2000 Clardy, 2005
Personal well-being	Kaliprasad, 2004
Job security	Ramlall, 2004
Job satisfaction	Spector, 2000
Job turnover	Griffeth, 2000
Training and development	Denton, 1994
Participation in decision-making (Empowerment)	Ramlall, 2004 Jike, 2003
Promotional opportunities	Ramlall, 2004
Employee rewards	Heneman and Judge, 2003
Working conditions	Kaliprasad, 2004
Interpersonal relationships	Spector, 2000
Personal growth and development	Tran, 2002



## 2.14 Addressing the identified factors

The theories discussed and presented above provide a useful outline of all the factors mentioned in Table 1. These theories explain the effects of the various factors on the process of retaining skilled staff within financial organisations. The challenge stemming from this situation is that no theory single-handedly includes all factors mentioned in Table 1, meaning that no single theory can be followed and used to complete this research study.

A theoretical description of abovementioned theories and how the factors (mentioned in Table 1) are related to these theories is deemed crucial in the approach to profoundly investigate the research problem and questions of this study. Below is an indication on how the theories are related to the various factors:

1. **Maslow's Hierarchy of Needs Theory** includes the research factors of Compensation, Location of Company, Challenging and Interesting job, Company's Reputation, Personal Well-being, Training and Development, Participating in Decision making (Empowerment), Employee Rewards and Working Conditions.
2. **Alderfer's ERG Theory** captures the research factors of Personal Well-being, Interpersonal Relationships and Personal Growth and Development.
3. **McGregor's Theory X and Theory Y** includes the research factors of Challenging and Interesting job, Job Security and Employee rewards.
4. **Herzberg Two Factors Theory** comprises of the research factors of Location of Company, Compensation, Job Satisfaction, Job Turnover, Interpersonal Relationships and Personal Growth and Development.
5. **Economic Theory** includes the research factors of Compensation, Job Turnover and Promotional Opportunities.

Therefore a cross-linked theoretical framework should be established which will include all above-mentioned factors as a whole. By means of this approach, all factors will be studied and handled under one theoretical framework which will look at the factors, determinants and consequences of implementing, restructuring and deploying legacy or existing staff retention strategy within the information technology departments at financial organisations.

Thus, the "Mixed theory model" is introduced. This model comes as a result of compilation derived from all five theories discussed above. This model embraces all factors mentioned within Table 1, and is further used to answer the established research question: "*What are the factors that contribute to the retention of skilled IT staff in a financial organisation and what will be an effective way of retaining IT specialists?*"

## 2.15 Conclusion

This chapter brought the discussion regarding the reviewed literature including the theoretical frameworks used by different researchers and authors in explaining the

relationships between the staff retention factors and motivational theories on how these factors are related and linked to the various theories. This process helped in answering the main research question “*What are the factors that contribute to IT specialists leaving financial organisations and what will be an effective way of retaining IT specialists?*” through an attempt to find answers to the research sub-questions:

- *What are the factors that contribute to retain valued IT specialists?*
- *What will be an effective way of retaining IT specialists?*

The factors that contribute to the process of retaining IT specialists at financial organisations are illustrated in Table 1. Proper management of the factors explained within section 2.14 “Addressing the identified factors”, is an effective way of retaining IT staff with an elaborated explanation to follow within the upcoming chapters of this study. Taking effective care of these factors through appropriate management is considered by this study an equivalent to optimising these factors.

As the reviewed literature mainly represents the “best practice” from other countries and other organisational settings, it was necessary to test these theoretical presumptions in the empirical setting of the chosen South African organisation. This testing was done in a financial organisation selecting an appropriate research method, which guided this research in the processes of collecting and analysing research data.

## CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

### 3.1 Introduction

Research, as explained by Martin and Geurin (2006), is the systematic inquiry into an issue to investigate or resolve a problem. The purpose of this chapter is to introduce the foundation of research design and the construct thereof. Research design, as cited by Yin (1989), is the process to ensure that evidence obtained enables the researcher to answer the initial questions of the research as unambiguously as possible.

Obtaining relevant evidence entails specifying the type of evidence needed to answer the research questions and to accurately describe some phenomenon. In other words, as stated by Martin and Geurin (2006), when designing research the question that needs to be asked is: given the research question, what type of evidence is needed to answer the research question in a convincing way?. The research design of this study stems from the central research question “*What are the factors that contribute to the retention of skilled IT staff in a financial organisation and what will be an effective way of retaining IT specialists?*”

The research objective of this study was to understand what factors cause skilled IT specialists to leave financial organisations (or to stay), and thereafter to propose a way to retain these employees. The aim of this chapter is to outline the research design process that was followed in this study, and to explain what and how the basic principles of research and analysis methods were used in this study.

Furthermore, this chapter explains how two data collection techniques, by means of a questionnaire and interviews, were used to investigate the research phenomena of retaining IT skilled staff at financial organisations.

### 3.2 Methodology

Methodology refers to the methods in which data is gathered (Martin and Geurin, 2006). The applicable research design in this study is of *qualitative* nature. Qualitative

research is the process to identify the parameters of a research question or problem and can be used to develop in-depth information about the nature of interactions (Martin and Guerin, 2006). This study employs a descriptive analysis of the views of employees on different employment levels (directors, managers and consultants), and the study also provides an exploratory investigation into the factors which are accountable for retaining or losing skilled IT employees.

In this qualitative notion, this research reflects the situation towards retaining IT staff at Company A by highlighting the views and experiences of directors, managers and consultants in relation to the retention challenges of IT staff. This approach has helped to understand and translate the experiences and views of the employees, by studying detailed descriptive data through the interaction with various employees in Company A's IT Risk department. IT Risk is Company A's internal information technology department which comprises of all the IT specialists, and serves as the research sample of this study.

The aim of descriptive research, such as this one, is to examine an event and characterise it as it is in a specific context (Le Compte and Preissle, 1993). Through applying descriptive research this study's central question, "*What are the factors that contribute to the retention of skilled IT staff in a financial organisation and what will be an effective way of retaining IT specialists?*", can be prominently described, measured and later analysed.

As suggested by the qualitative research methodology, an array of data collection sources has been used which include interviews, questionnaires and also the review of existing literature gathered.

### **3.2.1 Exploratory research methodology**

This study is also of exploratory nature as it provides an exploratory investigation into the factors which are accountable for retaining or losing skilled IT employees on all employment levels within Company A. The exploratory aim of this study is to highlight how management at Company A can improve the employee retention percentage within IT Risk.

As stated earlier, this study is of qualitative nature, which exploratory investigated and described the relationship between literature, data collected and people through the descriptive analysis of the phenomenon relating to retaining IT skills. Therefore, this study has adopted a Case Study approach as it is often as a prime of qualitative research which adopts an interpretive approach to data, within their context and considers the subjective meaning that people bring to a situation (Yin, 1993).

### 3.3 The Case-Study Approach by this study

As described by Yin (1994), the case study approach should be used or depends on

- The research question
- Extent of control over behavioural events (when the researcher has little or no control over the events)
- General circumstances of the phenomenon to be studied

Yin (1994) defines Case Study methodology as an “*empirical inquiry in which the focus is on a contemporary phenomenon within its real-life context, and the boundaries between the phenomenon and its context are not clearly evident*”. He also explains that the procedural characteristics in this situation include (i) many variables of interest, (ii) multiple sources of evidence, and (iii) theoretical propositions to guide the collection and analysis of data.

Case studies can take on various forms which includes, (i) explanatory, (ii) exploratory, and (iii) descriptive. Case studies can also be classified as being single- or multiple-case studies (Yin, 1994). This case study was conducted at Company A, with the aim to understanding what, why and how skills retention policies are employed at Company A in the process towards retaining skilled IT staff within IT Risk. The form of this case study is both explanatory and descriptive research. This approach was chosen due and based on the arguments encountered by various researchers in their approach to establish that the case-study method as a supreme method to use when studying phenomena such as retaining a skilled workforce.

Yin (1994) also argues that the typical criticisms towards case studies include: (i) lack of systematic handling of data, (ii) no basis for scientific generalisation, and (iii) long completion timescale, with output being unreadable documents. According to Yin (1994), it was noted a sense of prejudices against the case-study approach in business and management research. The main criticism for the case-study approach was that it lacks objectivity and accuracy which is normally allied to the quantitative research approach. By stating this criticism, Yin (1994), argued that this situation does not include the fact that bias can creep into any other research tactic.

However, the case-study approach in this study had the following advantages - as discussed by Meredith (1998):

- The research problem was studied in its natural setting and with in depth meaningful and relevant theory generated from the understanding gained through the examination of the actual practice.
- The case-study approach, in this research, focused and allowed the situation where a more meaningful question of Why can be asked, and rather not focusing on questions of How and What. This situation gave more meaning and understanding of the phenomena being studied.
- The case-study approach lends itself to probing investigations where the factors are still unknown and the phenomena not properly understood.

Remenyi et al. (1998) argue that the case-study approach to research has two distinct components. Firstly, this approach can be used to study well-founded and reliable evidence. Secondly, this approach can be as a medium for creating a narrative description of the situation being studied. The latter component means that the narrative resulting from the explanation of the situation being studied represents a research finding independently and therefore can be said to have added value to the technological community of knowledge. In that regard, one of the reasons for using the case-study approach in this study was that it helped in a better understanding of the skilled staff retention process within information technology departments. This situation is a real-life occurrence and therefore was studied within a real-life framework at the organisation. It was applied in the context of an independent organisation, meaning that the study focused solely on the organisation under

investigation, and therefore may or may not be related to other organisations in the same industry.

### **3.4 Population and sample**

For the purpose of this study, it was not relevant to survey, observe or experiment on everyone at Company A, also called the population. A population, as referred to by Martin and Guerin (2006), is an aggregate or an entire group of people, events, or things under study. Therefore a population can represent the (i) entire workforce, (ii) an organisation studied as a unit, and (iii) other entity sample with which the research problem is concerned. This study focused on a sample of or group of people that were selected who represented the larger group or population. The term “sampling” according to Martin and Guerin (2006) is “*a subgroup of a population that is measured in some way, and each of the people in the sample is a subject*”. One financial services institution (Company A) operating within the Western Cape, Cape Town, which was introduced in chapter one, served as the data collection location with the research sample selected from the IT Risk department.

The choice of this firm was based on the fact that the firm has lost a large number of their IT skilled staff members over the past years, which is also the secondary phenomenon of interest in this study. This location and its employees were easily accessible and information was readily available, due to the proximity in Cape Town. Thirty (30) employees took part in the study, with five (5) indicating that they will not take part in the study. This sample size of 25 respondents (2 directors, 4 managers and 19 consultants) was declared sufficient based on the availability of the respondents to represent all the characteristics of the IT employee workforce within Company A’s IT Risk department. The method of selection of the sample played an important role in this study, however, the sample was not selected randomly but all participants (excluding the 5 as indicated) volunteered to participate in conducting and completing the study.

### **3.5 Data Collection**

Several data collection methods exist for collecting data for a case study. The desired method of collecting data depends on the format and pattern of the study. Apart from the desired method, and according to Yin (1994), data collection involves three core principles which include:

- Using multiple sources of evidence
- Creating a case study database, and
- Maintaining a chain of evidence

Qualitative data collection entails using rich and diverse data to answer questions about variability and complexity of human life, and therefore Yin (1994) provides six sources of data collection as seen below in Table 3.

<p><b>Six sources of data collection:</b></p> <ul style="list-style-type: none"><li>• Documents (letters, agendas, progress reports)</li><li>• Archival records (Service records, organizational charts, budgets etc.)</li><li>• Interviews (typically open-ended, but also focused, structured &amp; surveys are possible)</li><li>• Direct observations (formal or casual; useful to have multiple observers)</li><li>• Participant observation (assuming a role in the situation &amp; getting an inside view of the events)</li><li>• Physical artefacts</li></ul>
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FIGURE 3: METHODS OF DATA COLLECTION (SOURCE: YIN, 1994)

It is vital that researchers should familiarise themselves with all data collection sources even though not all sources might be useful for a specific study (Yin, 1994). Most case studies focus on using interviews as their main source of data, in collaboration with questionnaires, observation, documents and archived records with the latter three supporting the main source. For the purpose of this study, multiple data sources were used which included:

- Questionnaires
- Interviews

The process of data collection took place over a 10 month period at Company A. The data collection process involved gathering data from all 25 employees within IT Risk, with these employees being the directors, managers and consultants. The data collection process involved unsystematic visits to the firm. The aim of this research at this point was to collect qualitative data to document the narrative case-study of the skills retention process at the firm. .

### **3.5.1 The Questionnaires**

According to Martin and Guerin (2006), questionnaires are “*a series of written questions, which can either utilise open- or closed-ended questions*”. They also state that the questions are usually short answer questions with enough options for participants to find their response in a list of pre-determined answers. Questionnaires can use a variety of response types such as the (i) objectives or multiple choice response, (ii) fill-in-the-blank, (iii) essays, or (iv) responses on a continuum such as “Strongly Agree” to “Strongly Disagree” (Martin and Guerin, 2006). The questionnaire’s choice of response used in this study to request the required data was by means of a “Strongly Agree” to “Strongly Disagree” response continuum as illustrated in **Appendix B** (Information Technology Staff Retention Questionnaire).

The questionnaire was provided to all employees who indicated that they’ll participate in conducting the study. The questionnaire was e-mailed to all 25 employees as indicated within IT Risk. The questionnaire laid a good foundation towards getting and insight on what the perceptions are at the different employment levels with regards to the staff retention challenges within IT Risk.

### **3.5.2 The Interviews**

The second source of data collection was conducting interviews with the 25 employees. The interviews were conducted as a two-person interactive method, meaning that the interviews were always limited to one interviewee (employee) at a

time, and being interviewed by one interviewer (researcher). The interviews were conducted through face-to-face interaction with the participants.

The collection progress was slow during the initial stage of the research as it was difficult to gain access to some employees since the workload was extremely high at that period. The degree of trust between the researcher and the participants was of high quality, and it was developed early on in the research process as the study's objectives was properly explained to all participants. This enabled the researcher to collect primarily unbiased and reliable information from the participants.

### **3.6 Organisational Validity**

Organisational Validity refers to the situation where the researcher's outcomes/findings are generalised to a wider community beyond the immediate research community (Martin and Guerin, 2006). Due to the limited nature of the study in terms of sample size and the fact that only one financial services institution was studied, it is extremely difficult to generalise the finding to a wider community within the respective area of IT. However, the finding of this study could be useful to similar organisations which have the same operational outlay and objectives as Company A.

### **3.7 Data Analysis**

Martin and Guerin (2006) describe data analysis as a process that systematically analyses raw data collected to propose certain outcomes and describes the form and content of written or spoken material. Searching for an appropriate way to analyse the data collected through the data collection process, this study confirmed and established the *Grounded theory* (GT) approach for analysing the collected data. As this study data collection was based on a purposive sample - as opposite to the theoretical sampling in GT - this approach is considered as "eroded" use of Grounded theory. In other words, in order to analyse data in this study the author deployed the constant comparative method in looking for emerging patterns. These patterns were compared to the other patterns coming from the interviewees' responses or the reviewed literature. These patterns are subsequently coded, oppositely linked and

presented in the form of a descriptive case study of the financial organisation in Cape Town.

### **3.7.1.1 Grounded Theory Methodology**

Sociologists Barney Glaser and Anselm Strauss developed Grounded Theory Methodology (GTM) as a methodological approach to generate theory inductively and grounded in empirical data (Strauss and Corbin, 1998). A theory developed through this methodological approach emerges from data and is grounded in it through a process of constant comparison analysis (Glaser and Strauss, 1967). Glaser and Strauss (1967) defined grounded theory as a flexible approach to generate theory from data, based on principles of theoretical comparison and analysis. The aim of using this method allows the emergence of a theory from the data. As believed by Huehls (2005), grounded theory method reverses the order of empirical research in that hypothesis generation is followed by data collection, and theories can be generated from qualitative data. The application of grounded theory, as used in this study, is based on the case study development from qualitative data. It is, however, important to note that the GTM in this study was not applied in its “pure” form, which inevitably includes theoretical sampling and post-empirical literature review (peculiarities of GTM). To analyse the data in this study, the GTM constant comparison method was deployed for recognising various patterns emerging from the interviewees’ answers. These patterns are subsequently matched to those deduced from the literature reviewed.

Various forms of literature was consulted and reviewed to form the foundation of knowledge and awareness to complete this study, and therefore to collect the raw data to be analysed which will form the outcomes and results that will answer the main research question of this study: *What are the factors that contribute to the retention of skilled IT staff in a financial organisation and what will be an effective way of retaining IT specialists?*

Data was collected by means of interviews and questionnaires as explained within section 3.5, chapter 3, Data Collection. By completion of the data collection process,

the data was due to be analysed and analysis of this data took the form of single or individual form of analysis. This means, as with relation to the study, that the data was analysed based on the individual employment levels at Company A. This was because the motivational outcomes and preferences of the employees differ as per their employment level. This process meant that data analysis couldn't be a simultaneous process and should be completed as described to promote the understanding, reliability and validity of the results.

The Grounded Theory method was used to discover patterns and linkages within the study's data, and thereafter explaining the linkages between the patterns. Pattern observation was evident within this study as the reviewed literature overlapped with the collected data. Firstly, the theories that were consulted, as explained within section 2.12 (chapter 2, Motivation Theories), overlapped due to the fact that they comprised in some instances the same motivational factors. The theoretical nature of the factors explained within this section, is closely related to the results drawn from the analysed data i.e. the factor compensation both in the literature and the data is highly prioritised and important to employees in the process to retain them. Secondly, most of the factors that have been identified during the literature review process are encountered during the data analysis process. This is evident in section 2.13 - Identification and selection of relevant factors, chapter 2, and section 4.2 - Case study of Company A, chapter 4.

The emphasis behind the use of this method within this case-study was primarily due to the development of a new substantive theoretical model (Mixed Model, section 4.6.1) based on the review of existing literature and the analyses of collected data. The new theoretical model evolved and emerged during the research process itself and is considered a product of the continuous interplay between the data that has been collected and the analyses of this data.

### **3.8 The Use of Basic Principles in Study**

Yin (1994) identifies that the case study method incorporates three principles towards data collection which include (1) Use of multiple sources of evidence, (2) Creating a case study database, and (3) Maintaining a chain of evidence.

#### **3.8.1 Use of multiple sources of evidence**

The study used multiple sources of evidence (interviews, questionnaires) and converged the evidence collected from the employees through these different sources into reliable and referenced content which will be presented within the findings chapter (chapter 4) of this study.

#### **3.8.2 Creating a case study database**

A case study database was created, separate from the final outcomes of this study, containing content which include (i) case study notes, (ii) case study documents, (iii) tabular materials (collected and created), and (iv) narratives (initial open-ended answers to the study questions suggested by researcher).

#### **3.8.3 Maintaining a chain of evidence**

The study links the initial study questions (addressed in chapter 1) to the case study procedure (addressed in chapter 3) and is pointed out within the findings section (chapter 4). The actual evidence that was to be collected while carrying out this study will be stored within the case study database for future reference.

### **3.9 Summary**

This chapter provided a detailed discussion and outlay of the research design process, and adopted methodology. The research design applied in this study is qualitative, and the methodology of the research design is both explanatory and descriptive research.

This research used a case study approach towards conducting the study. The population of this study was limited to Company A, with the sample of 25 participants selected from the IT Risk department. Multiple data collection sources were used to gather data which included interviews and questionnaires. The study used the Grounded Theory Methodology (GTM) constant comparison method to complete the data analysis process. The whole process was based on three basic principles namely (i) using multiple sources of evidence, (ii) the creation of a case study database, and (iii) maintaining a chain of evidence.



## CHAPTER 4: PRESENTATION AND DISCUSSION OF FINDINGS

### 4.1 Introduction

This chapter provides representation and the discussion of the findings in this study. In its essence, this chapter provides this study's answer to the established research question: "*What are the factors that contribute to the retention of skilled IT staff in a financial organisation and what will be an effective way of retaining IT specialists?*". Generally, this question was answered by:

1. Firstly, reviewing the pertinent literature in order to: (i) identify the factors linked to the retention process of IT professionals and (ii) explore the way of optimising these factors, i.e. to find out the way of retaining these IT professionals.
2. Secondly, the theoretical findings were tested in the specific empirical field, i.e. the theoretical conjectures were tested in the international financial organisation operating in South Africa (Company A).



### 4.2 Case Study of Company A

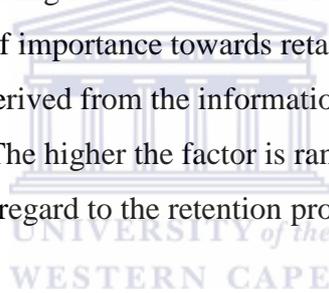
Company A is a financial institution operating within the financial services sector. Company A, Cape Town is a regional office of Company A South Africa. For the scope of the study the sample population was limited to Company A's Cape Town office, with the IT Risk department serving as the sample group of the study. This department, over the last few years has been experiencing various challenges with regard to retaining their IT professionals and specialists. A high degree of focus has been put on IT Growth for the next 3 years, which will serve as counter force towards loosing valuable IT staff and in the process improve and boost the market strength of IT Risk Cape Town.

Loosing valuable IT specialists means that Company A loses its dominance within the industry because a shortfall of IT specialists means a lack of professionalism with regard to clients work projects and outcomes. It also gives rise to operational costs in

the forms of training and development, new employment, marketing of employment opportunities and also the loss of productive time in the process. The IT Risk Department is experiencing IT skills losses on all levels (management and consultant level) within the organisation, and therefore the findings of the study will be related to all professional employees within Company A Cape Town's IT Risk Department.

As noted in chapter 2 (2.15 – Literature review conclusion), the Mixed Theory Model was used to test the literature findings. This model is a compilation of five theories (Maslow's Hierarchy of Needs, ERG Theory, Herzberg 2Factor Theory, McGregor's X and Y Theory and Economic Theory). The model embraces 15 factors as illustrated in Chapter 2, Section 2.13, *Identification and Selection of Relevant factors*, Table 1. The findings will be represented through the discussion per factor shown in this table.

For the purpose of discussing the identified factors under investigation below, clarification and understanding is imbedded in the fact that the factors were ranked in accordance to their level of importance towards retaining skilled IT employees. The level of importance was derived from the information that was gathered from the participants of the study. The higher the factor is ranked, the more influence and importance it carries with regard to the retention process and retaining skilled IT staff.



#### **4.2.1 Location of Company**

Interviewees indicated that the physical location of Company A's offices forms part of their employment structure and is regarded as having minimal influence on their motivation to leave or stay at Company A. The location of Company A's offices serves no potential employment challenges as some of the employees rate the location beneficial in the sense of convenience, ease and safety.

A minority of employees do feel that it is unsafe and time consuming to travel to work because they live far from the offices and they are sometimes forced to use public transport, which is still challenging in many localities of the Cape Town metropolitan area. One consultant said that "*It doesn't matter where work is located, it's not an issue to me*", and on the other hand one of the Directors claims that "*work is actually more convenient to get to ever since we moved offices*". Some employees also feel that it is difficult at times to travel from work to client, and vice versa, but they still

admitted that the location of the Company A's offices will not motivate them to end employment with Company A.

*Location of Company* factors was rated as the lowest, 15<sup>th</sup>, with regard to Retention Importance Rankings (Table 2) by employees, and therefore has little or no influence in the process of retaining skilled IT employees at Company A.

#### **4.2.2 Compensation**

The study found that the compensation (salary and bonuses) factors had the most influence on all the participants of the study, irrespective of the employment level of the employee. At a director's level, compensation was perceived as substantial and that to a high extent equalled the workload and performance of the directors. This situation can be explained by the fact that directors receive higher salaries and also higher bonuses, because of their level of employment and that therefore their lifestyle is not cost related as those employees that operate at an employment level lower down. Directors receive bonuses as per their profit share within Company A, meaning that the outcomes of their bonuses are not directly related to their performances and workload, but to the financial situation of Company A Nationally. Therefore, these findings merely suggest that the salary and bonus structures and policies will not relate to those of lower levelled employees.

The problem exists that lower levelled employees perceive directors as not doing much but are getting paid much more. As from the interviews, some non-directorial employees stated that "*directors just review the work but we put in all the hours but they get paid far more than us*". In the interviews they also went to the extent to say that "*compensation structures are driven by directors and directors don't consider the financial needs of lower levelled employees*". This perception is deemed inappropriate because of the fact that all processes are not properly explained and communicated to all employees within IT Risk. On the directors level it has been fully stated that the current compensation will not motivate directors to end employment with Company A. However, it is not clear if the changed compensation (for worse) would motivate them to leave the company.

On a Management level (Senior Managers and Managers) compensation is of individual importance, meaning that different managers have their own personal feeling about what their compensation structure should be. Seventy five per cent of management feels that their compensation levels do not equal their workload, which means that they work more than what they get paid for. They also perceive their bonus structures not to be properly aligned to their performance, with the importance that their bonuses are performance driven. Even though management feels that they are being underpaid with relation to their performance and workload, 25% of managers at the time of the study indicated that compensation is very important and will motivate them to leave, 50% will not be motivated by compensation to leave, and 25% will leave if better compensation levels are offered at another organisation

Compensation had the most influence and is the most important factor for retaining staff at a Consultant employment level. All consultants that participated with the study felt that they are heavily underpaid and that their workload by far exceeds their compensation levels. All consultants felt that their compensations structures are not properly aligned to their employment level, performance and workload.

Consultants do realise that the global recession made it difficult for Company A to provide and support high salary and bonus structures. Consultants stated in the interviews that *“I feel underpaid in accordance to my workload”*. Others stated that *“if a better compensation opportunity comes along, they will not hesitate to leave Company A”*. Consultants feel that bonuses are based on the performance of the firm nationally and the discretion of top management, and not more importantly on their performances. Therefore, retention on a consultant level has become the most difficult to maintain, because the only way for them to substantially increase their compensation levels is to move between jobs.

In conclusion, this finding illustrates the importance of compensation on all employment levels - thus, **Compensation** was ranked the most important factor in the process of retaining skilled IT staff at Company A Cape Town in the IT Risk department. This also means that the interviews predominantly belong to the Theory X type (Greenfield, 1993) and philosophically to the Rational-Economic beings.

### 4.2.3 Challenging and Interesting Job

Most interviewed employees feel that their work is highly challenging and interesting, and this situation is also dependent on the level of employment and also the area of specialisation. Mainly on a junior consultant's level most of them indicated that on every project they learn new and interesting tasks, and how to meet the different objectives. During the interviews, employees on a much senior level stated that "*our work is really dull at times, but thanks to the vibrant IT environment of the client we do find some sense of interest. Audit support is becoming second nature now, and this worries me because I feel I need to get more exposure to different tasks*" (Consultant, Company A).

Consultants and managers share the same experiences with regard to above , and ideally have no issues with their work structures and the interest thereof. Specialists (specialising in one area of expertise) do however feel that their work at times is not challenging enough for them, due to the fact and extent of repetition encountered when carrying out tasks and projects. During the interview process one of the specialist employees stated that "*I need to change or improve my skills levels as I feel I need to carry out different tasks and be placed on different projects*".

At a director level it is perceived that their work responsibilities are very challenging and also really interesting. They deal with issues which are really vital towards the operational division of Company A IT Risk, which separates the interest state from the day-to-day Company A work. Their workload is also heavier due to the fact that they have to deal with two sections of work within IT Risk: reviewing and approving work, and the operational responsibilities as directors to Company A.

***Challenging and Interesting job*** was ranked 11<sup>th</sup> (out of 18 rated factors) in the process of retaining skilled IT staff at Company A, which indicates that Challenging and Interesting job had a marginal influential affect in retaining skilled IT employees at Company A, since the factor is ranked in the lower half of the importance table,

### 4.2.4 Company's Reputation

Company A overall has a good reputation within the industry and among its competitors and clients. They also have a good social responsibility reputation, and serve the community with great interest. To enhance and potentially improve internal IT operations, IT Risk has implemented a three years IT Growth plan, which will form as governance driver in the approach to be the market leader in its area of specialisation. It is deemed that this should greatly boost the reputation of IT Risk's reputation within the industry. As noted during the interview process, all employees agreed and stated that Company has a "good" reputation amongst competitors and within the industry and are, therefore, proud to be associated with it.

**Reputation of Company** was ranked 14<sup>th</sup> with regard to Retention Importance Rankings (Table 2) by employees. This serves as motivating driver for people to seek employment at Company A, but if the other factors ranked above Reputation aren't properly met, most employees will not stay with Company A.

#### 4.2.5 Personal Well-Being

All employees feel that they needed to be treated with respect at their workplace and therefore a lack of respect will generally interfere with their working relationships with others. Directors and managers feel that lower level staff does treat them with respect when it is work related, but socially they perceive lower level staff as somehow distant and unapproachable. This situation is ideally formed due to employment hierarchy, because lower level staff (mainly consultants) feels intimidated and inferior to directors and managers.

Reversely, consultants feel that directors and managers have superior attitudes towards them and create a state of panic and disrespect between the employees and management. *"We don't feel comfortable in the presence of directors and managers, and therefore we ignore them to an extent. This is due to the fact that they present superior attitudes towards us"* (Consultants, Company A). Consultants also argue that management is not very supportive of them generally, and it is always the consultant's task to approach management to inquire about their professional progress and well-being.

This situation is degrading the culture scene and personal well-being state of employees at all levels, mainly at the consultant level. *Personal Well-being* was ranked 5<sup>th</sup> with regard to Retention Importance Rankings (Table 2) by employees. Many employees indicated that they'll end employment with Company A if they are not treated with respect and interest is not being shown towards their professional and personal progress. This situation makes *Personal well-being* a critical staff retention factor at Company A, IT Risk.

#### 4.2.6 Job Security

The future and progress is a very important factor when working for a financial institution, especially when an employee is still in training years when permanent employment is an unknown factor and situation to be realised. Ideally the recession has brought about various changes in staffing and employment numbers, therefore employment security is a very important factor for most of IT Risk's employees.

Directors and Managers stated that they are satisfied with the employment contract and the overall employment security that Company A offers. Can this be argued that they are permanent employees with a substantial compensation level? Even though they (directors and managers) indicated that Company A offers proper employment contracts and deploys proper employment policies, it is still argued by Consultants that "your job" (as stated by consultants) is still in jeopardy if you're not permanently employed at Company A. Apart from the security and contracts, most managers are ideally not satisfied with the performance feedback process at the time of the study. They feel that top management does not provide concrete and regular performance feedback on their work. This situation opens the possibility of delayed promotional opportunities.

Finding on a consultant level was that management is often more focused on the business than on the professional development of staff. They believe that management is passively available to assist in professional development, but it is the employee's own responsibility to drive their own growth. Apart from the managers, most consultants feel that it's their duty to request regular feedback, as it should be a joint venture between them and their manager or director. The real problem stems from the

fact that there is no formal and concrete communication from IT Risk Management and Human Resources on contract negotiations and performance feedback.

*Job Security* was ranked 6<sup>th</sup> with regard to Retention Importance Rankings (Table 2) by employees. This shows that the employees (non-permanent) at Company A regard job security as a primary motivator for them to leave Company A. This factor and its situation should be seriously addressed within IT Risk at Company A.

#### 4.2.7 Job Satisfaction

It was found that IT Risk employees receive good technological resources and equipment as part of Company A's investment in their work and output. Most employees also get planned on a variety of tasks and projects, but the situation of work overload may arise when work becomes repetitive (same tasks and projects) because of the staff numbers (low in this case) and high client demands. To an extent employees can work flexible working hours, pending that all related parties, Company A's clients and employees, are well informed and approval is granted.

Generally, most employees are satisfied with the nature of their work, but certain employees that do specialist work still argues that the supply and need of specialised equipment should be strongly motivated because this process is mostly money driven, and not professionally driven. Generally, specialists feel that Company A could be more work-driven than money-driven when specialist equipment is required, as this will enable them to complete tasks and projects more efficiently, effectively and it will be less time consuming.

Throughout IT Risk there is a high degree of job satisfaction, which placed *Job satisfaction* 10<sup>th</sup> on the retention importance ranking list of factors. This means Company A's approach to job satisfaction is well rooted.

#### 4.2.8 Job Turnover

The study found that at a director's level the job turnover factor is of minimal concern since their compensation levels are directly linked to the firm's financial situation and

not their individual performance solely. Apart from their compensation, directors are not required to work on unpaid work, and they've indicated that their compensation is sustainable towards their living experience and lifestyle. When asked in the interviews if their compensation level is sustainable, all the IT related directors within the IT Risk section of the department indicated: "yes".

Managers however feel that their performance is directly linked to their compensations at the end, and that they are required to work on unpaid work. They corresponded professionally towards their compensation structures in the sense that they are underpaid in relation to their work load. Thus, job turnover is an overlooked issue for managers and requires more attention.

Consultants feel that they are treated inappropriately by management. They stated that even though their performance is significantly high, they are not assured of a good bonus and substantial increased salary. They stated that they are forced to work on unpaid jobs, and that their salary at times cannot sustain a professional lifestyle. They reckon that there seems to be a fine line between being paid enough of a salary and keeping their charge out rates cheap enough to do the work, and at the end the work needs to be completed even if budget was reached. This challenge gives rise to the situation that on a director and management level there is a substantial correlation between salary and performance which gives rise to job turnovers. On a consultant level this is merely the case, because consultants feel that there is an unfair correlation between their salary and performance which leads to job turnovers, regardless of their charge-out rates and working hours.

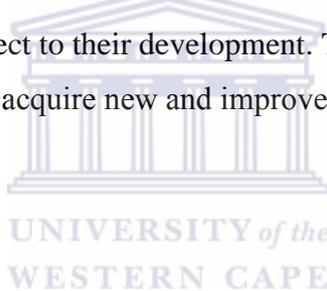
This situation is evident due to the fact that Company A finds it difficult to retain employees on a consultant level as the majority of employees that end employment with IT Risk within Company A are consultants. *Job turnover* was overall ranked 8<sup>th</sup> with regard to Retention Importance Rankings (Table 2) by employees.

#### **4.2.9 Training and Development**

Company A's Training and Development policies and processes are properly outlined with immense detail. This however does not mean that it is properly managed. Except at a director's level, it is argued throughout IT Risk that not enough training initiatives

are being promoted and that the communication process with regard to training and development is poor. In one of the interviews, one of the employees stated that “*we always complete training development work papers to indicate what workshops or courses we should be taking part in. But we never get to go on these courses due to various internal reasons that are out of our control*”. Employees believe that if you don’t drive the process yourself, you will stagnate within your existing employment level along with your existing skills.

The consultant level employees, where most of the initial training and development takes place, believe that Company A is more focused on internal structured training, and if specialised training is needed that falls outside those of Company A’s normal training framework, then precise and in-depth motivation is required to obtain funding and approval. They feel that this is an unfair situation since all employees should be treated the same with respect to their development. This situation degrades a consultant’s motivation to acquire new and improved skills, and therefore minimise their skill levels.



***Training and Development*** was ranked 12<sup>th</sup> with regard to Retention Importance Rankings (Table 2) by the interviewees. This shows that Company A does offer training and development initiatives, but the deployment and efforts to commit to these initiatives is not communicated and carried out properly.

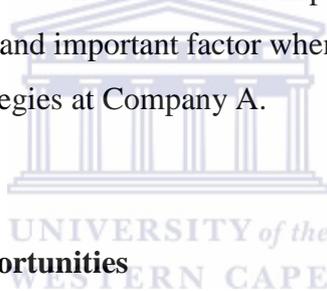
#### **4.2.10 Empowerment (Participating in Decision Making)**

Most of the managers and all consultants believe that they are mostly not involved in structural and strategic decisions that will affect them, which in turn affects their working opportunities. This means that there is a top-down hierarchy approach for decision making at Company A, meaning that ultimately directors filter decisions down to managers and consultants. By involving employees in decisions that will personally and professionally affect them, decreases the risk of establishing an

environment of under-valued and de-motivated employees. By valuing employees and letting them partake in processes, especially decision-making processes, improves the sense of value and content between management and staff and stems crucial for Company A in the process of retaining IT staff.

Management did indicate that this is not the case, and that the employees are involved in decisions that will affect them and their working arrangements. But in contrast to that, consultants (and some of the managers) feel that decisions are just being communicated to them without their insight or input. Most employees believe that Company A just drops outcomes on them, and that they don't have a real say in carrying out these outcomes. This situation gave rise to working relationships becoming disrespectful, employees feeling unappreciated and inferior, and finally the end of employment with Company A.

*Empowerment* was ranked 3<sup>rd</sup> on the Retention importance ranking list, meaning that empowerment is a critical and important factor when establishing, following and maintaining retention strategies at Company A.



#### **4.2.11 Promotional Opportunities**

Company A is a growing organisation with professional promotional opportunities, and offers realistic promotional options. Throughout the IT Risk department, it was found that the promotions process was properly understood only at a director and senior manager's level. This situation means that employees' levels down (consultants) are not familiar with what the process entails and what's expected of them to proceed to a higher level of employment. This is worse for employees with specialist skills as they often find themselves cornered within an employment position, due to the nature of specialisation which might affect their productivity and performance.

Managers and consultants argue that there is a realistic promotional process in place, but the process is not transparent enough and lacks consistency. They reckon that at the end of the process, even though performance systems were used, directors still have the final decision on who gets promoted.

Consultant level staff sees the promotion process as a strategic tool used by Company A to retain staff. The promotions process gives focus to a lot of issues other than performance. The process also gives less weight to areas such as quality and administration of work when promotions are considered. Apart from the above mentioned there are various ethical constraints related to promotions which may favour certain parties and be detrimental to others.

The promotions process is perceived to be professionally documented but poorly communicated to employees. From the data collected it was proven evident that some of the previous employees ended employment due to poor promotional decisions. *“I left Company A because the way in which they conduct promotions is really unfair and motivated me to leave the company”* (Senior consultant, Company A).

**Promotional Opportunities** was ranked 2<sup>nd</sup> on the Retention importance ranking list, meaning that most of the employees employed and previously employed by Company A are highly driven through promotions.

#### 4.2.12 Employee Rewards

Employee rewards is a sensitive issue which involves great debate every year, but still does not deliver the expected results to consultant level employees. Consultants believe that they dedicate a lot of their free time to work and are not authorised to charge overtime hours since it's their personal time that has been used to finish work related tasks. Some of them stated that they know the work needs to be completed, but the timing of being planned on work and also the timescale of completing the work should be re-considered. One consultant stated that *“Management plans and requires the work when they please regardless of what one's workload is like, which is unfair”*.

Consultants experienced that employee rewards in the form of bonuses are reserved for selected top performers, which creates a spirit of unfair employment and progress. They believe that their performances can be affected by an array of occurrences outside of their control but these occurrences are not considered when Company A does its performance reviews. Consultants are also becoming frustrated to the fact that

Company A continually expects them to acquire new skills, and it is not clear whether this is considered in the salary review process.

*Employee Rewards* was ranked 7<sup>th</sup> on the Retention importance ranking list. This indicates that the rewards process carried out as per the rewards policies and procedures declared by Company A without the consideration of unaccounted factors, which might affect the performance rating that is usually highlighted within the employee rewards process, is not properly communicated and assumed to be unfair.

#### **4.2.13 Working Conditions**

Company A has a good, safe and relaxed working environment. Directors have their enclosed offices, managers have their enclosed cubicles, and senior consultants have either their own cubicles or share the open plan work desks with consultants. The level of privacy can be deemed low as IT Risk uses an open plan working environment for its employees to operate in.

Generally, all employees are satisfied with the working environment and conditions within IT Risk and the Company A's offices itself. A high percentage of the work is conducted offsite, either at the client's offices or different venue to Company A's offices, therefore any changes in the working environment at Company A will have minimal affect on the retention of IT skilled staff. Company A has a good working environment, and primarily will not motivate most of the employees to leave. Therefore *Working conditions* were rated as one of the lowest, 13<sup>th</sup>, within the retention importance ranking table.

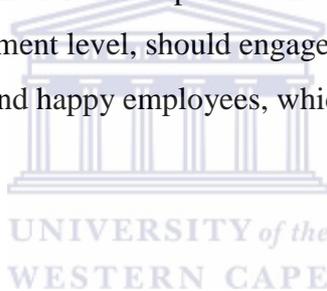
#### **4.2.14 Interpersonal Relationships**

Most employees feel that the culture, spirit and relationship between employees (regardless of the level) are at a low. Many argue that this might be due to the fact that IT Risk is a merger between two legacy departments at Company A within IT Risk. This brought about a cultural shift in operations and different working styles having to melt and form a new working experience and culture. The level of respect and culture

is at a low at certain times within IT Risk, and therefore needs to be addressed, and employees do not realise that hierarchy is only there for responsibility purposes.

Consultants believe that senior management (directors and senior managers) are generally too busy to communicate with employees which gives rise to the situations of communication challenges, poor performance feedback, and perceived superior attitudes by management towards lower level staff. Most consultants feel that they can't interact freely with their directors and, at times, the managers. They feel very inferior and developed a sense of resentment towards managers, and especially directors. When asked why they feel this way, they merely stated that directors and managers consistently reveal a superior attitude towards them, as to revealing a sense of interest and help.

*Interpersonal relationships* were rated 4<sup>th</sup> within the retention importance ranking table. This illustrates that the relationship between all employees within IT Risk, irrespective of the employment level, should engage and interact professionally as this will give rise to satisfied and happy employees, which brings about good interpersonal relationships.



#### **4.2.15 Personal Growth and Development**

Company A offers good career planning initiatives, with regard to career and skills development courses provided to employees. However, with all these courses in place, most employees sign up for courses but never get the chance to attend these courses. This situation causes a delay in the skill levels of employees and minimises their opportunities to get exposed to different working tasks and also promotional opportunities. This can be due to communication problems and challenges encountered at Company A.

Growth and Development structures are in place at Company A, but it is the responsibility of the employee self to drive their own growth and progress within Company A, with the guidance of a senior or mentor (called a Development facilitator at Company A). This is a frustrating situation for employees because at the end Company A has to still approve for employees to attend these skills development courses, which is deemed important for career development and growth.

*Personal Growth and Development* were rated 9<sup>th</sup> within the retention importance ranking table. Company A has proper growth and development initiatives in place, and these initiatives are effectively utilised by employees to an extent, but there is still reason for difficulty as some are frustrated with the development and growth process due to approval challenges, and also the communication from their respective peers.

### **4.3 Additional Contributing Factors**

The study has identified three additional factors of interest and importance which the employees identified as underlying factors with regard to the retention process within IT Risk. These additional factors were only identified after the factors within Table 1 were analysed. The three additional factors as described below do not directly stem from the literature reviewed, and were presented and discovered during the interview process of the study.



#### **4.3.1.1 Communication**

IT Risk has a good understanding of operational processes and policies at a senior management level. It was noted that senior management along with Human Resources is not properly and effectively communicating various important guidelines and processes to lower level staff within IT Risk for example the (i) promotions process, (ii) bonus process and (iii) performance feedback. This is evident due to the fact that most employees during the data collection process (interviews and completion of questionnaires) either misunderstood or did not understand various processes at all.

It is considered pointless by the lower level staff for senior management not to properly communicate with them as to what is expected from them to progress, develop and grow professionally within Company A. These employees feel that if the communication channels will improve, then the operational workflow will become more effective and interpersonal relationships will improve. Lower levelled staff should also consider that they should also make senior management aware that they do not understand certain processes when applicable. This is a crucial retention issue

and should be addressed with precise attention and awareness by HR and IT Risk within Company A.

*Communication* (along with Empowerment) was ranked 3<sup>rd</sup> within the Retention importance ranking table, meaning that communication is a core and decisive factor when establishing, following and maintaining staff retention strategies at Company A.

#### **4.3.1.2 People Management**

The interpersonal relationships as well as the levels of respects within IT Risk are of low standards. It can be argued that this is due to employment levels and levels of responsibility, meaning that certain individuals undermine the employment levels of others as well as undervaluing others (this is related to “Interpersonal relationships” from Table1, explained in section 4.2.14).

People management at an institution as Company A has no set boundaries or hierarchy. It is the role of management to handle and treat staff as professionally and respectfully as possible, and also the role of staff to treat management with the needed respect and professionalism. As some of the factors discussed translate and affect people in general, proper management of these factors may result in beneficial outcomes to all employees within IT Risk.

*People management* was ranked 4th on the Retention importance ranking list. The data provided by the participants of the study indicated that it is important that management handle and treat staff as professionally and respectfully as possible, and also the role of staff to treat management with the needed respect and professionalism.

#### **4.3.1.3 Culture**

At the moment there is a poor state of culture within IT Risk, which arguably stems from the fact that it is a diverse workforce with different working and management styles. The cultural dip can also be due to the fact that IT Risk is a merger between two internal departments with each following its own traditional beliefs and cultures.

This merger brought about a cultural shift in operations and different working styles having to melt and form a new working experience and culture.

The culture factor integrates with factors such as personal well-being (as discussed in section 4.2.5) and interpersonal relationships (as discussed in section 4.2.14) as discussed earlier. If the culture is not of high quality and does have a negative effect on employees, it may lead to dissatisfied employees that will be forced to end employment with Company A due to cultural issues.

**Culture** was ranked 5<sup>th</sup> within the Retention Importance Rankings (Table 2). Culture is a very important retention factor, as most employees indicated that an appalling cultural environment which is not of high quality will definitely motivate them to end employment at Company A.

#### 4.4 Retention Importance Rankings Table

Presented by the findings and the outcomes of the study, as stated above, the discovered factors were ranked according to their retention importance by the participants of the study. The table below provides an indication on which factors were perceived to motivate the employees within the IT Risk department to continue or end employment at Company A.

Table 2: Retention Importance Ranking

Level of Importance	Factor
1	Compensation
2	Promotional Opportunities
3	Empowerment (Participating in Decision Making); Communication
4	Interpersonal Relationships; People Management
5	Personal Well-Being; Culture
6	Job Security
7	Employee Rewards

8	Job Turnover
9	Personal Growth and Development
10	Job Satisfaction
11	Challenging and Interesting Job
12	Training and Development
13	Working Conditions
14	Company's Reputation
15	Location of Company

#### **4.5 The suggested way of retaining IT professionals**

The consulted literature showed and suggested that for the purpose of retaining skilled employees, there is no single theory that can be used to describe and investigate the influence that particular factors have on the retention process within IT departments at financial organisations. This study consulted 5 theories (Maslow's Hierarchy of Needs, Alderfer's ERG Theory, McGregor's Theory X and Theory Y, Herzberg Two Factor Theory and Economic Theory) in order to define the foundation of factors that were used, analysed and investigated within this study.

All of these models supplied either one or more of the factors as seen in Table 2, but there wasn't one that captured, consulted and discussed all of these factors in one model. Therefore, a combined model was developed from these five models that would consist of all fifteen factors which were used in the development of this study.

The *Mixed Theory Model* was introduced in Chapter 3, with the relevance and foundation of the model explained and how the model relates to the study's outcomes.

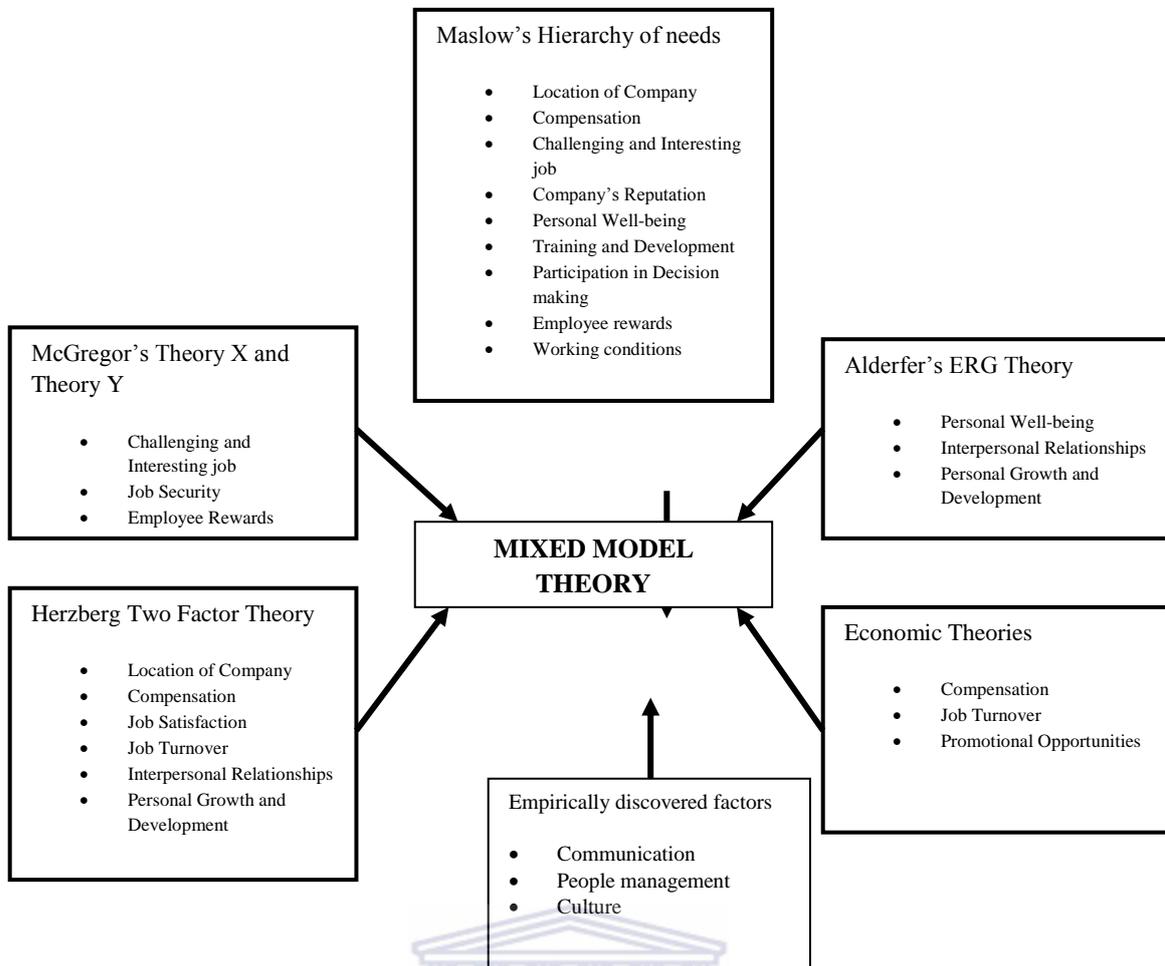


FIGURE 4: MIXED MODEL THEORY (SOURCE: AUTHOR)

Figure 4 illustrates the compilation of the Mixed Theory Model and how the various theories contributed to the model by supplying the various factors that were investigated and analysed in this study. Some of the factors do overlap (cross-linked) from theory to theory, but was incorporated as one factor within the Mixed Model Theory. This model embraces all factors that were presented within Table 1, and therefore the objectives of the study were investigated with the use of the Mixed Theory Model. By the means of the Mixed Theory Model, all 18 factors were studied and handled under one theoretical framework which investigated the factors contributing to the retention process and employee turnover at Company A.

In order to retain skilled IT professionals it is important that companies (such as Company A) attend to these identified 18 factors:

1. **Compensation** must be appropriate and in accordance with the prevailing remunerations within the industry (Ramall, 2002). Emphasis should be put on the deployment of a competitive wage policy which considers other factors such as (i)

employment level, (ii) skills level, (iii) performance dynamics, and (iv) living standards.

2. **Promotional Opportunities** should be rational and realistic and should professionally address factors such as (i) intrinsic rewards, (ii) recognition and (iii) structural career opportunities (Ramlall, 2003). This process should mitigate or decrease the risk of losing skilled IT employees.
3. **Empowerment (Participating in Decision Making)** will enhance the overall performance and commitment of employees to their work and also the company, if the employee forms part of the decision-making process (Jike, 2003). Therefore, employees will change their motivation towards their work because they will develop a feeling of being valued and being important.
4. **Interpersonal Relationships** as described by Herzberg's and Alderfer's Theories, should be well-managed by management. In their effort to retain IT staff, they should professionally promote interpersonal relationships by moving out of their job requirements to engage with staff by means of social gathering, availing themselves to be development facilitators, personal discussions, and regular one-on-one feedback on operational and personal related issues.
5. **Personal Well-being** which relates to the personal needs of an employee must be highly satisfied in order for companies to retain their staff (Kaliprasad, 2006). This is a difficult situation as employees are never fully satisfied at a given need level, therefore management should first determine what the needs are of employees, and thereafter satisfy these needs in the most beneficial manner (both to the employee and employer) possible.
6. **Job Security** as discussed by Kaliprasad (2006) in the form of employment sustainability highly motivates employees to continue employment with a company. With regard to the study, lower level employees are most at risk to leave a company mainly because they are not permanently employed and their contracts are training based which offers no sense of long-term sustainability.
7. **Employee Rewards**, in some form or another should be provided to employees as this greatly motivates employees to stay (Heneman and Judge, 2003). They also state that

employees become highly driven and motivated if they receive rewards for their efforts, which will result in higher retention levels.

8. **Job Turnover** is best maintained through properly addressing and managing the relationship between an employee's work performance and the salary (compensation). The higher the performance of the employee (with the various performance factors taken into consideration), the higher the salary should be (Griffeth et al, 2000). This merely means that an employee's compensation level is directly aligned to the performance (output) and if well managed, will lead to lower job turnover outcomes.
9. **Personal Growth and Development** as suggested by Sadri and Tran (2002), within a diverse workforce, is best handled and managed when management improves (i) career planning, (ii) provide a supporting work environment, and (iii) by assisting and helping the employee balance career and personal issues by clarifying his/her priorities. Personal growth and development can also be argued that it is dependent on the employee self to manage and facilitate, because growth is based on individual perception and motivation, and not only the efforts of management.
10. **Job Satisfaction** must be appropriate and consistent throughout the department as well as the company, but in relation to the industry. Spector (2000), along with Herzberg's Two Factor Theory states that it is widely accepted that (i) competitive compensation structures, (ii) beneficial promotional opportunities, (iii) well-balanced employee benefits, (iv) effective career development initiatives and (v) good working conditions are the most essential elements to coordinate properly to enhance job satisfaction among employees.
11. **Challenging and Interesting job** as described by Walsh and Taylor (2008) states that most employees committed to performing challenging work within challenging and conducive working environments, are the employees that are most likely to remain. Therefore, Company A's management should implement and facilitate (i) well-structured operational and working processes, (ii) well-structured rotation procedures, (iii) continuously enrich tasks and projects, (iv) promote intense working arrangements, and (v) promote cross-departmental working tasks.
12. **Training and Development** is considered as a long-term learning approach (Denton, 1994). But the problem with this situation is that employers aren't always willing to

invest in long-term training of its employees due to high costs and loss in short-term competitiveness. The most effective approaches for management towards retaining skilled IT staff is in the form of (i) basic skills enhancement (improving internal skills and cross-departmental training), (ii) targeted education, (iii) training and counselling (extra skills workshops, training courses, career counselling), and (iv) college and university options (improvement of skills and qualifications to improve living standards and satisfaction).

**13. Working Conditions** with the reference to Herzberg's Theory and cross-linked to job satisfaction and interpersonal relationships, is well managed through the (i) provision of flexible working hours, (ii) a relaxed dress code, (iii) positive and professional working environment, (iv) ideal workspace, (v) good professional and personal relationships among employees and employer, and (vi) positive self-fulfilment,

**14. Company's Reputation** is best managed when companies fulfil all their commitments and promises made to employees in terms of welfare and working conditions and to clients in terms of quality services delivered. Clardy (2005), with reference to Spector (2000), states that a positive relationship between the company's image and the level of employee satisfaction is crucial towards retaining staff. Company A already has a good reputation within the industry and among competitors, and therefore should improve and build on their level of reputation.

**15. Location of Company** was rated the least important factor that will motivate employees to leave and end employment with Company A. Ramlall (2002) viewed location of company as most suitable to manage and address through the provision of benefits such as (i) enclosed offices, (ii) transport services (transport shuttles for employees to and from work), and (iii) monetary benefits (travelling allowances and rebates).

### **Empirically discovered Factors**

**16. Communication** was discovered to be an important factor for the employees at Company A, and hold various challenges. In most scenarios, the communication challenge was a result of miscommunication and misunderstanding. Phillips and Connell (2003) state that communication outcomes are delicate and sophisticated and the principles to address and manage properly by management are (i) timelines, (ii)

audience, (iii) media selection, (iv) unbiased communication approaches, (v) consistency, (vi) not complex, and (vii) easy transferable to audience.

**17. People Management** is becoming an important point of discussion for management of Company A mainly due to the average levels of respect experienced among employees. The interpersonal relationships as well as the levels of respects within IT Risk are of low standards. It can be argued that this is due to employment levels and levels of responsibility, meaning that certain individuals undermine the employment levels of others as well as undervaluing others. Randeree and Ninan (2009) suggest that for management at Company A to improve the people skills among employees, they should address components such as (i) employer/employee trust, (ii) internal development, and (iii) employee empowerment. They also state that Company A should consider initiatives such as (i) people skills courses, (ii) working dynamics workshops, and (iii) relationship building initiatives.

**18. Culture** has become a focus point for management within IT Risk at Company A. As stated earlier (section 4.4.1.3.) the poor culture state can be related to an array of issues. In an approach to address these issues, Sinclair and Arthur (1994) explain that to improve the poor state of organisational culture, management should address a number of fundamental issues which include (i) developing a culture requirement, (ii) a strategy towards improving culture, (iii) transferring culture expectations to employees, (iv) improve the beliefs and value perceptions towards culture, (v) promote social activities to improve and enhance internal culture, and (vi) integrate the working experiences of employees (cross-sectional and cross-departmental tasks).

Table 3: Motivational factors as per literature reviewed and empirically discovered factors

Factor	Reference
Location of the company	Ramlall (2002)
Compensation	Zhao and Kay, 2008
Challenging and interesting job	Walsh and Taylor, 2008
Company's reputation	Spector, 2000; Clardy, 2005
Personal well-being	Kaliprasad, 2004
Job security	Ramlall, 2004

Job satisfaction	Spector, 2000
Job turnover	Griffeth, 2000
Training and development	Denton, 1994
Participation in decision-making (Empowerment)	Ramlall, 2004; Jike, 2003
Promotional opportunities	Ramlall, 2004
Employee rewards	Heneman and Judge, 2003
Working conditions	Kaliprasad, 2004
Interpersonal relationships	Spector, 2000
Personal growth and development	Tran, 2002
<b>Communication</b>	
<b>People management</b>	
<b>Culture</b>	



## 4.6 Summary

The aim of this chapter was to present, illustrate and discuss the research findings of this study. This chapter brought the answer to the main research question of this study: “*What are the factors that contribute to the retention of skilled IT staff, and what will be an effective way of retaining IT specialists?*”? This question was answered by answering the following sub-questions:

- What are the factors that contribute to IT specialists leaving financial organisations?
- What will be an effective way of retaining IT specialists? In answering this question, it was important to understand:
  - What are the factors that contribute to retain valued IT specialists?
  - What is an effective way to optimise these factors?

The research literature and model suggest that all the factors under inspection, as evident from these findings, that in order to retain IT skilled staff, no single retention factor can be concentrated on at the expense of the other factors by the virtue of closeness.

It cannot be assumed that in concentrating on the top ranked factors of retention (e.g. compensation, promotional opportunities, empowerment, interpersonal relationships, personal well-being) one would be able to successfully retain IT professionals. All factors investigated in this study have to be considered in order to retain skilled IT staff. Banerjee (1995) supports this notion that no single motivating factor can determine how staff will react to their job.

The factors that accounted for effective skilled IT staff retention were realised and identified, and therefore addressing the research question under examination. The

outcomes of the study showed that there is a strong correlation between having good HR retention policies and procedures, and the management of these policies and procedures. The findings suggested the importance of involving employees at all employment levels to provide input on the development of these policies and procedures so that the retention process is well understood across the firm.

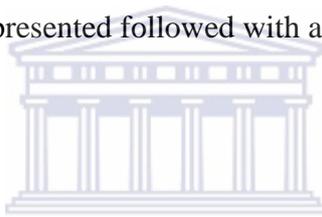


## CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

### 5.1. Introduction

The study set out to investigate and identify the factors that hold the core importance in the approaches carried out by organisations in the process of retaining skilled IT specialists within the financial services industry. As prevalent from the findings of the study, it is evident that retaining skilled IT specialists is complex and cannot be explained by the study of one or two factors in isolation.

The aim of this chapter is to provide an overall summary of the study, and to conclude with comments on the important issues that were discovered. Thereafter, the study's recommendations will be presented followed with a discussion of future research opportunities.



### 5.2. Summary of this study

The research objectives of the study were to determine and illustrate what are the factors that contribute to potentially retain skilled IT staff, and how these factors contribute to the foundations and formulation of a well-structured retention strategy that will lead to higher staff retention percentages. In particular, the research objectives of this study were:

- to identify and understand the factors that contribute to IT specialists leaving financial organisations;
- to identify the factors that influence skilled IT employees to stay in their current organisation, i.e. to identify the factors that contribute to retention of valued IT specialists;
- to explore the way for optimising these factors in order to suggest a possible way for retaining IT skilled employees in South African financial organisations, i.e. to assist these organisations to implement an effective retention strategy.

The first-listed objective was achieved by reviewing the pertinent literature and identifying the factors that contribute to IT specialists leaving organisations. This was then tested in the financial organisation in Cape Town. Similarly it applies to the achievement of the second-listed objective, i.e. identifying and testing the factors that influence employees to stay in their current organisation, i.e. to identify the factors that contribute to retention of valued IT specialists.

The third-listed objective was achieved by combining the literature findings with the empirical ones and compiling the model (Mixed Theory Model) that include all identified retention factors and the way these factors can be effectively managed (optimised).

In correlation to these objectives, the question that was addressed in this study was *“What are the factors that contribute towards retaining skilled IT specialists at financial organisations and what will be an effective way of retaining IT specialists?”*

The reason for pursuing this study was that Company A was finding it extremely difficult to retain highly skilled staff operating within their IT department due to various challenges, which are internal and external to the organisation.

The literature shows that there is no one-way strategy and one-factor approach that can be associated with the process of retaining skilled IT staff; this is due to different operational natures of organisations as well as the diversity of people within these organisations. There was therefore a need to understand what the factors were that account for effective staff retention approaches, which will not only yield consistent , but also the technological competitive edge of the firm within the industry. From a financial services sector perspective, this study can possibly contribute to the existing body of knowledge in the field of Staff Retention especially the area of Information Technology.

Literature on retention was consulted and five theoretical models were examined with the process to decide on one to be used as research model for the study. The models and theories examined were:

- Maslow’s Hierarchy of Needs
- Alderfer’s ERG Theory

- McGregor's Theory X and Theory Y
- Herzberg Two Factor Theory
- Economic Theory

All of these models supplied either one or more of the factors as seen in Table 2, but there was not one that captured and discussed all of these factors in one model. Therefore, a combined model was developed from these five models that would consist of all fifteen factors which will be used in the development of this study. The Mixed Theory Model was introduced in Chapter 3, with the relevance and foundation of the model explained and how the model relates to the study's outcomes.

The qualitative research method, which involved the use of the Case-Study methodology, was represented in chapter three. One of the main reasons for using the case-study approach is that this approach allowed for better understanding of the retention process, which was real-life procedures studied in a real-life environment at the firm. This study relates to research conducted at one financial services firm, operating within the Western Cape, with all participants either on training contracts or permanently employed by the firm and the research population being the IT department within the firm's IT Risk section.

The data collection process involved the completion of questionnaires and face-to-face interviews with employees at the firm (25 employees), with the employment levels being Directors, Senior Manager, Managers and Consultants.

The findings were presented in Chapter 4 of this study. The study's findings were based on the outcomes of the Mixed Theory Model compiled by this author, and the factors were examined and an assessment was provided for each factor.

The factors that accounted for effective skilled IT staff retention were identified, and therefore addressing the research question under examination. The outcomes of the study showed that there is a strong correlation between having good HR retention policies and procedures, and the management of these policies and procedures. The findings suggested the importance of involving employees at all employment levels to

provide input on the development of these policies and procedures so that the retention process is well understood across the firm.

### **5.3. Limitations of the study**

The outcomes of the study and generalisation of findings of this research are characterised by the dynamics of the firm. Therefore, the findings of the study may not be applicable to other firms within the financial services industry. The findings of the study should be viewed and understood in the manner and appearance in which they were presented within Chapter 4. Various collection constraints emerged during the data collection period under which was, information wasn't readily available, some staff members were really busy, and also privacy issues were of great debate. However, this did not influence the reliability of the findings.

It is here also relevant to note that this study was done in Cape Town, which is ranked as a world-class tourist destination, which might influence some factors such as "Location of the company". This suggests that companies located in other (less attractive) geographical destinations might rank this factor much higher than this researched Company A.

### **5.4. Conclusion and Recommendations**

Establishing a retention process through research should always be done with consciousness towards the state of the business and industry at the time. Business changes all the time, and so do people and the operational outcomes of the organisation (Lall, 2001).

Various factors may influence the customary retention process at the firm, but management should still welcome and accept valuable information that can be gained to improve future retention initiatives and processes. It will allow for improved opportunities and the establishment of areas that need attention (Lall, 2001).

All fifteen factors of retention that has been elicited from the literature and empirically examined in this study, were indicated by the study's participants as having an influential role in what motivates them to leave or stay at the firm. Furthermore, this study has elicited another three factors that were not found in the reviewed literature. These factors are added to the list elicited by the pertinent literature and formed a part of the final Mixed Theory Model presented in this study.

With regards to the management predicament as to what motivates skilled IT staff to leave, the findings support the fact that both financial and non-financial factors are considered by IT staff in their decision on employment opportunities. What became evident from the study is that a sense and state of value was top priority for most participants. They perceive that their participation and input need to be considered when developing retention management policies and practices, as they are the ones that will have to abide and be governed by these policies and practices.

In implementing these retention factors, caution should be carried out so that these factors should not be implemented in isolation. Providing the employees with better compensation structures (compensation) and empowerment possibilities (participation in decision making) might satisfy the needs of the employees but fail to enhance the success of the department and firm. It recommends that these factors be part of an integrated approach whereby employees are rewarded with better compensation and empowerment only if they achieve the objectives of the firm.

The findings of the study further indicate that 'compensation', 'promotional opportunities', 'empowerment (participation in decision making)', 'interpersonal relationships' and 'personal well-being', based on the retention importance ranking, will definitely have to be part of the solution if Company A management would want to retain valued and skilled IT specialist.

What also became evident is that the monetary opportunities are of high concern at a consultant's level, and not as much on the level of managers, independent of the workload. Therefore this situation opened the study to the question: Do higher employment levels with higher compensation influence the retention process from a monetary viewpoint, regardless of the workload? The argument overstates the boundaries of this study, and therefore its constructs need to be further investigated by means of another study.

Company A has HR policies and practices in place with regard to retaining skilled staff, but the implication these policies and practices has is that it is driven, developed and managed by management with minimal input from lower level staff. Apart from this hierarchy challenge, the overall management (how to do things) of processes and procedures are not well communicated, structured and carried out.

It is therefore important for management and practitioners to place a greater emphasis on the actual development and implementation of Retention policies and practices (as a part of the HR policies and practices) more thoroughly as the evidence has shown that the factors that steer and govern these policies and practices influence the motivating perceptions of employees to keep employment or leave an organisation. Apart from the factors presented during the initial phase of the study, the data collection phase gave rise to additional factors which is to be considered important by the participants towards the retention process. 'Communication', 'People Management' and 'Culture' are deemed important within Company A's operational context as should be considered during the retention process, whether during development or implementation phases.

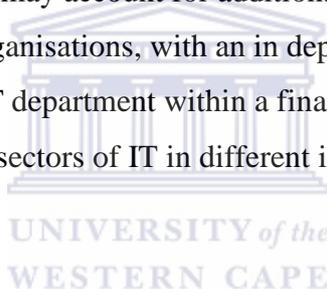
There were associations between the theory and evidence on grounds of the factors presented within this study. The research objectives and question that gave rise to the study based on retention factors and their influence on the retention process, were addressed, and a combined theoretical research model was compared to the empirical findings in the form of a case-study.

The results of this study showed that:

- Company A has good HR policies and practices, but these are not well communicated and managed.
- Staff should be involved in most operational decisions that will affect their long-term employment relationship with Company A.
- The retention process is not fully driven by monetary incentives, but equally important driven by non-financial factors.

### **5.5. Recommendations for further research**

The study accounted for the analysis of 15 factors, with 3 additional factors analysed. Therefore, future research may account for additional factors, within different operational sectors and organisations, with an in depth analysis of these factors. The study was limited to the IT department within a financial institution, therefore future studies may include other sectors of IT in different industries.



The study was based on a limited sample and population, therefore further research which may have a broader outlook and scope (other financial organisations) needs to be conducted to increase generalisation of the study's outcomes.

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## Appendix A

**Interviews – Selected 5 extractions from 5 different interviews conducted.**

### **Interview 1: Questions 1-5 (Q1-Q5)**

Interviewer Q1: Do you think your salary equals your employment level and workload?

Interviewee Q1: No I don't, I feel I'm being underpaid and overworked.

Interviewer Q2: Are you receiving performance bonuses?

Interviewee Q2: Yes, but not in correlation to my output (performance outcome)

Interviewer Q3: Is your work assignments challenging and interesting?

Interviewee Q3: Yes, indeed they are. And also luckily my assignments don't require a lot of travel

Interviewer Q4: Management and fellow employees treat you with respect?

Interviewee Q4: At times yes, but senior management at times are very loud with regard to confrontation.

Interviewer Q5: Can you do your work from home?

Interviewee Q5: Not always, at times permission is needed, but other times it's not.

### **Interview 2: Questions 1-5**

Interviewer Q1: Are you provided with employment security?

Interviewee Q1: Yes, they have good employment contracts in place

Interviewer Q2: Are you provided with good technological equipment and resources?

Interviewee Q2: Yes the organisation provides proper assets for its employees

Interviewer Q3: Is management very supportive of you as an employee?

Interviewee Q3: Not really, I've always worked on my own projects and other regions, and feedback is really limited.

Interviewer Q4: Are you allowed to work flexible work hours?

Interviewee Q4: Yes, indeed. This is due to the structure of my work.

Interviewer Q5: Only management makes operational decisions within Risk Advisory?

Interviewee Q5: Most operational decisions are made by them yes

### **Interview 3: Question 1-4**

Interviewer Q1: The higher your performance, the higher your salary and bonuses?

Interviewee Q1: Yes

Interviewer Q1: Is your salary sustainable and high enough?

Interviewee Q2: Fairly!

Interviewer Q3: Are you involved in decision making processes that involve you?

Interviewee Q3: Yes I am mostly involved

Interviewer Q4: Only management makes operational decisions within Risk Advisory?

Interviewee Q4: I have to disagree on that one.

### **Interview 4: Question 1-5**

Interviewer Q1: Your salary equals your employment level and workload?

Interviewee Q1: Fairly yes, I manage to sustain a proper living standard

Interviewer Q2: Is the organisation a growing one with promotional opportunities?

Interviewee Q2: Yes it is, I do agree

Interviewer Q3: Are you paid for working overtime hours?

Interviewee Q3: No, strongly disagree I don't get paid

Interviewer Q4: Are you rewarded for acquiring new skills?

Interviewee Q4: Yes I am

Interviewer Q5: You have a safe working environment?

Interviewee Q5: Yes, and there are security escorts available at night if you work late.

### **Interview 5: Question 1-5**

Interviewer Q1: Is the location of the company to your benefit personally?

Interviewee Q1: Yes personally it is, and it's more convenient since it's situated within the cape quarter where different shopping experiences can be enjoyed.

Interviewer Q2: Risk Advisory promotes realistic promotional opportunities?

Interviewee Q2: Yes, and I think it's important for employees to realise that focus is put on a lot of issues other than performance. Also, ethics is a main problem in promotions.

Interviewer Q3: Do you think the culture among employees within Risk Advisory is good and of high quality?

Interviewee Q3: No, the spirit is at a low point at certain times. This can be due to the internal merger between Enterprise Risk Services and Forensics.

Interviewer Q4: Management and fellow employees treat you with respect?

Interviewee Q4: At times yes, but high levels of respect low at times.

Interviewer Q5: Growth and development opportunities are promoted and provided?

Interviewee Q5: Yes, but it's not being used enough by employees.

## Appendix B

### Information Technology Staff Retention Questionnaire

COMPANY A, RISK ADVISORY, INFORMATION TECHNOLOGY  
SPECIALISTS STAFF RETENTION SURVEY

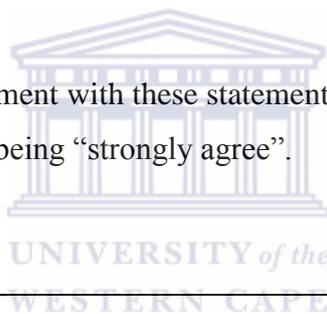


<b>Employment level</b> (e.g. Director)	
<b>Length of Employment</b> (years at Company A)	
<b>Education level</b> (Tertiary qualification)	
<b>Gender</b>	
<b>Race</b>	
<b>Age</b>	

- The Questionnaire consists of 18 retention dimensions, with sub-components. Please familiarise yourself with the dimension and answer the sub-components as truthfully and detailed as possible.
- Please provide comments if you answer “**DISAGREE**” to any of the statements. Also feel free to provide comments even if you did not answer disagree to any of the statements.

### Information Technology Staff Retention Questionnaire

Please indicate your agreement with these statements on a scale of 1 to 5, with 1 being “strongly disagree” and 5 being “strongly agree”.



	<< Dis agr ee >>			<< A gr ee >>
<b>Location of Company</b>				
Company A’s location is beneficially affecting my personal life				
Travelling to work is time consuming				
Travelling to work is expensive, unsafe and difficult				
Company A’s location generally motivates me to end employment at Company A				
Other comments:				

<b>Compensation</b>					
Your salary equals your employment level and workload					
You are being paid enough (salary is substantive)					
You are receiving performance bonuses					
Your bonuses is properly aligned to your performance (well calculated and determined)					
Low salary and bonuses greatly motivates me to leave Company A					
Other comments:					
<b>Challenging and Interesting Job</b>					
Work assignments are challenging, interesting and beneficial					
You aren't required to a lot of hours work overtime to complete tasks					
Your job requires little or no travel					
Poor job tasks generally motivates me to leave Company A					
Other comments:					
<b>Company's Reputation</b>					
Company A has a good reputation in the Industry					
Company A has a good community service reputation					
Company A treats its employees well					
Other comments:					
<b>Personal Well-Being</b>					
Management and fellow employees treat you with respect					
Management is very supportive (all aspects)					
Company A shows a lot of interest in the professional progress and well-being of its employees					
Improper supporting initiatives greatly motivates me to leave Company A					
Other comments:					

<b>Job Security</b>					
Company A provides employment security					
Performance feedback is regularly communicated					
Sustainable and beneficial employment contracts are provided					
Low job security will generally motivate me to leave Company A					
Other comments:					
<b>Job Satisfaction</b>					
You are provided with good technological equipment (hardware and software) to complete work					
You are being planned on a variety of clients and projects					
You are allowed flexible working hours					
Company A has a relaxed dress code					
You are offered the option to work from home					
Company A provides social activities for its employees					
Low job satisfaction will generally motivate me to leave Company A					
Other comments:					
<b>Job Turnover</b>					
The higher your performance, the higher your salary and bonuses					
You are not required to work on unpaid jobs/work					
Your salary is sustainable and high enough					
High job turnover will generally motivate me to leave Company A					
Other comments:					
<b>Training and Development</b>					
Company A reimburses you for training expenses					
You attend formal training workshops and courses					
Provides assistance with targeted education (university, college					

and industry qualifications)					
Poor training and development initiatives will greatly motivate me to leave Company A					
Other comments:					
<b>Empowerment (Participating in Decision Making)</b>					
You are involved in decision making processes that affects you					
Only management makes operational decisions within Risk Advisory					
You should be involved in decisions which will affect you					
No taking part in decision making will generally motivate me to leave Company A					
Other comments:					
<b>Promotional Opportunities</b>					
Proper opportunities is provided for advancement at every employment level					
Company A is a growing organisation with promotional opportunities					
Risk Advisory promotes realistic promotional options					
You get a chance to be planned on applied, specialist work					
The promotional process is well known and communicated					
Poor promotional opportunities will greatly motivate me to leave Company A					
Other comments:					
<b>Employee Rewards</b>					
Beneficial bonus structures are in place					
You are paid for working overtime hours					
You are rewarded for acquiring new skills					
Company A subsidises social activities for employees					
Poor reward structures will generally motivate me to leave Company A					

Other comments:					
<b>Working Conditions</b>					
You have a relaxed workplace environment					
You have a safe working environment					
You have your own enclosed office (depending on employment level)					
Privacy is of good standards					
Entertainment area is of good standards					
Dire working conditions will generally motivate me to leave Company A					
Other comments:					
<b>Interpersonal Relationships</b>					
The culture among employees within Risk Advisory is good and of high quality					
Regular feedback is provided on performance					
Management has a superior attitude towards lower level staff members					
Communication and engagement is freely promoted (regardless of employment level)					
Management invests in relationship building (social gatherings, team buildings, etc)					
Bad interpersonal relationships will greatly motivate me to leave Company A					
Other comments:					
<b>Personal Growth and Development</b>					
Career planning initiatives are promoted					
Creative working solutions are encouraged					
Development facilitators provides interest in the personal growth of employees					
Skills development courses are provided					

Poor growth and development structures will generally motivate me to leave Company A					
Other comments:					

