



Turnover and retention of employees in the finance industry in the North West Province

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ABSTRACT

Title: Turnover and retention of employees in the finance industry in the North West Province.

Key terms: Accounting and auditing organisations; turnover; turnover intention; retention; optimal employee turnover; human resource management; financial industry; importance of turnover in the financial industry; importance of retention; voluntary turnover; involuntary turnover; expertise; knowledge and skills; sense of belonging; job satisfaction; organisational commitment; employee perceptions; benefits and pay satisfaction; responsibility for work outcome; job-company fit; recognition; personal growth and development; management and leadership; community and communication; transparency; organisational management.

Employee turnover and retention is an essential subject of interest in any organisation. South Africa provides a broad choice of specific designations, employers and career paths and to retain knowledgeable and skilled employees are critical. The risk associated with high employee turnover, is an ongoing concern and at times even a threat to organisations as it results in a loss of expertise and is a costly event. The importance of this occurrence is becoming more obvious as it appears that long term employment has become a thing of the past and it is no longer guaranteed.

Minimum research focusing on the financial industry in South Africa has been done. This study discusses the vital role that retention plays in an organisation and identifies the factors that influences an employees' perception with regard to turnover and retention. The results should enable managers to create a strategic tool to retain valuable employees and assist managers to explain the needs of employees within financial organisations.

The study's population consisted largely of Caucasian (72.7%) males (65.2%) between the ages of 25 and 35 years (34.8%). These individuals mainly have non-leadership roles (77.3%) as professional employees (61.5%) at the accounting or

auditing organisations that participated in the study. Most of the participants had a post-degree qualification and 46% had 1 to 5 years' work experience in their current organisation.

Self-developed questionnaires were distributed to enable participants to report on their feeling towards certain components of their organisation as well as identify factors that will influence their decision to remain at or leave their organisation. The components that had substantial influence on employees' judgements to remain at or leave their organisation included job satisfaction, responsibility for work outcome, job-company fit, community and communication, organisational commitment and benefit and pay satisfaction.

Positive correlations between several organisational components indicated that the higher (more positive) an employee's feeling towards the components evaluated in the questionnaire, the more likely he or she may experience an optimistic feeling towards the organisation which in turn results in lower turnover. Turnover intention correlated negatively with all the components. This is indicative that employee turnover intention is expected to decrease should the other components be experienced positively (increase) in the organisation.

The results concluded that job satisfaction, responsibility for work outcome, job-company fit, community and communication, benefit and pay satisfaction are the determining factors in an employee's decision to retain his or her position at an organisation. Further research is thus necessary to explain how job satisfaction, responsibility for work outcome, job-company fit, community and communication, benefit and pay satisfaction influence employees in the South African financial industry.

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CHAPTER ONE

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

South Africa provides a broad choice of specific designations, employers and career paths. This contributes to employees and prospective employees having a wide variety of positions to consider when deciding on a preferred job, consequently contributing to a continual ebb and flow of employees in organisations. The risk associated with high employee turnover is an ongoing concern and at times even a threat to organisations. Not only does high turnover result in a loss of expertise, but organisations have to compete for the best of the best whilst having high financial implications to replace employees and to retrain and retain new job incumbents.

The importance of effective employee management is becoming more evident as it becomes challenging to retain valued and talented employees from deciding to pursue new opportunities (Slabbert, 2008:12). Long term commitment to a specific employer appears to have become a thing of the past and it is no longer a guarantee that employees will stay with an organisation for a prolonged period (Lee, 2001:1). Cappelli (2000:104) also indicated that the strategic poaching of top employees from competitors, has over the years become an acceptable practice and contributes, therefore to turnover in organisations.

Employee turnover is an extremely costly occurrence. It not only has a direct influence on the turnover and profit of organisations, but also an indirect influence on a country's economy (Van Zyl, 2011:1). Van Zyl (2011:7) is of the opinion that investments in South Africa are affected when employees leave the country for higher paid jobs abroad and take their - and sometimes the assets of their clients with them, leaving a more strained economy behind.

Human resource practitioners are constantly faced with the challenge to identify new and improved strategies to attract and retain talented employees. Kossek and Thompson (2015:2) state that organisational productiveness, as suggested by the global employment market, depends on “effective workplace flexibility implementation”, to provide support to employees to retain an effective work-life balance. Other retention strategies include training, appreciation and a positive culture. Employees tend to feel valued when training are provided within an organisation (Wingfield, 2009) and when appreciation for good work is shown (Gberevbie, 2008:34). A positive organisational culture also contributes to the retention of valuable employees. Williams (2016:44) mentions that when organisations enforce a positive culture employees are provided with the opportunity to feel part of their organisation and they can reflect a positive and competent image of their organisation. To obtain and retain a competitive advantage in today’s organisational climate, organisations must ensure that they keep talented employees to help them achieve the organisational goals and objectives and improve their organisational success (Das & Baruah, 2013:8).

1.2 PROBLEM STATEMENT AND CORE RESEARCH QUESTION

For organisations to survive and/or thrive in today’s strained economy, finding and retaining valuable employees are of the utmost importance. Employees are defined as the most valuable resource in any organisation and for this reason unique treatment is required to retain them (Shao, 2013:3). According to Mulaudzi (2015:5), labour-related impediments due to the performance and productivity of organisations result from employee shortages and ineffective employees. These facts should especially be noted by small and medium organisations, as they are competing for talent with larger organisations with a substantial larger budget used in the search for talent and retaining this talent.

Omoankhanlen (2013:388) suggests that despite the efforts made by organisations to ensure that the right people are “on the bus”, the wrong people are “off the bus” and that the right people are “in the right seats” at the right time, some challenges still appear within the entire management process and the implementation of the human resources plan of organisations. Even though organisations are recruiting, attracting and retaining

the “right people” they are still facing a voluntary turnover threat that has to be managed effectively. Failing to properly plan for their human resources, employers are forced to become reactive, rather than proactive. This tendency of reactivity causes problems of rush recruitment that can sometimes lead to wrong appointments (Omoankhanlen, 2013:388).

As suggested by Matsei (2004:10), human resource movement can take place through employee promotions, demotions and transfers. This process can be identified as employee retention. Management is often troubled by the fact that seasoned and valued employees leave one employer for another. Turnover can also be identified as a form of movement - employee movement from one organisation to another (Matsei, 2004:10). Employee retention and turnover are reflected as key challenges in organisations today.

Coetzee et al. (2015:106) highlight that employee turnover intention and turnover have long been topics of interest to researchers and practitioners, mainly due to the negative consequences of and high costs associated with actual turnover. Another topic that is of interest to both researchers and practitioners is the retention of human capital. Employee retention points out strategies to keep valued employees in their positions and these strategies have, therefore a positive effect on organisations. As valuable employees are in high demand, it is imperative to assess strategies needed to make and keep them loyal to their organisation and to define what motivates employees to work effectively in order to ensure sound organisational performance (Shao, 2013:3).

When valued employees leave, they leave a void that is costly to fill and that becomes challenging to manage (Robison, 2008). According to Morrell *et al.* (2004:2), direct and indirect costs should be acknowledged in relation to employee turnover. Direct costs include recruitment costs, selection costs, training costs and temporary employee costs. Lower production and less effective performance can be identified as indirect costs. Forrier Luc Sels (2003:149) suggests that high employee turnover discourages investment in training resulting in employees not being fully and accurately trained, leaving employers with personnel who are unable to deliver to their full capacity. Resignations (also known as voluntary turnover) also result in psychological and

intangible consequences. The loss of skills and experience due to departing employees, a disruption in service delivery, the declining morale of remaining employees, stress caused by vacancies and unsustainable competition all form part of indirect costs that must be acknowledged by organisations (Pienaar & Bester, 2008; Smither, 2003).

Seeing that there is a loss of knowledge and skills when a key, top-performing employee exits an organisation, management must ensure that clear and to the point strategies for attracting and retaining valuable employees are set and well managed strategies have a remarkable economic impact on an organisation (Holtom *et al.*, 2005). For management to obtain a more precise assessment of voluntary turnover of their organisation, they should differentiate between regrettable voluntary turnover and desirable voluntary turnover. Regrettable turnover can be described as the voluntary termination of employment by talented employees (Malloy Cummings, 2016). The departure of these employees has a negative effect on an organisation due to the loss of knowledge, skills and expertise. When employees leave an organisation at own choice and the outcome thereof end up having a positive effect on the organisation, it can be identified as desirable voluntary turnover (Cooper, 2016). An organisation can take advantage from this assessment as it may provide insight on areas where improvement and development are required to enable the organisation to build a framework with which to assess the turnover rate (Malloy Cummings, 2016).

The relationship between turnover and retention and general organisational performance is becoming clearer. In practice, turnover and organisational performance are negatively associated, resulting in negative outcomes for both the labour force and financial soundness of an organisation. (Park & Shaw, 2013; Reilly *et al.*, 2014). It is, therefore, critical to try to identify the reasons why employees start searching for a new position and it is also equally important to assess the factors that employees consider when deciding on retaining their position at an organisation.

Employee turnover and the challenge to retain valuable employees are problems that are vastly experienced in the general financial industry. In 2007, this industry crashed into the top ten industries with the highest turnover rates, making employee turnover a

reality and employee retention a priority for top management (Van Zyl, 2011:3). According to a survey completed by CareerJunction in 2017, scarce financial talent such as, chartered accountants and financial managers, is found at the top of the earnings list. The risk of high employee turnover is, therefore, imminent, as employees with a financial background are in high demand and organisations are competing against each other offering attractive remuneration packages. This results in employees having a variety of choices when it comes to their “perfect job”.

Despite the challenges that management face regarding employee turnover and retention, limited empirical research has been done in South Africa to explain this occurrence, and more specifically within the financial industry. Lee *et al.* (cited by Theron *et al.*, 2014:2) suggest that researchers in the field of employee turnover and retention should obtain data on both “leavers” and “stayers”. This will prevent a one-sided view of the phenomenon. In order for management to overcome and understand the mystery, it is of the essence to assess their strategies to uncover fruitless retention and turnover avoidance strategies.

Following this problem, the primary research question can be stated as:

What are the perceptions of employees’ pertaining to factors within finance companies influencing turnover intention and employee retention?

1.3 RESEARCH OBJECTIVES

The research objectives are divided into general and specific objectives.

1.3.1 General research objective

The primary objective of this study is to identify the factors that influence turnover intention, and employee retention of employees in the financial industry.

1.3.2 Secondary research objective

The secondary objectives of the study, specifically relating to the financial industry, are:

- ✓ To conceptualise turnover intention and retention from the literature.
- ✓ To determine the correlation between perceived retention factors and turnover intention.
- ✓ To determine the factors that contributes to turnover intention.
- ✓ To determine if differences between gender, race and age groups with regard to turnover and retention perceptions exist.
- ✓ To determine if differences with regard to turnover and retention perceptions exist between professional and supporting positions.
- ✓ To determine if differences between a leadership and non-leadership position influence an employee's turnover and retention perceptions.
- ✓ To determine the importance of an employee's level of qualification on their turnover and retention perceptions.
- ✓ To determine if the work experience within a certain organisation has an influence of turnover and retention behaviour.
- ✓ To make recommendations for future research.

1.4 THE CONTEXT OF THE STUDY

The study focuses on the factors that influence employees in the financial sector in the North-West Province, South Africa, to retain their position or to exit their organisation. The study will be conducted on practising auditors and accountants, trainee accountants and administrative personnel in various accounting and audit firms as the participants and a questionnaire will be utilised as the measurement tool.

1.5 RESEARCH METHODOLOGY

1.5.1 Literature study

Despite the challenges that management face with regard to employee turnover and retention, limited empirical research has been done in South Africa to clarify this phenomenon.

An expansive literature study was done on the financial industry, employee turnover and employee retention. The information that was obtained from the literature study was gathered from various sources such as text books, internet source, scientific journals and articles, and was used as a basis for the empirical study.

1.5.2 Empirical study

1.5.2.1 Description of overall research design

Bryman *et al.* (2014:105) describe a study to be cross-sectional when data of more than one case are gathered at a single point in time. The data were gathered only once due to the fact that the unit of analysis completed a questionnaire. This study is thus cross-sectional in nature.

The study followed a quantitative approach due to the fact that individuals - the units of analysis - will complete questionnaire to identify factors that lead to employee retention and employee turnover. Statistical graphs on turnover and retention rates are used to explain the problem and also contributing to the quantitative study.

1.5.2.2 Population/sampling

Trochim (2006) describes the unit of analysis of a study as the major entity that is analysed within a study.

This study requires a population of individuals. The population consisted of:

- Males and females to avoid bias.
- Individuals within the financial industry and more specifically the accounting and auditing field to limit variation and generalisation.
- Individuals in the North-West province of South Africa to limit the scope of the study and provide room for future studies.
- Both current employees and previous employees to obtain a comprehensive idea of the factors that influence the individual's decision to retain their position at an organisation or to search for something better suited. A barrier was, therefore, created to prevent the data from being manipulated.

Bryman *et al.* (2014:171) mention that although bias cannot be removed altogether, bias should be kept to an absolute. All the above-mentioned factors will contribute to a relatively unbiased sample.

Moreover, Bryman *et al.* (2014:177) suggest that a bigger sample reduces sampling error and is likely to be more representative. This study requires a sample size of at least 100 individuals to provide a comprehensive overview of the factors influencing employee turnover intention, actual turnover and employee retention. Top management will be excluded from the study.

Simple random sampling will be used as the sampling strategy in the form of a self-administered questionnaire distributed via e-mail. According to Bryman *et al.* (2014:173) this sampling strategy ensures almost no space for human bias and the process is not dependent on the availability of employees, as the selection process is done without their knowledge.

The individuals that will be used as the study's unit of analysis will be the property of private institutions. Geographically the units will be found in the financial institutions (specifically accounting and auditing practices) situated in the North-West province.

Information will be gathered from the employees themselves. An honest and realistic opinion on the factors pertaining to the decision of employees to retain their position

within an organisation or alternatively search for a better suited position, will, therefore, be obtained.

Because the study researches the deciding factors to retain a position at an organisation, the unit of analysis is strictly the individual employees of an organisation as they ultimately have the decision to retain their position within an organisation. An alternative unit of analysis will thus not be suitable for this study.

1.5.2.3 Data collection

Data will mainly be gathered via the completion of anonymous questionnaires that will be distributed via e-mail. The questionnaire will be self-developed to ensure that the questions are stated as clear and comprehensively as possible.

Data from the completed questionnaires will be summarised to identify and provide insight on the factors individuals consider when evaluating their decision to retain their position or leave an organisation.

The individuals will complete the questionnaire to provide the data needed. After the completed questionnaires are received back, the questionnaires will be processed and summarised.

1.5.2.4 Statistical analysis

The statistical analysis will be carried with the help of the SPSS-programme (IBM SPSS Statistics 24, 2016). Descriptive statistics (e.g. means, standard deviations, skewness and kurtosis) will be used to analyse the data. Cronbach's alpha coefficients will be used to determine the internal consistency, homogeneity and un-dimensionality of the measuring instruments (Clark & Watson, 1995). Coefficient alpha contains important information regarding the proportion of variance of the items of a scale in terms of the total variance explained by that particular scale.

Pearson product-moment correlation coefficients will be used to specify the relationships between the variables. In terms of statistical significance, it is decided to set the value at a 95% confidence interval level ($p < 0.05$). Effect sizes (Steyn, 1999) will be used to determine the practical significance of the findings. A cut-off point of 0.30 (medium effect, Cohen, 1988) is set for the practical significance of correlation coefficients.

Multiple regression analyses will be conducted to determine the percentage variance in the dependent variables that will be predicted by the independent variable. The effect size (which indicates practical significance) in the case of multiple regressions are given by the following formula (Steyn, 1999):

$$f^2 = R^2 / 1 - R^2$$

A cut-off point of 0.35 (large effect, Steyn, 1999) will be set for the practical significance.

Owing to the size of the sample of participants, T-test will be used to determine the differences of demographic groups. Effect size (Cohen, 1988:4; Steyn, 1999) will be used in addition to statistical significance to determine the significance of relationships. Effect sizes will serve to indicate whether the results obtained are practically significant. Steyn (2000) indicated that the following cut off points for effect sizes as indicated by Cohen (1988) was set for the practical significance of differences between means:

- ✓ $|\Delta| = 0.2$: small effect
- ✓ $|\Delta| = 0.5$: medium effect
- ✓ $|\Delta| = 0.8$: large effect

1.6 MANAGERIAL IMPLICATIONS OF THE STUDY

Increased competition in global markets forced organisations to be more efficient and effective with less resources available (Annandale, 2011:1). Employee turnover creates a barrier with regard to an organisation's goals and objectives (Long *et al.*, 2012). Management is often troubled by the fact that seasoned and valued employees leave

one employer for another. This study aims to identify the themes of factors that drive employee turnover and retention.

Identifying the factors that influence the decision of employees to retain their position at an organisation will be of great value for management to decide on and implement strategic actions to keep their employee turnover level low but optimal, retain talented employees who add value to the organisation (talent management), review, adjust and manage their organisational culture and analyse employee turnover and the effect of retention on organisational and employee performance.

The risk of high employee turnover is imminent as employees with a financial background are in high demand and companies across the world are competing with attractive remuneration packages resulting in employees having a variety of choices when it comes to their choice of organisational environment. This research will add value to management through identifying the factors to retain valuable employees and keep turnover low and so identifying turnover prevention and employee retention management strategies.

1.7 DELIMITATIONS

The study represents an area of investigation in terms of both the theoretical and the geographical field. The geographical area is restricted to ten accounting and auditing institutions in the North-West Province and the questionnaire will be answered accountants, auditors and accounting clerks, and administration clerks and managers who are presently employed. Top management are excluded from the study.

The study will utilise both literature study and empirical research. The theoretical field in which the study will be conducted can be identified as human resource management. This approach will be demonstrated by the responses, how accountants, auditors and accounting clerks, and administration clerks and managers react to imminent employee turnover as a financial industry phenomenon.

1.8 ETHICAL CONSIDERATIONS

The North-West University's Manual for Post Graduate Studies (2010:48) states that "besides the code of behaviour, guidelines, policies and compulsory registration with the applicable national bodies to which scientists' subject themselves in their relevant area of investigation; research is also controlled by ethics principles underlying experimental work." It also states that research involving individuals is one of the two most important areas of study. This study involves the understanding of the factors that influence the decision of employees to stay with or leave an organisation. Individuals are, therefore involved in this study.

Each of the participants will be provided with an explanation of the purpose and goal of the study. The study will not affect the autonomy of any participants and will not be harmful. An exact copy of the questionnaire is attached in Annexure A. The Nuremberg Military Tribunals explain that voluntary consent from human subjects is critical before participation in a research study and that subjects must be legally competent to provide consent (Manual for Postgraduate studies, 2010). Written consent from the participants will be obtained through the informed consent form.

1.9 CHAPTER DIVISION

The chapters in this study are presented as follows:

Chapter 2: Employee turnover and employee retention

This chapter provides a literature overview of the concept of employee turnover and employee retention. The different types of employee turnover, reasons for turnover and the optimal level of employee turnover will be discussed. The importance of employee retention and different approaches will be explained.

Chapter 3: Research methodology

This chapter focuses on which methods will be used to conduct this research for example the questionnaire used to gather the data.

Chapter 4: Empirical investigation

This chapter will discuss the data analysis and interpretation of the questionnaires.

Chapter 5: Conclusion and recommendations

Chapter 5 will conclude the findings from the empirical study conducted in chapter 3 and will present recommendations to accounting and auditing organisations.

1.10 CHAPTER SUMMARY

Being unhappy in a job is often not the only reason why employees do not retain their designation in an organisation. A variety of factors influence this decision. Identifying and defining the factors that influence the decision of employees' decision to retain their position in an organisation are of importance to management to enable them to develop and implement strategic measures in order to retain talented employees. When capable and experienced employees are employed, organisation gain a competitive advantage in the market.

The first chapter explained the motivation for the research and the problem statement. The objectives, the context and research method were discussed. The limitations, managerial implications and ethical considerations were identified.

The next chapter will attempt to explain the above-mentioned by researching the available literature and the history of employee turnover and retention.

CHAPTER TWO

EMPLOYEE TURNOVER AND RETENTION

2.1 INTRODUCTION

Kim *et al.* (2017) refer to the relationships between employees and their organisation as “critical and fragile”. The South African finance industry has been confronted with numerous human resource management challenges over the past years including the concern of employee turnover and the intention of turnover. Taking into consideration today’s economic environment, human capital can be identified as one of an organisation’s most valuable assets and retaining these assets is a critical management issue. Organisations are beginning to recognise the effect of high employee turnover rates and must continually rethink strategies to effectively manage their employees (Ramos, 2017:5).

Kraai (2015:8) noted that implementing succession planning in organisations will assist employers to have comprehensive programmes ready to ensure that they retain qualified and skilled employees to fill key management positions. A study conducted by Kraai (2015:71) identified that very few South African state organisations have existing succession plan policies and that those policies are not implemented properly. Bizcommunity (2017:1) reported that recent executive appointments in large South African companies raised concerns with regard to factors influencing the board’s decisions to ensure that internal processes are performing to standard. These internal processes includes succession planning and implementation. The Human Capital Benchmarking Report (2016:7) released by the Society for Human Resource Management state that 66% of the sample of international organisations either made use of or have succession plans in place.

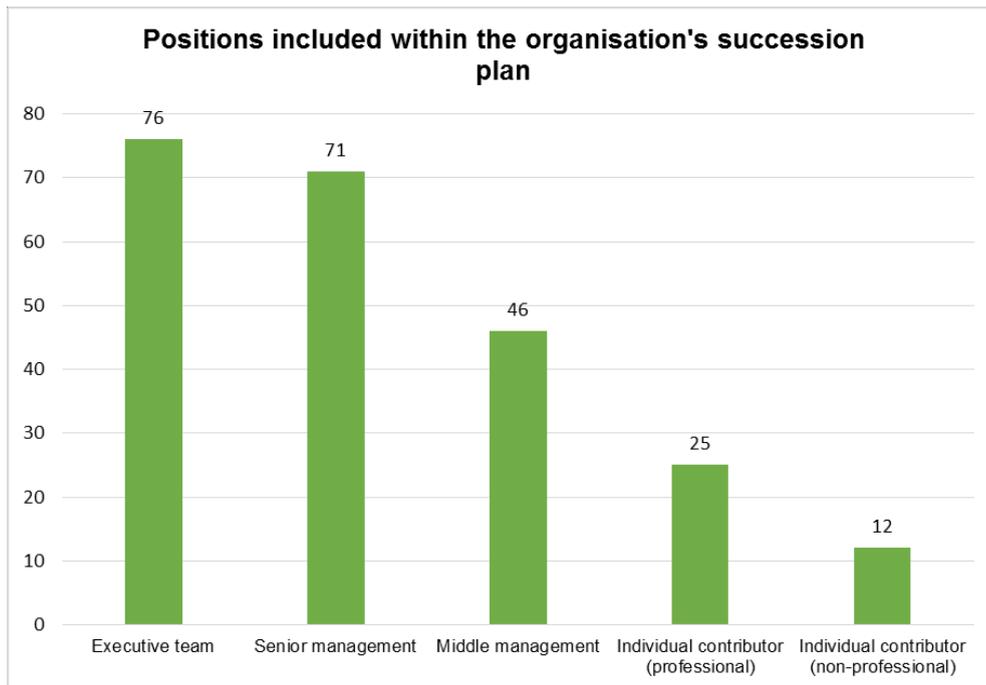


Figure 1: Positions included within organisations' succession plans

The report confirm that succession plans are in use throughout all job levels in an organisation and are implemented mainly at top management level. Employee turnover effects all job levels of an organisation. Firstly due to the fact that 76% of South African millennials, currently operating in organisations at entry level and forming part of up to fifty percent of the workforce of the financial industry (HR Quarterly, 2015:6), are planning to exit their present organisation before 2020 (Vittee, 2017). Secondly, organisations are offering competitive remuneration packages to attract management individuals with diverse knowledge and experience and are, therefore, poaching top level experts.

In a study conducted by Deloitte and Touche it was noted that employee skills are becoming more specialised (Nieuwoudt, 2015:5). This occurrence is forcing human capital stakeholders to move engagement, culture and leadership and development to top of the recruitment list. This confirmed employee turnover as an increasing financial issue (Nieuwoudt, 2015:5; Van Zyl, 2011:3).

This study will be conducted to identify the factors in the financial industry that influence employees to retain their position or not. Furthermore, this chapter introduces the

practical and theoretical aspects of employee turnover and retention of valued employees.

2.2 HUMAN RESOURCE MANAGEMENT

Human resources can be identified as the employees of an organisation who performs specific day to day activities - traditionally referred to as labour. Das and Baruah (2013:8) refers to an organisations human resources as the “life-blood” of the organisation and are the most critical resources of any organisation.

Originally the human resource management department’s primary activities were to find and recruit individuals to work for the organisation. Economic and environmental developments throughout the years forced organisations to use a more hands-on approach and so not only find and recruit individuals but also recruitment develop and maintain their skills and effectively manage them to achieve objectives and goals within the organisations strategic plan (Onyango, 2016:1).

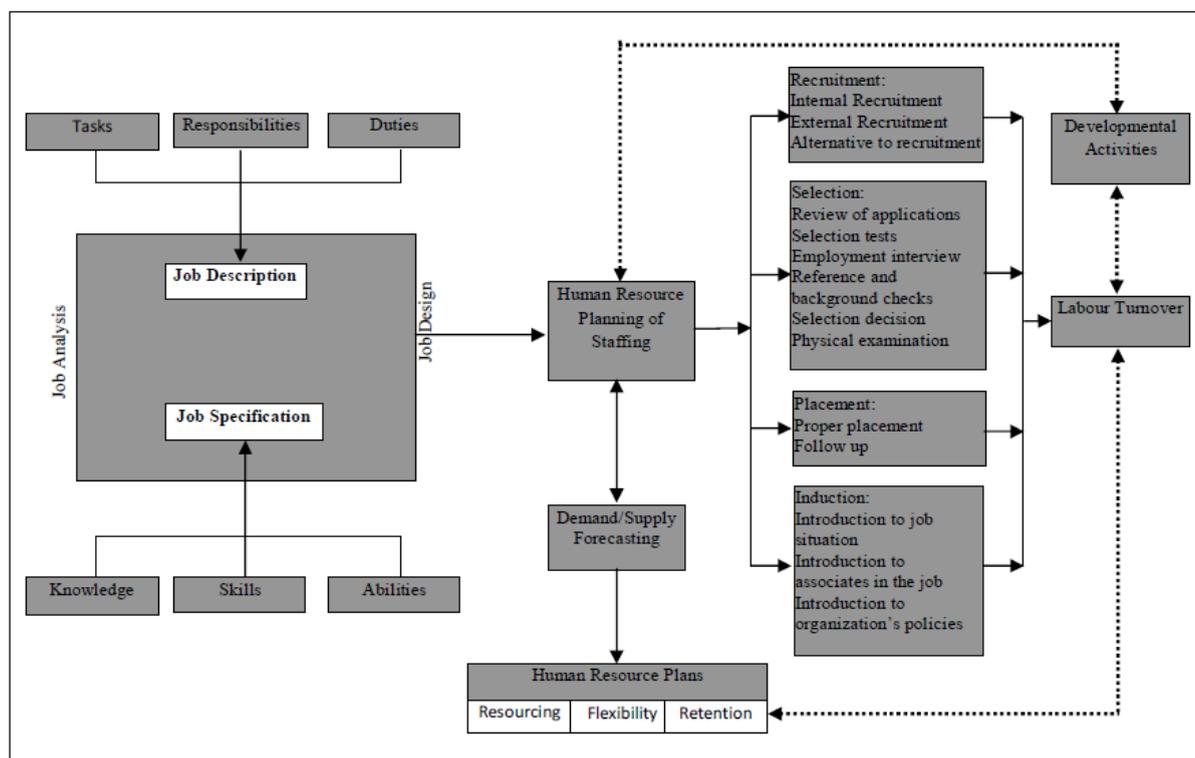


Figure 2: Human resource management planning components (Beaumont Smith et al., 2008:24)

Beaumont Smith *et al.* (2008:24) defines human resource management as “the strategic and logical approach to the management of an organisation’s employees so that they contribute to the goals of the business”. When human resource management is done well, it can make a valued contribution to the organisation but equally so, when a lack of human resource management occurs it can lead to significant problems including the loss of cherished employees. A human resource management plan is used to assist managers to strategically oversee the human resources of the organisation. This plan is defined as a strategic plan to design executable strategies to organise, lead, motivate and control an organisation’s human resources (Beaumont Smith *et al.*, 2008:24). Through implementing the human resource management planning components organisations can plan, organise and manage their human resource departments efficiently and “ensure that employees are available to provide the continued smooth development of an organisation” (Akhigbe, 2013:392). Marchington, Wilkinson, Donnelly and Kynighou (2016:198) indicate that the planning to guarantee an adequate amount of employees with the suitable skillset and knowledge base at challenging times, continue to be essential. This will empower managers to deal with internal and external human resource barriers that affect their ability productively manage the human resources of their organisation and achieve the common operational goals (Roth, 2012:2). Branch (2015) explains that organisations in the financial industry experience these barriers in a more distinctive manner and that factors such as the implementation of new technologies, more resilient regulations and the need to for advanced innovative services to stay competitive contributes to this occurrence (Rahman, Qi & Jinnah, 2016:8). These factors indicate that the financial industry is customer-driven (Rodwell, Lam & Fastenau, 2000:356) and that the effective management of an organisation’s human resources is critical to enable the workforce to adopt and apply soft skills instead of operational skills in order to stream line service delivery processes (Rodwell *et al.*, 2000:365).

Should managers fail to safeguard the key skills, knowledge and competencies of the organisation’s current employees, the threat of turnover intention and actual turnover will become imminent (Parrack, 2016). The administration and supervision of an organisation’s human resources is thus vital in enabling managers to successfully

prepare the organisation for the future (Mariri, 2012).

2.3 EMPLOYEE TURNOVER

Employee turnover has become an unavoidable occurrence within the financial industry. Organisations seek to retain valued employees. However, it has become second nature for employee to leave their jobs for any number of reasons and search for a more suitable environment (Bradberry, 2017). Onyango (2016:4) states that a high turnover rate has resulted from unsuccessful management of human resources.

Numerous definitions for employee turnover has been constructed through research of said occurrence. Glover and Leonard (2003) explained that employee turnover can be used as a measure to determine the loss of employees that creates job openings that may need to be filled. Phillips and O'Connell (2003), as seen in the research of Glover and Leonard (2003), explains that employee turnover can be quantified and expressed as a percentage of the employees leaving an organisation for whatever reason per annum. According to Page (2001:17), employee turnover comprehends employee movement which includes layoffs, firings and promotions linking to Matsei's (2004:10) explanation that turnover is the movement of employees in and out of an organisation. More recent definitions of employee turnover include that of Van Zyl (2011:11) who defines employee turnover as the frequency of change in the organisation's employees through a specific period. Employee turnover can thus be defined as the change in the employee structure of an organisation for a diverse range of reasons throughout a specific period of time.

The intention to leave an organisation (turnover intention) precedes actual turnover and can be defined as an intention of voluntary separation of an employee from an organisation (Cohen & Golan, 2007:416). Turnover intention can thus be identified as an intermediary between the consideration of the decision to quit and the actual turnover. Mathieu *et al.* (2016:114) argues that managerial behaviour will have an effect on employee turnover intentions through its effect on job satisfaction and organisational obligations.

Several types of turnover exist. Internal employee turnover involves the movement of employees within an organisation – current positions are vacant and new positions within the same organisation are taken (Van Zyl, 2011:24). An internal turnover is, therefore, not necessarily harmful to organisations but can be viewed as “getting the right people in the right seats” to maximise the use of the skills and knowledge of seasoned employees in order to increase the profitability of organisations and stakeholders. Stovel and Bontis (2002) describe external voluntary turnover as the action of employees to resign at their own free will to work for another organisation. This type of turnover is driven by external forces, such as better career and promotion opportunities and more competitive salaries. Both internal and external turnover have a precarious effect on the employees of organisations and should be viewed as equally important as employee/employer relationships can be disrupted and the morale of employees can be decreased.

LuqmanHussaini (2015:198) identified internal employee turnover factors as vain work relationships, the lack of opportunity to make use of skills and talents, and other work conditions relating factors such as minimal compensation for unreasonable work hours and workloads. Internal as well as external turnover has a precarious effect on the employees of an organisation and should be seen as equally important as it can disrupt employee – employer relationships and decrease the morale of employees (Christian & Ellis, 2014).

Employee turnover can be either voluntary or involuntary. Voluntary turnover can be explained as an employee’s own decision to leave an organisation (employee-initiated turnover) (Weller *et al.*, 2009) and is generally driven by the employee’s need to exit the organisation due to whatsoever reason.

Figure 2 describes the positive and negative links between demographic and achievement driven variables and turnover (Griffeth & Hom, 2004:6). They identified the most significant demographic variables as age, gender, race and education (Van Zyl, 2011). Griffeth and Hom (2004:6) identified the achievement driven variables as remuneration, promotion opportunities and autonomy.

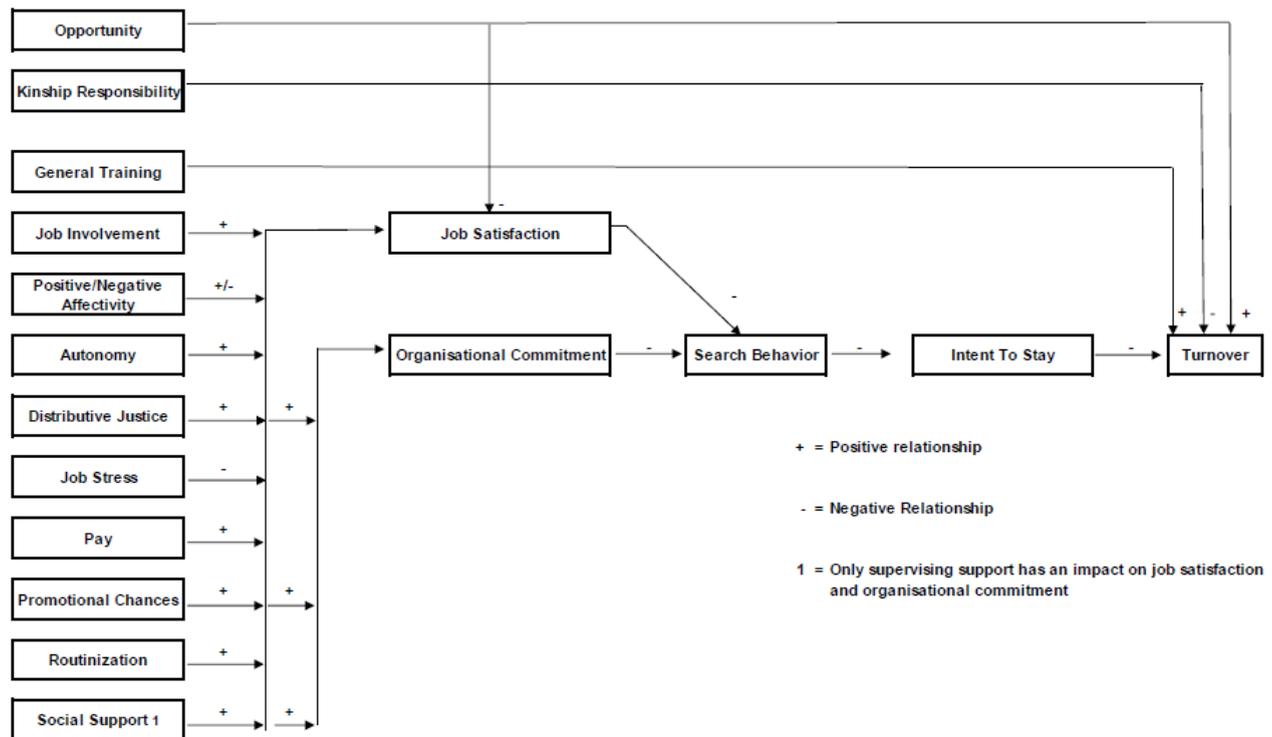


Figure 3: The Price-Mueller casual voluntary turnover model (Price & Mueller, 1981:547)

The model explain that should the internal factors such as remuneration, work strain and relationships (LuqmanHussaini, 2015:198) be accepted positively in the organisation, it will inspire job satisfaction and organisational commitment which in turn will have a negative effect on the search patterns of employees and so reduce the turnover. External factors such as the opportunity to fill a higher paid position in another organisation and the lack of in house training has a positive effect on voluntary employee turnover.

Watrous, Huffman and Pritchard (2006) defines involuntary turnover as a decision made by the management of an organisation on whether an employee retains his/her position ithin the organisation. Van Zyl (2011:24) suggests that involuntary turnover is initiated by the employer in which the leaver has little or no say as in the case of dismissals and lay-offs. Nombo (2013:15) supports Van Zyl's (2011:24) suggestion by stating that the primary reasons for involuntary turnover can include forced resignation or dismissals due to deprived performance, the incapacity to perform duties or the death of an employee.

Armstrong (2006:382) states that the human resource department should make use of the information that is provided through employee turnover to provide practical modifications to the organisation's employee recruitment and hire procedures. Van Dierendonck, Lankester, Zmyslona and Rothweiler (2016) argues that the competitiveness of an organisation can vastly deteriorate and consequently bring about underperformance in contrast with the success of their competitors due to increased employee turnover. Their study revealed that organisations that anticipated to reduce turnover considered human resource management as a vital component of the overall management of an organisation. This can also be supported by Kundu and Mor's (2017) statement that the total performance of an organisation is determined by the significance of its workforce. For these reasons it thus remains critical to identify and evaluate the reasons for this employee behaviour.

2.3.1 REASONS FOR TURNOVER

Research on employee turnover has identified several reasons for this phenomenon. Van Zyl (2011:25) indicated in her research that the following are the more predominant reasons for employee turnover:

- ✓ Human needs (higher salaries, training, autonomy),
- ✓ Job-related factors,
- ✓ Organisational factors.

Human needs

Van Zyl (2011:26) suggests that the reasons why employees exit an organisation is not necessarily due to better prospects or remuneration packages. Instead employees rather leave due to reasons that include the fact that employee's job expectations are not met, the position does not complement the employee's strengths, employees cannot seem to find a proper work-life balance in the position and that employees feel undervalued. Employees thus rather leave their jobs for immaterial reasons and basic needs than compensation concerns.

Maslow's hierarchy of needs explains the basic needs that an individual requires to survive. The hierarchy is presented in pyramid form with the physiological needs like food, air and clothing covering the biggest portion of fulfilment at the bottom. The top level includes factors for self-fulfillment such as creativity and morale.

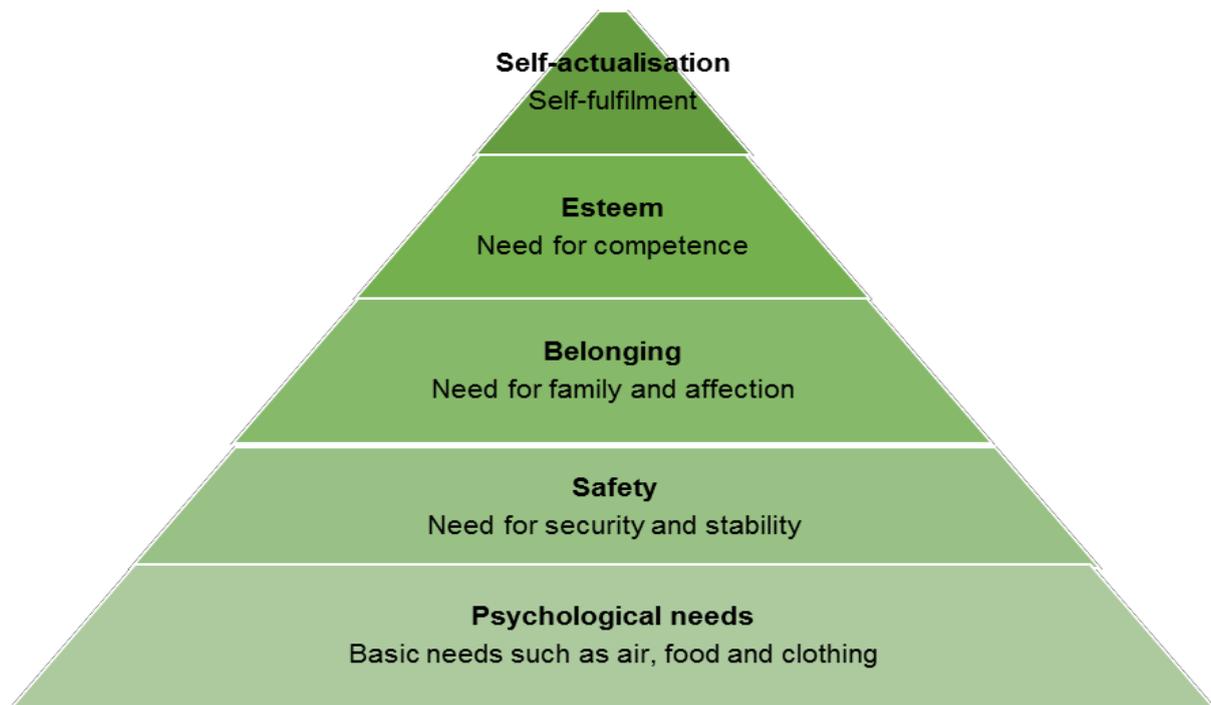


Figure 4: Maslow's hierarchy of needs (Abraham Maslow, 1954)

Every employer should consider Maslow's hierarchy of needs when evaluating an employee's performance and creating a work environment due to the fact that employees are in search of an organisational environment that fills their basic need for self-actualisation. Employees are constantly looking to fulfil their ambitions and hopes and will move between environments to determine if the environment will fulfil his/her need for self-actualisation. This action causes employee turnover.

Huang *et al.* (2016:249) suggest that an analysis done by Clarke (2010) with regard to the relation between the individual job security and job satisfaction, are coherent with the traditional needs theory of Maslow (1954). The analysis propose that job satisfaction is ascertained by how well the organisation is capable to satisfy specific needs of the employees for example security and safety.

Job relating factors

Job relating factors includes job satisfaction which form an important part of an employee's decision to retain their position at an organisation. Firth, Mellor and Moore (2007) suggests that dissatisfaction in a job and the lack of commitment from an organisation contributes to the fact that employees quit. This was re-confirmed by Letshokgohla (2015:78) stating that unsettled dissatisfaction between employees of an

organisation leads to employee turnover. The same can be said for unresolved dissatisfaction between employees and employers. Today's younger workforce are searching for security and should the job satisfaction not be sufficient in their current position, they will move to a more satisfying environment, usually within the first few months (Matsei, 2004). Van Zyl (2011:28) explains that other job-related factors such as vague expectations from management, the lack of performance evaluation, the inability to provide adequate information on how to achieve the organisation's goals and overwhelming job stress, may force employees to feel unfulfilled with their current job and consequently, less committed to the organisation. This ultimately leads to employee turnover.

Organisational Factors

Employees take organisational factors such as communication and openness into consideration when evaluating their choice of organisation. Unstable organisations will have fewer valued long term employees as employees would like to be able to plan and predict their career paths (Ongori, 2007). According to Van Zyl (2011:28) employees tend to retain their position within an organisation longer when they feel that they are part of the process with regard to decision-making. Communication between management and employees can be identified as a critical factor within the employee turnover cycle. Labov (1997) states that organisations which prioritise communication tend to have a lower employee turnover rate.

Since more attractive remuneration packages are not the sole motive why employees move, organisations should evaluate the turnover factors pertaining to the employee's job satisfaction and organisational factors as well as analyse the cost associated with employee turnover to ensure that their turnover rate are kept at a minimum.

2.3.2 THE COST OF EMPLOYEE TURNOVER

Huang *et al.* (2016:250), Lu and Gursoy (2016:213) as well as McKinney *et al.* (2007:55) explains that actual turnover can be a costly action for an organisation. As stated by Ramos (2017:5), the Center for American Progress reported that employee turnover costs an organisation approximately twenty percent of the departing employee's

salary on average depending on the job level of the employee. These costs can be split into direct and indirect costs. The direct costs that are associated with turnover involve separation costs and can be identified as separation pay (i.e. unused sick leave, annual leave and other benefits), administration costs and recruitment and replacement costs. Indirect cost that are linked to turnover can be explained as ineffective employees which leads to reduce productivity as well as an increase in overtime and remuneration for the employees that stay with the organisation (Hinkin & Tracey, 2000:15).

Shantz, Arevshatian, Alfes and Bailey (2016) explain that it is of great importance that top management recognise the significance of the fulfilment that employees receive through their job. It is also suggested that management should seek out and identify the potential problems in the organisation as an employee's readiness to move to another organisation increases direct and indirect costs (Whitman, Halbesleben & Holmes, 2014). It was explained by Saleem and Saleem (2014) that employees' "pledge" to an organisation guarantees the employees' faithfulness and reduces the risk of turnover.

2.3.3 OPTIMAL EMPLOYEE TURNOVER

Although the effect of employee turnover is typically seen as the ineffective management of human resources, it can be used as a method to determine the most beneficial action for the organisation with regard to the decision on retaining an employee. An organisation's management team should implement strategies to keep employee turnover low but optimal. According to Abelson and Baysinger (1984:335) the "circumstances that influence the balance point between retention and turnover costs" is the deciding factor when it comes to optimal employee turnover. Abelson and Baysinger (1984:336) provides a diagram to explain the different aspects of employee turnover (see Figure 5):

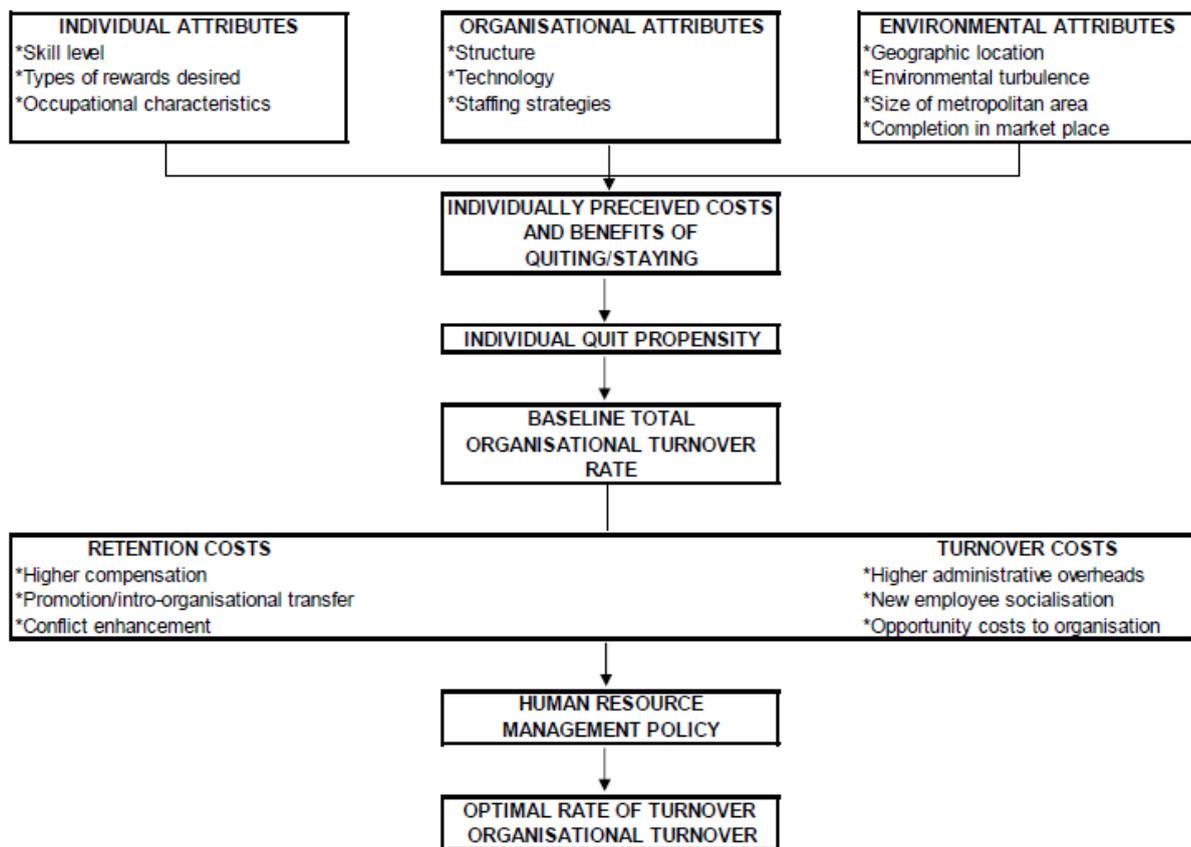


Figure 5: The optimal turnover process model

Glebbeck and Bax (2004) propose that it will benefit organisations when human resource managers are aware of what the unique optimal rate of turnover (Abelson & Baysinger, 1984:335) for the organisation is.

The optimal turnover model shows that the individual attributes, the organisational attributes and the environmental attributes contributes to the employee's decision to retain their position at an organisation. Considering the individual, organisational and environmental attributes will assist the employee to evaluate costs and benefits of staying with an organisation leading to the individual quit propensity. Employees might decide to find alternative job opportunities which will lead to the total organisational turnover rate which can be explained as the rate expected in the absence of any human resource management policy. Thereafter the organisation weighs the cost of retaining employees next to the cost of turnover to decide on a suitable policy. With

implementation of the said policy the organisation will have a good chance at reaching its optimal turnover rate (Abelson & Baysinger, 1984:336).

2.3.4 THE IMPORTANCE OF EMPLOYEE TURNOVER IN THE FINANCIAL INDUSTRY

Employee turnover has been accelerating over the past years. International turnover trends as published by Compensation Force (2016) show that total employee turnover has been escalating since 2013 and report employee turnover in the banking and finance industry during 2016 at 18.1%.

The Annual South African HR Recruitment Trends Report analysed the South African employment market through the views of the senior human resource practitioners within organisations. The report reconfirms Nieuwoudt's (2015:5) concept that the employees with the highest skill set are most pursued and that this is a human resource manager's greatest hurdle (Annual South African HR Recruitment Trends Report – 2016, 2016:7). It has become critical for management to be aware of market turnover data to enable them to benchmark their employee turnover rates to the market and assess their human resource management strategies to so reduce turnover cost and ensure the retention of scarce talent or to create an optimal turnover rate.

The 2017 Robert Walter Global Survey provides an overview of updates and advice with regard to the global human resource markets. The report recognises that although South African organisations are recruiting and appointing experts across all financial sectors (Quarterly Labour Force Survey, 2017) mainly as result of increased risk challenges across the industry, the rate of millennials exiting an organisation persisted amongst the highest turnover rates (2017 Robert Walter Global Survey, 2017:1).

A multi-national study to provide insight on assessment and acquisition managers' main pressures, priorities and focusses reflected that employee turnover not only influence the operations of organisations, but also recruiters that is inclined to fill designations in the financial industry. High employee turnover ranked fifth in the top challenges that

recruiters are facing with 23% of participants confirming that this event is straining their search for talent (Global Recruiting Trends 2017, 2017:14).

The procurement of talent was identified as a global human capital trend. More than a quarter of South African organisations are reconsidering and restructuring their talent procurement strategy to ensure that they acquire the best talent (2017 Human Capital Trends Report for South Africa, 2017:13). This adds tremendous pressure to an organisation's strategy management to ensure that employee turnover is maintained.

As true growth and development in financial organisations is demonstrating to be vastly complex and challenging, organisations should focus on retaining resilient and talented professionals (2017 Robert Walter Global Survey, 2017).

2.4 EMPLOYEE RETENTION

Once organisations enter new markets and the ambitions of employees adjust with generation changes and new environments, organisations need to renovate their employee retention strategy to a more modern approach (HR Quarterly February 2016, 2016:6). Employee turnover can be a costly occurrence which not only influences the organisation and management but also the remaining employees (Slabbert, 2008:33). For this reason, the implementation of employee retention strategies should be built in throughout the organisation's mission and vision.

Employee retention can be defined as the percentage of employees that remain with an organisation over a specific period of time (Phillips & O'Connell, 2003:2). This definition captures the essence of employee retention. Chaminade (2006:1) explains employee retention as "a voluntary move by an organisation to create an environment which engages employees for the long term". The Society for Human Resource Management (2017) explains that employee retention is the organisation's "strategic actions" to ensure that employees are "motivated and focused" to ensure that they choose to stay employed at the organisation and remain "fully productive for the benefit of the organisation".

“The best way to ensure employee retention is to understand the needs of employees” (Kaye & Jordan-Evans, 2000:2). Retaining valued and cherished employees has become an important factor within any organisation as turnover could have a severe impact on an organisation’s triple bottom line. Olenski (2015:1) re-inforces the importance of this fact by stating that employee retention can have serious repercussions on an organisation’s financial situation. It is evident that employee dissatisfaction is reflected through an organisation’s employee retention rate and that the link between employee retention and employee commitment is key in any organisation. As long as an employee is confident in their role, they should remain comfortable in the organisation. Reichheld and Teal (1996:96) explains that a direct link can be identified between gaining business and retention. It is imperative for management to recognise this link and add this strategy to the top of their priority lists as over time, the relationship between employees and customers will grow and add value to the organisation’s public image.

2.4.1 THE IMPORTANCE OF RETENTION IN THE FINANCIAL INDUSTRY

Tanius, Pheng, Kasim and Yulia (2017:421) argues that employees form a critical part in keeping the organisation competitively sustainable and that they are a key factor in meeting the organisation’s goals. Increased employee turnover causes organisational instability and increasing workloads as well as pressure on employees on all levels of an organisation to perform. Identifying and implementing employee retention techniques can thus be seen as extremely important factors in any organisation (Moseley, Jeffers & Patterson, 2008). DeYoung (2000) identified that retention and development of human capital are used to assist the organisation to create and maintain a competitive advantage. Terera and Ngirande (2014:43) also explains that a reduction in labour costs and increased productivity could assist organisations in obtaining a competitive advantage. Organisations can thus not afford to have retention strategies excluded from their organisational strategy to keep top performing employees.

After identifying that retention strategies are a must in every organisational plan one may ask how to keep top performing employees to search and move to a more

satisfying environment? Terera and Ngirande (2014:44) states that the responsibility lies with the employer to ensure the maintenance of the organisations best employees. They also state that a good employer will know his or her employees and be aware of the factors that will attract and keep them. Van Zyl (2011:26) explain that when employees bond with an organisation, retention increases goes up. Thus, when an employee finds an organisation's environment attractive, they will stay to become long-term employees. The Department of Public Service and Administration Retention Guide states that employee retention is best achieved through a close partnership between line managers and the human resource department. One can thus identify four parties that contributes to employee retention namely the employer, the employee, the line manager and the human resource department (Managing Staff Retention, 2006:23).

Taylor (2002:10) suggests that employers should look at employee retention in two-fold. The first leg will be to attract employees to the organisation. This will mean to create the organisational environment in a way that it will become the employee's first choice to consider in his or her search for their "perfect job". The second is to retain the exceptional employees. This can be done by using attractive retention techniques such as remuneration packages, non-monetary, benefits, recognition, training, and growth opportunities.

Newton (2008:62) however states that management should understand their employee's expectations before they can start to plan their retention strategies. After the needs and expectations of the organisation's current and future employees has been established, the organisation can begin to formulate the retention strategy.

Employee retention is not only vital to examine as it is precarious to an organisation's financial soundness and competitive advantage in the market, it should also be ensured that it is contributing to the triple bottom line of the organisation through the assortment of specialised skills of which the remaining employees possesses (Hayes, 2017:1).

2.4.2 RETENTION APPROACHES

As it has been noted in the previous discussion, retaining the best employees will be beneficial for the organisation. Creating long term employees will ensure good organisational relationships, trust and security to enable good performing employees to perform even better. The first obstacle that organisations identify when thinking about retention practices and employee engagement are challenges (Cook, 2008:27). Kerr-Phillips and Thomas (2009:87) identified, through a study of macro and micro challenges for retention in South Africa, three approaches to enable retention of employees. These approaches that were also noted by Thompson (2011) include:

- Personal growth programmes combined with leadership development;
- Enough career opportunities to never reach a “career ceiling”;
- Recognition and value acknowledgement of employee’s skills and their ability to complete a task.

These factors will however differ from employee to employee as stated by Slabbert (2008:79).

Several studies have been conducted on the approaches of the fit between the employee and the workplace (i.e. the retention approach of the employee) and the impact it has on the workplace (Hayes, 2017:44). Hayes (2017:44) discusses the three “most studied approaches” namely:

- ✓ person-environment fit,
- ✓ person-organisation fit, and
- ✓ person-job fit

The person-environment (PE) fit explains the “perceived fit” of an individual to a specific work environment. This approach provides insight to job satisfaction and as a result, employee turnover (Hayes, 2017:44). In a study conducted by Kristof-Brown,

Zimmerman and Johnson (2005) it was confirmed that lower turnover rates reflected a positive PE. This shows that employee retention techniques are implemented effectively.

The person-organisation (PO) fit is explained as the affinity between an individual and an organisation (Kristof, 1996:4). The retention approach that is suggested to be implemented in this case, focus on the initial stages of employment where it can be confirmed whether the candidate's personality is in line with what the organisation resemble. Tom (1971) suggests that retention success is more likely when the employee's personality "closely resemble the organisation where they work". Hayes (2017:46) explains that the person-job (PJ) fit relates to an individual's observation of "how well they fit" in the selected designation. Does the individual agree that the job match their personal needs? The author suggests that the individual's self- evaluation of his/her fulfilment should predict their aspiration to retain their position more precisely and so ensure lower turnover rates.

2.5 CONCLUSION

Employee retention and employee turnover are closely linked, and the turnover of employees seem to be inevitable. Flexible labour markets allow employees to move freely from one organisation to another until they find what they are looking for (Lindholm 2013:10). It has become clear that the retention of the organisations best performing employees could save an organisation resources and could contribute to the monetary value of the organisation. The remaining workforce, after the turnover, should also be kept in mind as they are left with the larger workload and equally increasing pressure to perform. The above points provide a brief indication of the areas where focus is needed on the topic of employee turnover and retention.

The following chapter will explain the research methodology of the study. Through the use of a self-developed questionnaire, the data was collected and analysed by making use of statistical approaches in order to answer the postulated research questions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The study focused on small and medium accounting and auditing organisations in the North-West Province. As discussed in the previous chapter, employee turnover of not only accountants and auditors, but also administrative and supporting personnel at these small and medium organisations are noticeably increasing. The owners of these practices are independent accountants and auditors whom are generally more concerned about the daily activities and processes. As the human resource departments in these organisations normally comprises of only one individual employee, turnover and retention data are not collected and analysed. Consequently, the reasons for the turnover are not identified and strategic measures to retain valuable employees are not applied. Exit interviews are not common practice for independent accountants and auditors due to the fact that there are many other individuals available to fill the position. Therefore, no collective attempt has been made to identify the specific reasons for the high employee turnover rates.

The following section will describe the research methodology applied for identifying the factors within finance organisations influencing turnover intention, actual turnover and employee retention.

3.2 RESEARCH APPROACH

The study follows a quantitative approach as the units of analysis will complete questionnaires to identify the factors that leads to employee retention and employee turnover. Bryman *et al.* (2014:31) explain this approach as a unique research approach as the gathering of numeric data which links theory and research rationally and accepts an objective concept of “social reality”.

3.3 RESEARCH DESIGN

According to Bryman *et al.* (2014:100) a research design offers a structure for the “collection and analysis” of the data that was gathered from the participants. The research design also explains the choices with regard to the position of the numerous variables of the research method.

Data for the study was gathered by making use of a cross-sectional survey. Bryman *et al.* (2014:105) describe a study to be cross-sectional when data of more than one case is gathered at a single point in time. Due to the fact that the unit of analysis completed a questionnaire, the data is gathered only once. This study is thus cross-sectional in nature.

3.4 PARTICIPANTS

Trochim (2006) describes the unit of analysis of a study as the major entity that one is analysing within the study. The unit of analysis can also be described as the population. The group of individuals that will participate in the study is defined as the sample.

Informed consent to undertake the study was confirmed by each participating accounting and auditing firm. Data was collected from various accounting and auditing firms in the North-West province. By making use of simple random sampling as a sampling strategy, self-administered questionnaires were distributed via e-mail to the population which consisted of 100 individuals. The sample population included males and females to avoid prejudice. Data was collected from the individuals who returned completed questionnaires. Participation in the study was voluntary and all the information provided were retained as confidential. A convenience sample will be used for the research. Bryman *et al.* (2014:178) defines a convenience sample as a sample which is available to the researcher through the advantage of being easily reached.

Bryman *et al.* (2014:176) explains that the size of the sample is subject to several considerations which includes time, cost and the need for precision. It is preferred that a participant size of 100 or more is obtained however, due to the time limit and the fact

that the study was voluntary little to no control could be performed over the number of responses.

3.5 DATA COLLECTION

Data was gathered through the completion of anonymous questionnaires to evaluate the perceptions of employees in the financial industry. The questionnaires were designed to measure employees' feelings with regard to:

Sense of belonging

Hagerty, Lynch-Sauer, Patusky, Bouwsema and Collier, (1992) defined sense of belonging as an individual's experience of personal, fundamental contribution in an environment, relationship or organisation. The individual should thus experience a peculiar and valued fit in the organisation to experience a sense of belonging.

Job satisfaction

Job satisfaction is explained by Weiss (2002:174) as an emotional response that can be "a positive (or negative) evaluative judgment" that an individual makes with regard to their job situation.

Commitment to the organisation

Organisational commitment is explained as a state of existence, in which organisational employees are bound by their actions and principles that sustain their activities and their own involvement in the organisation (Miller & Lee, 2001). Commitment to an organisation can thus be described as a feeling of affinity and personal responsibility to the organisation resulting in a long-term assurance of employment.

Turnover intention

In Chapter 2 turnover was defined as an intermediary between the consideration of the decision to quit and the actual turnover. Cohen and Golan (2007:416) defines the intention to leave an organisation as an intention of voluntary separation of an employee from an organisation.

Employability perceptions

Taylor (2016:2) notes that employability is the basic knowledge and skills to complete a job. Employee's perceptions with regard to employability are how the employee put the skills and knowledge to use in their position, how fast they will be able to adapt in a new work environment and if their skills make them versatile.

Benefits and pay satisfaction

Benefits and pay satisfaction results partly from employee perceptions (Singh & Loncar, 2010) with regard to the fairness of employees' benefits and pay linked with the job they perform. Singh and Loncar (2010) also explains that satisfaction with pay and benefits meets employees' economic needs and therefore it can be defined as a "monetary-valued" feeling experienced by the employee.

Recognition

Recognition can be defined as admiration and respect from others for your achievements. Recognition in the work environment can thus be explained as the appropriate acknowledgement for an employee's behaviour or work that "supports the organization's goals and values" (Harrison, 2013).

Responsibility level

Abughosh (2015) explains that an employee's aptitude to act responsible is a consequence of the tasks that employees are assigned together with their work ethic once they "take ownership" of their "work product". Personal workplace responsibility should occur when employees are encouraged to make use of their own initiatives to complete a task. Employee-management thus directly influences an employees' responsibility level.

Personal growth and development

Personal growth and development can be described as an employee's perception to his or her career aspirations as well as the importance thereof to the organisation. Growth and development in an organisation include updated training and development policies and procedures to support employees to develop, grow and provide promotion opportunities.

Job-company fit

Welsh (2013) explains that an organisation's hiring base should not be focussed on personal preference as this influences the process of meeting the long term needs of the organisation due to the incorrect "employee-fit". A job-company fit should be present when appointing employees to ensure a position that meets employees' career aspirations and a position where employees are comfortable to utilise their ingenuity, is offered.

Transparency

Transparency in the organisation is linked to equal opportunities and an organisation incentive to evaluate change proposals from employees to promote diversification within the organisation. Warden (2015) defines transparency as the organisation's ability to be "open about and accountable" for their operations.

Management and leadership

Effective management and leadership in an organisation form a critical part of the productiveness of employees. Management and leadership ensures an open, direct line to a manager that provides the employee with an opportunity to ask for assistance, receive training and meaningful feedback.

Community and communication in the organisation

Teamwork creates community between employees. To ensure that an organisation works effectively as a whole inter-department teamwork is essential. Communication and community in an organisation can be described as transparent communication with regard to employee operations and organisation growth as well as cooperation and assistance not only between employees but also between management and the employees.

While all of the perceptions above were incorporated in the questionnaire, the study's focus was on the identification of the views of the accountants, auditors and supporting employees with regard to the reasons for actual employee turnover in accounting and audit organisations as well as which managerial actions would consequently result in them retaining their positions at the organisation.

The data was summarised to provide insight on the factors an individual considers when evaluating his or her decision to retain their position or leave an organisation. The questionnaires also provided biographical information including age, gender, work experience, educational and job level as well as management experience with regard to the participants.

3.6 STATISTICAL ANALYSIS

The statistical analysis was carried with the help of the SPSS-programme (IBM SPSS Statistics 24, 2016). Descriptive statistics (e.g. means, standard deviations, skewness and kurtosis) were used to analyse the data. Cronbach's alpha coefficients were used to determine the internal consistency, homogeneity and un-dimensionality of the measuring instruments (Clark & Watson, 1995). Coefficient alpha contains important information regarding the proportion of variance of the items of a scale in terms of the total variance explained by that particular scale.

Pearson product-moment correlation coefficients were used to specify the relationships between the variables. In terms of statistical significance, it was decided to set the value at a 95% confidence interval level ($p < 0.05$). Effect sizes (Steyn, 1999) were used to determine the practical significance of the findings. A cut-off point of 0.30 (medium effect, Cohen, 1988) was set for the practical significance of correlation coefficients.

Multiple regression analyses were conducted to determine the percentage variance in the dependent variables that will be predicted by the independent variable. The effect size (which indicates practical significance) in the case of multiple regressions were given by the following formula (Steyn, 1999):

$$f^2 = R^2 / 1 - R^2$$

A cut-off point of 0.35 (large effect, Steyn, 1999) were set for the practical significance.

Owing to the size of the sample of participants, T-test were used to determine the differences of demographic groups. Effect size (Cohen, 1988; Steyn, 1999) were used

in addition to statistical significance to determine the significance of relationships. Effect sizes served to indicate whether the results obtained were practically significant. Steyn (2000) indicated that the following cut off points for effect sizes as indicated by Cohen (1988) was set for the practical significance of differences between means:

- ✓ $|\Delta| = 0.2$: small effect
- ✓ $|\Delta| = 0.5$: medium effect
- ✓ $|\Delta| = 0.8$: large effect

3.7 CHAPTER SUMMARY

The study pursues to discover and identify the reasons for employee turnover and employee retention in the financial industry by making use of surveys in selected accounting and auditing organisations in the North-West province. This chapter explained the methodology utilised to meet the objectives of the study. The ideal approaches for the analysis of the data were discussed together with the explanation with regard to the data collection instrument and the population selected to participate in the study.

The next chapter will discuss the empirical outcomes of the study.

CHAPTER FOUR

EMPIRICAL INVESTIGATION

4.1 INTRODUCTION

Chapter two provided a literature review on employee turnover, employees' intention to turnover, optimal turnover rates and employee retention strategies. In chapter three the research methodology and statistical techniques that were applied during this study, were explained.

Chapter four discusses the data, analysis of the data and results of the study. This chapter will assist in determining to which extend the responses answer the research question that was defined in chapter one.

4.2 DESCRIPTIVE STATISTICS: PARTICIPANTS

A total of 100 questionnaires was sent to individuals that fills the supporting and professional designations at various accounting and auditing organisations in the North-West province. Altogether sixty-six employees participated in the study, representing a response rate of 66%. All 66 questionnaires were analysed in the study and a copy of the questionnaire is attached as Annexure A.

The descriptive statistics of the participants' demographic and employment data are summarised in Table 1.

Table 1
Demographic information of participants

Item	Category	Frequency	Percentage
Gender	Male	43	65.2
	Female	23	34.8

Race	African	7	10.6
	Caucasian	48	72.7
	Indian	2	3.0
	Coloured	5	7.6
Age	24 years and younger	13	19.7
	25 - 35 years	23	34.8
	36 - 45 years	11	16.7
	46 - 55 years	14	21.2
	56 years and older	5	7.6
Qualification	Grade 12	12	18.2
	Diploma	13	19.7
	Degree	20	30.3
	Degree +	21	31.8
Time at current organisation	1 - 5 years	40	46
	6 – 10 years	7	10.6
	11 – 20 years	13	19.7
	More than 20 years	5	7.6
Leadership position	Leadership role	13	19.7
	No leadership role	51	77.3
Position	Supporting staff	25	38.5
	Professional staff	40	61.5

As explained by Table 1 the population consistent largely of Caucasian males between the ages of 25 and 35 years. These individuals mainly have non-leadership roles as professional employees at the accounting or auditing organisations that participated in the study.

4.3 RESULTS AND DISCUSSION

The descriptive statistics and alpha coefficients of the components measured in the turnover intention and retention questionnaire are indicated in Table 2.

Table 2
Descriptive Statistics and Alpha Coefficients

Components	Mean	SD	Skewness	Kurtosis	α
Sense of belonging	3.67	0.57	-0.24	0.03	0.80
Job satisfaction	4.00	1.08	-1.20	0.78	0.98
Organisational commitment	3.41	0.88	-0.76	0.67	0.87
Turnover intention	2.93	1.15	-0.29	-0.81	0.91
Employability perceptions	3.53	0.76	-0.23	-0.56	0.89
Benefits and pay satisfaction	2.88	0.87	-0.06	-0.53	0.93
Responsibility for work outcome	4.30	0.68	-0.74	-0.03	0.83
Job – company fit	3.95	0.77	-0.71	-0.23	0.88
Recognition	3.29	0.64	-0.05	-0.30	0.79
Personal growth and development	3.15	0.72	0.02	-0.76	0.87
Management and leadership	3.61	0.99	-0.70	0.20	0.98
Community and communication	3.36	0.78	-0.42	0.43	0.94
Transparency	2.87	0.84	-0.49	0.16	0.75

Table 2 indicates that acceptable Cronbach's alpha coefficients varying between 0.75 and 0.98 were obtained. All the alpha coefficients soundly compare to the research guideline of 0.700 (0.55 in basic research). This demonstrates that the components (internal consistency of the components) explain a large part of the variance (Nunnally & Bernstein, 1994). It can be concluded from Table 2 that the scales of the measuring instrument had moderately normal distributions, with low skewness and kurtosis, except for job satisfaction where the data was negatively skew.

The product-moment correlation coefficients between the noted factors are given in Table 3.

Table 3**Correlation Coefficients between the components of the turnover intention and retention questionnaire**

	1	2	3	4	5	6	7	8	9	10	11	12
1. Sense of belonging	.	.	.	.	.	.	.	.	.	.	.	.
2. Job satisfaction	0.42**	.	.	.	.	.	.	.	.	.	.	.
3. Organisation commitment	0.65***	0.60***	.	.	.	.	.	.	.	.	.	.
4. Turnover intention	-0.63***	-0.45**	-0.66***	.	.	.	.	.	.	.	.	.
5. Employability perceptions	0.09	0.41**	0.34**	-0.12	.	.	.	.	.	.	.	.
6. Benefits and pay satisfaction	0.53***	0.30*	0.46**	-0.48**	-0.04	.	.	.	.	.	.	.
7. Responsibility for work outcome	0.21	0.56***	0.38**	-0.23	0.40**	0.16	.	.	.	.	.	.
8. Job-company fit	0.42**	0.71***	0.62***	-0.54***	0.37**	0.28*	0.61***	.	.	.	.	.
9. Recognition	0.47**	0.34**	0.57***	-0.41**	0.41**	0.37**	0.50**	0.48**	.	.	.	.
10. Personal growth and development	0.41**	0.36**	0.54***	-0.37**	0.46**	0.29*	0.47**	0.55***	0.62***	.	.	.
11. Management and leadership	0.35**	0.51***	0.47**	-0.40**	0.33**	0.36**	0.54***	0.64***	0.60***	0.50**	.	.
12. Community and communication	0.54***	0.50**	0.62***	-0.34**	0.32**	0.34**	0.45**	0.52***	0.63***	0.60***	0.69***	.
13. Transparency	0.52***	0.27*	0.52***	-0.40**	0.10	0.37**	0.15	0.36**	0.49***	0.60***	0.41**	0.62***

* $p \leq 0.05$ = statistically significant+ $r > 0.30$ = practically significant (medium effect)++ $r > 0.50$ = practically significant (large effect)

Table 3 shows correlations between the components of the turnover intention and retention questionnaire. It was noted that several statistical and practical significant (medium and large effect) correlations were found between the components.

The positive relationships indicate that the higher (more positive) an employee's feeling towards the sense of belonging, job satisfaction, organisational commitment, employability perceptions, benefits and pay satisfaction, responsibility for work outcome, job-company fit, recognition, personal growth and development, management and leadership, community and communication as well as transparency within the organisation, the more likely he or she may experience a comprehensive positive feeling towards the organisation which in turn results in lower turnover.

Turnover intention correlated negatively with sense of belonging, job satisfaction, organisational commitment, employability perceptions, benefits and pay satisfaction, responsibility for work outcome, job-company fit, recognition, personal growth and development, management and leadership, community and communication as well as transparency. This is indicative that employee turnover intention is expected to decrease should the other components be experienced positively (increase) in the organisation. Benefit and pay satisfaction correlated negatively with employability perceptions. This indicate that employees' satisfaction with their remuneration packages are expected to decrease should they feel that they can find a different position elsewhere or that their qualifications are in demand

The results of multiple regression analysis with turnover intention as dependent variable are reported in Table 4.

Table 4
Multiple regression analyses with turnover intention as dependent variables

Components	Unstandardised		Standardised	T	p	F	R	R ²	ΔR ²
	Coefficients		Coefficients						
	B	SE	Beta						
Dependent Variable: Turnover intention									
(Constant)	7.38	1.01		7.30	0,00*	6.05*	0.76	0.58	0.58
Sense of belonging	-0.68	0.30	-0.34	-2.28	0,03*				
Job satisfaction	-0.19	0.18	-0.18	-1.03	0,31				

Organisational commitment	-0.47	0.24	-0.36	-1.99	0.05
Employee perceptions	0.07	0.18	0.05	0.39	0.70
Benefits and pay satisfaction	-0.06	0.16	-0.05	-0.37	0.72
Responsibility for work outcome	0.04	0.23	0.02	0.16	0.88
Job-company fit	-0.17	0.26	-0.11	-0.68	0.50
Recognition	-0.03	0.26	-0.02	-0.11	0.92
Personal growth and development	-0.02	0.24	-0.01	-0.08	0.94
Management and leadership	-0.19	0.18	-0.16	-1.05	0.30
Community and communication	0.54	0.25	0.37	2.14	0.04*
Transparency	-0.05	0.21	-0.04	-0.25	0.80

* $p < 0, 05$

Table 4 shows that 58 percent of the variance explained in turnover intention was predicted by the components of employee turnover ($F = 6.05$; $p < 0.05$). Sense of belonging and community and communication were noted as being the only significant predictors of turnover intention. This indicates that turnover intention has a meaningful relationship with sense of belonging as well as community and communication. Changes in employees' approach to sense of belonging and community and communication will cause changes in their turnover behaviour.

T-tests were conducted to determine the differences between the demographic groups on the identified components. These results are reported in Table 5 to Table 11. In Table 5 the differences based on gender groups are reported.

Table 5

Differences between gender groups

Item	Female (n=23)		Male (n=43)		<i>p</i>	<i>d</i>
	Mean	SD	Mean	SD		
Sense of belonging	3.38	0.51	3.82	0.55	0.99	0.83
Job satisfaction	3.65	1.37	4.18	0.87	0.00*	0.46
Organisational commitment	3.23	0.96	3.51	0.83	0.29	0.31
Turnover intention	3.41	1.16	2.68	1.07	0.36	0.65
Employability perceptions	3.53	0.70	3.52	0.80	0.16	0.01
Benefits and pay satisfaction	2.69	0.94	2.97	0.83	0.59	0.32
Responsibility for work outcome	4.10	0.86	4.40	0.54	0.00*	0.42
Job-company fit	3.67	0.95	4.10	0.62	0.00*	0.54
Recognition	2.98	0.61	3.45	0.60	0.96	0.78
Personal growth & development	2.94	0.69	3.27	0.71	0.83	0.47
Management and leadership	3.29	1.10	3.78	0.89	0.23	0.49

Community and communication	3.15	0.82	3.48	0.74	0.67	0.42
Transparency	2.53	0.76	3.05	0.83	0.99	0.65

* $p < 0.05$

As can be seen in Table 5, there are statistically ($p < 0.05$) and practically significant ($d > 0.20$, small effect) differences between gender groups in terms of Job satisfaction and Responsibility for work outcome and statistically ($p < 0.05$) and practically significant ($d > 0.50$, medium effect) differences between gender groups in terms of Job-company fit. It seems that male participants are more likely to experience job satisfaction, take responsibility for their work outcome and have job-company fit, than female participants.

Table 6
Differences between race groups

Item	Other** (n=14)		Caucasian (n=48)		<i>p</i>	<i>d</i>
	Mean	<i>SD</i>	Mean	<i>SD</i>		
Sense of belonging	3.49	0.65	3.73	0.57	0.60	0.39
Job satisfaction	3.69	1.43	4.02	0.99	0.10	0.27
Organisational commitment	3.15	0.84	3.44	0.89	0.75	0.34
Turnover intention	3.18	1.42	2.90	1.09	0.06	0.22
Employability perceptions	3.61	0.71	3.50	0.78	0.54	0.15
Benefits and pay satisfaction	2.74	0.99	2.91	0.86	0.76	0.18
Responsibility for work outcome	4.11	0.71	4.29	0.66	0.78	0.26
Job-company fit	3.72	0.83	3.96	0.75	0.91	0.30
Recognition	3.27	0.49	3.31	0.69	0.19	0.07
Personal growth & development	2.99	0.60	3.20	0.75	0.29	0.31
Management and leadership	3.58	0.90	3.58	1.03	0.88	0.00
Community and communication	3.49	0.82	3.34	0.80	0.87	0.19
Transparency	2.84	0.82	2.91	0.85	0.88	0.08

* $p < 0.05$

** Other = African, Coloured and Indian

As reported in Table 6, there are no statistically ($p < 0.05$) and practically significant differences between race groups in this study.

Due to the small sample size, certain age groups were clustered together. The differences based on age groups are reported in table 7.

Table 7***Differences between age groups***

Item	35 and younger (n=36)		36 and older (n=30)		<i>p</i>	<i>d</i>
	Mean	<i>SD</i>	Mean	<i>SD</i>		
Sense of belonging	3.52	0.60	3.86	0.48	0.15	0.63
Job satisfaction	3.81	1.31	4.24	0.65	0.00*	0.42
Organisational commitment	3.26	1.00	3.60	0.68	0.03*	0.40
Turnover intention	3.31	1.17	2.45	0.92	0.06	0.82
Employability perceptions	3.79	0.67	3.21	0.75	0.24	0.82
Benefits and pay satisfaction	2.66	0.88	3.13	0.81	0.48	0.56
Responsibility for work outcome	4.37	0.71	4.21	0.63	0.53	0.24
Job-company fit	3.94	0.88	3.97	0.64	0.09	0.04
Recognition	3.28	0.67	3.29	0.61	0.83	0.02
Personal growth & development	3.30	0.68	2.98	0.72	0.78	0.46
Management and leadership	3.69	1.04	3.51	0.93	0.82	0.18
Community and communication	3.34	0.94	3.39	0.55	0.03*	0.07
Transparency	2.80	0.84	2.95	0.84	0.91	0.18

* $p < 0.05$

Table 7 shows that there are statistically ($p < 0.05$) and practically significant ($d > 0.20$, small effect) differences between age groups in terms of Job satisfaction, Organisational commitment and Community and communication. It appears that participants older than 35 years are more likely to experience job satisfaction, organisational commitment and community and communication than participants younger than 36.

Due to the small sample size, certain qualification groups were clustered together. The differences based on qualification groups are reported in table 8.

Table 8***Differences between qualification groups***

Item	Grade 12 & Diploma** (n=25)		Degree + (n=41)		<i>p</i>	<i>d</i>
	Mean	<i>SD</i>	Mean	<i>SD</i>		
Sense of belonging	3.57	0.55	3.74	0.59	0.86	0.30
Job satisfaction	3.96	0.78	4.03	1.24	0.02*	0.07
Organisational commitment	3.35	0.72	3.45	0.97	0.31	0.12

Turnover intention	2.99	1.11	2.89	1.18	0.48	0.09
Employability perceptions	3.06	0.63	3.81	0.70	0.90	1.13
Benefits and pay satisfaction	2.90	0.77	2.86	0.94	0.04*	0.05
Responsibility for work outcome	4.15	0.63	4.39	0.69	0.69	0.36
Job-company fit	3.93	0.67	3.96	0.84	0.45	0.04
Recognition	3.19	0.60	3.35	0.66	0.83	0.25
Personal growth & development	2.75	0.64	3.40	0.65	0.73	1.01
Management and leadership	3.64	0.95	3.59	1.02	1.00	0.05
Community and communication	3.33	0.65	3.38	0.86	0.19	0.07
Transparency	2.79	0.85	2.91	0.83	0.57	0.14

* $p < 0.05$

** Diploma = bookkeeping or human resource management diploma

As can be seen in Table 8, there is a statistically ($p < 0.05$) and practically significant ($d > 0.20$, small effect) difference between qualification groups in terms of Job satisfaction and a statistically ($p < 0.05$) and practically significant ($d > 0.50$, medium effect) difference between qualification groups in terms of their benefits and pay satisfaction. It seems that participants that obtained a degree and/or higher qualification are more likely to experience job satisfaction than those participants that obtained a grade 12 certificate or diploma. It also appears that participants that have a grade 12 certificate or diploma are more satisfied with their benefits and pay structures than those with a degree and/or higher qualification.

Due to the small sample size, certain groups with regard to the participants' years of experience in their current organisation were clustered together. The differences based on experience in their current organisation are reported in Table 9.

Table 9

Differences between years in the organisation groups

Item	5 years and less (n=40)		6 years and more (n=25)		p	d
	Mean	SD	Mean	SD		
Sense of belonging	3.52	0.60	3.91	0.45	0.12	0.74
Job satisfaction	3.83	1.27	4.29	0.64	0.01*	0.46
Organisational commitment	3.26	0.96	3.66	0.70	0.10	0.48
Turnover intention	3.25	1.14	2.44	0.98	0.28	0.76
Employability perceptions	3.66	0.77	3.33	0.73	0.85	0.44

Benefits and pay satisfaction	2.66	0.84	3.20	0.84	0.90	0.64
Responsibility for work outcome	4.33	0.69	4.26	0.67	0.88	0.10
Job-company fit	3.89	0.86	4.04	0.63	0.09	0.20
Recognition	3.24	0.68	3.37	0.58	0.56	0.21
Personal growth & development	3.21	0.71	3.04	0.73	0.93	0.24
Management and leadership	3.60	1.03	3.66	0.93	0.55	0.06
Community and communication	3.31	0.90	3.47	0.55	0.05*	0.22
Transparency	2.79	0.82	3.00	0.88	0.67	0.25

* $p < 0.05$

Table 9 report that there are statistically ($p < 0.05$) and practically significant ($d > 0.20$, small effect) differences between years in the organisation groups in terms of Job satisfaction and Community and communication. It seems like participants that have 6 or more years' experience in their current organisation are more likely to experience job satisfaction as well as community and communication than those participants who have 5 or less years' experience.

Table 10

Differences between leadership position groups

Item	Yes (n=13)		No (n=51)		<i>p</i>	<i>d</i>
	Mean	SD	Mean	SD		
Sense of belonging	4.04	0.50	3.59	0.55	0.83	0.86
Job satisfaction	4.28	0.84	3.93	1.14	0.35	0.35
Organisational commitment	3.75	0.60	3.33	0.93	0.10	0.54
Turnover intention	2.54	1.09	3.07	1.13	0.57	0.48
Employability perceptions	3.62	0.69	3.52	0.79	0.53	0.13
Benefits and pay satisfaction	3.07	0.66	2.81	0.90	0.19	0.33
Responsibility for work outcome	4.35	0.67	4.29	0.69	0.76	0.09
Job-company fit	4.14	0.62	3.92	0.81	0.43	0.31
Recognition	3.30	0.54	3.29	0.67	0.30	0.02
Personal growth & development	3.43	0.65	3.08	0.73	0.53	0.57
Management and leadership	3.69	0.91	3.61	1.03	0.67	0.08
Community and communication	3.59	0.84	3.31	0.76	0.44	0.35
Transparency	3.04	0.60	2.80	0.89	0.11	0.32

* $p < 0.05$

As reported in Table 10, there are no statistically ($p < 0.05$) and practically significant differences between leadership roles groups in this study.

Table 11***Differences between position groups***

Item	Professional position (n=40)		Supporting position (n=25)		<i>p</i>	<i>d</i>
	Mean	<i>SD</i>	Mean	<i>SD</i>		
Sense of belonging	3.71	0.57	3.66	0.56	0.94	0.89
Job satisfaction	4.08	1.17	3.82	0.93	0.16	0.25
Organisational commitment	3.50	0.91	3.29	0.83	0.54	0.24
Turnover intention	2.94	1.23	2.86	1.02	0.15	0.07
Employability perceptions	3.76	0.74	3.14	0.65	0.61	0.89
Benefits and pay satisfaction	2.86	0.87	2.92	0.91	0.95	0.07
Responsibility for work outcome	4.44	0.68	4.09	0.64	0.79	0.53
Job-company fit	4.06	0.76	3.84	0.74	0.73	0.29
Recognition	3.35	0.65	3.21	0.61	0.97	0.22
Personal growth & development	3.37	0.66	2.85	0.69	1.00	0.77
Management and leadership	3.65	1.05	3.52	0.90	0.62	0.13
Community and communication	3.44	0.91	3.25	0.51	0.01*	0.26
Transparency	2.89	0.81	2.84	0.91	0.57	0.06

* $p < 0.05$

As can be seen in Table 11, there is a statistically ($p < 0.05$) and practically significant ($d > 0.20$, small effect) difference between position groups in terms of Community and communication. It seems that participants in professional positions are more likely to experience community and communication than participants in supporting positions.

4.4 CHAPTER SUMMARY

The quantitative results of the empirical study were reported in this chapter. Self-administered questionnaires were distributed to enable participants to report on their feeling towards certain components of their organisation as well as identify factors that will influence their decision to remain at or leave their organisation.

Acceptable Cronbach alpha coefficients of 0.75 to 0.98 were obtained. All the alpha coefficients soundly compare to the research guideline of 0.70 (0.55 in basic research). This demonstrates that the components (internal consistency of the components) explain a large part of the variance (Nunnally & Bernstein, 1994). The scales of the

measuring instruments had moderately normal distributions, with low skewness and kurtosis, except for the job satisfaction component where the data was negatively skewed and peaked.

The positive correlation relationships indicate that the higher (more positive) an employee's feeling towards the components evaluated in the questionnaire, the more likely he or she may experience an optimistic feeling towards the organisation which in turn results in lower turnover. Turnover intention correlated negatively with all the components. This is indicative that employee turnover intention is expected to decrease should the other components be experienced positively (increase) in the organisation.

T-tests were conducted to determine the differences between the demographic groups on the identified components. Statistical and practical significant differences were found in terms of gender, age groups, qualification groups, experience in the organisation groups, and position groups. The results illustrated that male participants are more likely to experience job satisfaction, take responsibility for their work outcome and have job-company fit, than female participants. Participants older than 35 appear to be more likely to experience job satisfaction, organisational commitment and community and communication than participants younger than 36. Participants that obtained a post-degree qualification are more likely to experience job satisfaction than those participants that hold a grade 12 certificate or diploma. Participants that obtained a grade 12 certificate or diploma are more satisfied with their benefits and pay structures than those with a degree and/or higher qualification. Participants that have 6 or more years' experience in an organisation are more likely to experience job satisfaction as well as community and communication than those participants who have 5 or less years' experience. Participants that fill professional positions are more likely to experience community and communication than participants in supporting positions.

Chapter 5 will discuss the conclusions applying to the research questions, the limitations of the study and recommendations regarding future research.

CHAPTER FIVE

CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

5.1 INTRODUCTION

This chapter discusses the interpretations of the results obtained in Chapter 4. Conclusions to the research questions are drawn from the interpretation results. Several limitations were identified during the study and are discussed. Concluding this chapter recommendations pertaining to specifically the financial industry are provided as well as opportunities for further research.

5.2 CONCLUSIONS

The collective objective of the study was to identify the factors that influence turnover intention, actual turnover and employee retention of employees in the financial industry. The following conclusions, pertaining specifically to the financial industry, can be drawn:

The first objective was to conceptualise turnover intention and retention from the literature. Turnover intention was defined by Cohen & Golan (2007:416) as the intention of voluntary separation of employees from an organisation and can therefore be explained as an intermediary between the consideration of the decision to quit and the actual turnover. The Society for Human Resource Management (2017) explains that employee retention is the organisation's "strategic actions" to ensure that employees are "motivated and focused" to ensure that they choose to stay employed at the organisation and "fully productive for the benefit of the organisation".

Secondly, the research aimed to determine the correlation between perceived retention factors and turnover intention. Positive relationships between the components indicated that the higher (more positive) an employee's feeling towards the sense of belonging, job satisfaction, organisational commitment, employability perceptions, benefits and pay

satisfaction, responsibility for work outcome, job-company fit, recognition, personal growth and development, management and leadership, community and communication as well as transparency within the organisation, the more likely he or she may experience a comprehensive positive feeling towards the organisation which in turn results in lower turnover. This is in line with Parrack's (2016) finding that employee turnover are becoming imminent.

Turnover intention correlated negatively with sense of belonging, job satisfaction, organisational commitment, employability perceptions, benefits and pay satisfaction, responsibility for work outcome, job-company fit, recognition, personal growth and development, management and leadership, community and communication as well as transparency. This indicated that employee turnover intention is expected to decrease should the other components be experienced positively (increase) in the organisation. Benefit and pay satisfaction correlated negatively with employability perceptions. This was indicative that employees' satisfaction with their remuneration packages are expected to decrease should they feel that they can find a different position elsewhere or that their qualifications are in demand.

The third objective of the study was to determine the factors that contributes to turnover intention. The components that had substantial influence on employees' judgements to remain at or leave their organisation included job satisfaction, responsibility for work outcome, job-company fit, community and communication, organisational commitment and benefit and pay satisfaction. This finding correlates with the findings of LuqmanHussaini (2015:198) that identified turnover factors as vain work relationships, the lack of opportunity to make use of skills and talents, and other work condition relating factors such as minimal compensation for unreasonable work hours and workloads.

The fourth objective was to determine if differences between gender, race and age groups with regard to turnover and retention perceptions exist. The results illustrated that male participants experience higher job satisfaction, take more responsibility for their work outcome and have a better job-company fit, than female participants.

Participants older than 35 appear to be more likely to experience job satisfaction, organisational commitment and community and communication than participants younger than 36. No differences were found between race groups. It therefore seems that male employees, employees of all races and specifically older employees are more likely to retain their positions within their organisation.

The fifth objective of the study was to determine if differences with regard to turnover and retention perceptions exist between professional and supporting positions. It can be concluded that employees that have a professional designation are more likely to leave an organisation should community and communication in the organisation fail to deliver to their needs.

The sixth objective of the study attempted to determine if differences between a leadership and non-leadership position influence an employee's turnover and retention perceptions. No differences between leadership roles and non-leadership roles were identified. This thus reveals that a leadership position does not have an influence on employee's decision to leave the organisation.

The seventh objective was to determine the importance of an employee's level of qualification on their turnover and retention perceptions. It can be concluded that the level of qualification ominously influence employees' turnover and retention perceptions as the study found that job satisfaction and benefit and pay satisfaction are important factors.

The eight objective aimed to determine if the work experience within a certain organisation influence employees' turnover and retention behaviour. It can be concluded that employees with extensive experience within an organisation are more likely to move to other organisations as they experience more job satisfaction and community and communication.

5.3 LIMITATIONS

Several limitations can be identified in this study. Employees are usually not open to discuss the management actions that will influence them to leave an organisation. The fear of being oppressed might influence the participants to answer the questionnaires in a mutually desirable manner (Deshpande & Joseph, 2009:408). Management gatekeepers may also restrict the access to the organisation's employees due to the sensitive nature of the information that will be acquired (factors pertaining to the organisation's turnover rate).

The study might also be considered bias based on the fact that only selected accounting and auditing firms were utilised in the study. An additional limitation might include the sample size of the study as studies with larger sample sizes might have already established these conclusions.

5.4 RECOMMENDATIONS AND FUTURE RESEARCH

This section provides recommendations for the financial industry and opportunities for further research.

5.4.1 RECOMMENDATIONS

The results of this study can act as a strategic tool for the management of financial organisations, specifically accounting and audit entities, to align their retention strategies with the needs of employees. The study could also contribute to identifying and explaining the needs and wants of employees who wishes to stay with an organisation. It is essential to recognise and understand the components in an organisation that force employees to leave as valuable knowledge, skills and client relationships walks out with the employee.

It is recommended that accounting and audit employees are involved in the compilation of the organisation's retention strategy and that managers evaluated the organisations ability to meet their employee's needs with regard to retaining their positions within the

organisation. It is also recommended that the management team include employee turnover and retention in their aggregated organisational focus.

5.4.2 OPPORTUNITIES FOR FUTURE RESEARCH

The following areas for potential further investigation emerged during this course of the study:

- A study with a larger sample size.
- How does job satisfaction, responsibility for work outcome, job-company fit, community and communication, benefit and pay satisfaction in the South African financial industry?
- A comparative study of several industries to determine if other industries also experience employee turnover problems and to identify specific retention strategies per industry.
- A comparative study of SME's and large accounting and auditing organisations.
- A comparative study multi-service organisations in the financial industry and organisations that only provides auditing and accounting services.

5.5 CHAPTER SUMMARY

This chapter provided conclusions concerning the objectives of the research study. Limitations were identified and discussed, recommendations were made for accounting and audit firms and opportunities for further research were provided.

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ANNEXURE A

Dear Participant

I am Lin-Mari Roodt, a student from the North-West University, Potchefstroom campus under the supervision of Dr Wilma Coetzer. I am currently completing my Magister in Business Administration (MBA). Management provided me with permission to conduct research at your company.

My research will investigate factors that contributes to employee turnover intention, actual employee turnover and employee retention at your company.

Your participation in the survey is completely voluntary and your responses will be treated as confidential and anonymous. The questionnaire will require 10 to 15 minutes to be completed. Please answer as honestly as possible.

Your participation is appreciated.

Please feel free to contact me should you have any queries pertaining to the research.

Regards,

Lin-Mari Roodt (Researcher)

078 459 6182

E-mail: linmari.roodt@gmail.com

2 BIOGRAPHICAL INFORMATION

Please answer the following questions by marking the appropriate boxes.

1. **Gender** Male 1 Female 2

2. **Race** African 1 White 2 Indian
Coloured Other

3. **In which age group can you be categorised?**

24 years and younger	<input type="checkbox"/>	1
25 - 35 years	<input type="checkbox"/>	2
36 - 45 years	<input type="checkbox"/>	3
46 - 55 years	<input type="checkbox"/>	4
56 years and older	<input type="checkbox"/>	5

4. **Highest qualification?**

Up to grade 11	<input type="checkbox"/>	1
Grade 12	<input type="checkbox"/>	2
Diploma	<input type="checkbox"/>	3
Degree	<input type="checkbox"/>	4
Degree +	<input type="checkbox"/>	5

5. **Years of service in the your organisation**

Less than 1 year	<input type="checkbox"/>	1
2 - 5 years	<input type="checkbox"/>	2
6 - 10 years	<input type="checkbox"/>	3
11 - 20 years	<input type="checkbox"/>	4
More than 20 years	<input type="checkbox"/>	5

6. **Current Operation:** _____

7. **Current department:** _____

8. **Leadership role** Yes 1 No 2

9. **Current position:** _____

10. **Current job level:** _____

11. Years of service in your current position

Less than 1 year	<input type="checkbox"/>	1
2 - 5 years	<input type="checkbox"/>	2
6 - 10 years	<input type="checkbox"/>	3
11 - 20 years	<input type="checkbox"/>	4
More than 20 years	<input type="checkbox"/>	5

3 EMPLOYEE ATTRITION SURVEY

Please read through the statements and answer them as honestly as possible, using the following scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree

1. Sense of Belonging						
a.	I am involved in departmental / team decisions that have an effect on me as an employee.	1	2	3	4	5
b.	By doing my work efficiently, I contribute towards a greater goal.	1	2	3	4	5
c.	I have friends at work.	1	2	3	4	5
d.	My opinions are asked when decisions have to be made.	1	2	3	4	5
e.	My work is important	1	2	3	4	5
f.	I have interpersonal relationships with others in the work environment that is built on trust and mutual respect.	1	2	3	4	5
g.	My opinions are considered when decisions are made.	1	2	3	4	5
h.	There is purpose in my work.	1	2	3	4	5
i.	I feel part of the team.	1	2	3	4	5

j.	I have a say on how decisions made influences my interests, scope of thinking and behaviour.	1	2	3	4	5
k.	I can rely on my colleagues in times of crisis's	1	2	3	4	5
l.	I have a sense of belonging in my work environment.	1	2	3	4	5
2.	Job Satisfaction					
a.	I enjoy being at my job.	1	2	3	4	5
b.	I am content with the job I have.	1	2	3	4	5
c.	I am satisfied with my job.	1	2	3	4	5
3.	Organisational Commitment					
a.	I enjoy discussing my company with people outside the company.	1	2	3	4	5
b.	I have a strong sense of affinity to my organisation.	1	2	3	4	5
c.	It often feels as if the company's problems are the same as my own problems.	1	2	3	4	5
d.	The company has a big personal importance to me.	1	2	3	4	5
e.	I feel committed to my organisation.	1	2	3	4	5
f.	I am proud working for my operations.	1	2	3	4	5
4.	Turnover Intention					
a.	I feel that I could leave this job.	1	2	3	4	5
b.	I am actively looking for other jobs.	1	2	3	4	5
c.	If I was completely free to choose I would leave this job.	1	2	3	4	5
5.	Employability Perceptions (External and Internal)					

a.	I am aware of other employments where I could make use of what I have learnt in my current job.	1	2	3	4	5
b.	I could get a similar (or better) job without having to relocate.	1	2	3	4	5
c.	The work qualifications I bestow are in demand by employers.	1	2	3	4	5
d.	With my work qualifications I can find new work relatively quickly.	1	2	3	4	5
e.	With my experience I can find new work relatively quickly.	1	2	3	4	5
f.	My competence allows me to work in several positions within the company.	1	2	3	4	5
g.	I could easily get promoted within my organisation.	1	2	3	4	5
h.	The work qualifications I bestow make it easy for me to get another job within the company.	1	2	3	4	5
j.	My knowledge and experience can be used in many positions within the company.	1	2	3	4	5
6. Benefits and Pay satisfaction						
a.	I am happy with my benefits at work.	1	2	3	4	5
b.	Considering my skills and the effort I put into my work, I am very satisfied with my remuneration and benefits.	1	2	3	4	5
c.	Overall I am satisfied with my remuneration and benefits.	1	2	3	4	5
d.	I am content with my yearly increases.	1	2	3	4	5
e.	The company provides benefits that are as good as if not better than similar companies.	1	2	3	4	5
f.	The company pays well.	1	2	3	4	5
g.	The fringe benefits the company provides are good and competitive.	1	2	3	4	5

h.	I think that the working conditions in this company are excellent.	1	2	3	4	5
7. Responsibility for Work Outcome						
a.	I feel a very high degree of personal responsibility for the work I do in this job.	1	2	3	4	5
b.	I feel I should personally take the credit or blame for the results of my work on this job.	1	2	3	4	5
c.	Whether or not this job gets done right it is clearly my responsibility.	1	2	3	4	5
d.	I take responsibility for my own work.	1	2	3	4	5
e.	Employees at all levels are encouraged to use their own judgment and initiative.	1	2	3	4	5
8. Job / Company Fit						
a.	I fit my job.	1	2	3	4	5
b.	I feel good about the work that I am doing.	1	2	3	4	5
c.	I feel that I can grow and develop in my current job.	1	2	3	4	5
d.	My current job is in line with my personal career aspirations.	1	2	3	4	5
e.	I enjoy coming to work every day.	1	2	3	4	5
f.	I am comfortable in my current position.	1	2	3	4	5
g.	The company has provided a working environment that is safe and pleasant to work in.	1	2	3	4	5
h.	I have a job description.	1	2	3	4	5
i.	I know what is expected from me in my job.	1	2	3	4	5
9. Recognition						

a.	It is important to me to be recognised for my work.	1	2	3	4	5
b.	I get recognition from my manager / direct supervisor.	1	2	3	4	5
c.	My remuneration and benefits are the only acknowledgement I seek.	1	2	3	4	5
d.	My remuneration and benefits are important, but I would also appreciate non-monetary rewards.	1	2	3	4	5
e.	I am satisfied with my operations' current recognition programme.	1	2	3	4	5
f.	The nature of my job allows me adequate opportunity to be recognised.	1	2	3	4	5
g.	Employees are always given recognition and praise for achievement.	1	2	3	4	5
h.	Employees are always rewarded for achievement.	1	2	3	4	5
10.	Personal Growth and Development					
a.	I have enough development and learning opportunities within my department/organisation.	1	2	3	4	5
b.	I have advancement or promotion opportunities beyond my current position.	1	2	3	4	5
c.	My proposed career path fit in with my own career aspirations.	1	2	3	4	5
d.	I am supported by my organisation in my career aspirations.	1	2	3	4	5
e.	I take full responsibility for my career.	1	2	3	4	5
f.	My workload is realistic.	1	2	3	4	5
g.	I have a career plan in my company which directs my training and development.	1	2	3	4	5

h.	I believe that the company is committed and making active efforts to grow and develop its employees.	1	2	3	4	5
i.	The company gives me as an employee all the support and training that I require to develop my skills and abilities.	1	2	3	4	5
j.	There are equal opportunities for all employees to get ahead in the company.	1	2	3	4	5
k.	The company has training and development policies and procedures which have been well communicated to all employees.	1	2	3	4	5
11. Management and Leadership						
a.	My direct manager lives up to my expectations.	1	2	3	4	5
b.	I receive adequate feedback from my manager and relevant others.	1	2	3	4	5
c.	I receive meaningful feedback from my manager and relevant other.	1	2	3	4	5
d.	Management has a high level of integrity, is highly skilled and delivers up to the required standards.	1	2	3	4	5
e.	My manager provides me with the information I need to perform effectively.	1	2	3	4	5
f.	When I encounter problems at work, I can always ask my manager for advice.	1	2	3	4	5
g.	I always receive help from my manager when difficulties in my work arise.	1	2	3	4	5
h.	My manager helps me when I encounter problems in my work that I cannot solve by myself.	1	2	3	4	5
i.	There are good sound relations between management and the employees.	1	2	3	4	5
j.	Work related objectives between managers/supervisors and employees have been developed together.	1	2	3	4	5

k.	Employees at all levels are given regular constructive feedback on their performance.	1	2	3	4	5
l.	Managers/Supervisors have been trained and developed in managerial skills and abilities.	1	2	3	4	5
m.	I respect my manager.	1	2	3	4	5
12.	Community and Communication					
a.	People in the company get on well with one another.	1	2	3	4	5
b.	In our company we believe that teamwork is important.	1	2	3	4	5
c.	In our company everybody really tries to help and assist one another.	1	2	3	4	5
d.	As a company we encourage open and transparent communication between all levels of employees.	1	2	3	4	5
e.	There is a lot of team spirit and cooperation between employees at all levels in the company.	1	2	3	4	5
f.	In our company transformation is working and I can see the progress towards equality.	1	2	3	4	5
g.	When interpersonal difficulties arise these are dealt with openly and quickly.	1	2	3	4	5
h.	It is a nice company to work for.	1	2	3	4	5
i.	Different departments get on well with one another.	1	2	3	4	5
j.	I am satisfied with the way that I am kept informed in the company.	1	2	3	4	5
k.	I am always informed about the outcome of meetings.	1	2	3	4	5
l.	Communication is effective in my company.	1	2	3	4	5
m.	Communication is open and transparent between my operations and other operation within my company.	1	2	3	4	5

n.	I am aware of all the organisation's operations and the current organisational growth of the bigger organisation.	1	2	3	4	5
o.	I know how my operation fits into the organisation.	1	2	3	4	5
13. Transparency						
a.	As a company we believe in giving opportunities to lower level employees in making decisions in their jobs.	1	2	3	4	5
b.	It is evident that management are taking transformation and employment equity seriously.	1	2	3	4	5
c.	We are a flexible company that is open to change and ideas from others.	1	2	3	4	5
d.	Differences between groups are seen as an opportunity to become a diverse company.	1	2	3	4	5
14.	What are the main reasons for you to stay with your current organisation?					
15.	What will be possible reasons for you to consider leaving your current organisation?					

16.	What are the aspects that your organisation can address to retain you as an employee and other employees?
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