

Perception of factors influencing labour turnover of IT workers in South Africa – A case study

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Abstract

The ongoing war for talent has resulted in many companies focussing more time and effort on retaining their employees, and understanding why they leave so that a successful retention strategy can be developed. Information technology (IT) has become a critical tool in ensuring the success and competitiveness of companies, but as many IT leaders understand, it is the people and not the systems alone that are the key factor. The context of this research is therefore to understand the perceived factors that influence the labour turnover of IT workers in South Africa.

A single case study approach was used focussing on the IT developers in a single, large company operating in the financial and insurance services sector. Data was gathered from exit interviews, market information, and face to face interviews with both past and current employees. This data was evaluated against the findings of the literature review.

The initial findings of the research indicated four main factors that contributed to the turnover of IT workers, these being promotions and career growth, technology and skills development, financial factors, and management and the working environment. The impact of these factors differed amongst the employees when factors such as gender, race and age were taken into account, indicating that any company focussing on retaining its employees required a deeper understanding of the reasons behind staff turnover.

Declaration

I, James Dirk Horak, declare that this research report is my own, unaided work. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

James Dirk Horak
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1. Introduction

1.1 Context of the research

Information technology (IT) has become an increasingly strategic component of all companies over the last 30 years (Brockway and Hurley, 1998; Campbell, Kay and Avison, 2005). Gone are the days where IT was seen as merely a support function for many firms. From a means to simply store company data, it has evolved into a tool for developing new products and processes, improve customer satisfaction, service and quality (Papp, 1999; Beheshti, 2004), and with the advent of the World Wide Web and the spread of globalisation, as a tool for delivering these products to customers around the world (Strategic Direction, 2002). Processes such as data mining have allowed companies more insight into their customer's needs and habits and has allowed for new innovations and means to target their markets. Kaplan and Norton (2004) have postulated that a company's intangible assets (such as human capital, databases and information systems, and innovation abilities) may account for up to 75% of its value, and leveraging these assets may create additional sustainable value.

In many organisations few top executives have the time or understanding of IT to incorporate it in their strategic plans for the organisation (Beheshti, 2004). As a result of this it is often left to IT professionals to proactively identify the information needs of the organisation and develop an IT strategy that meets the needs of the organisation.

The retention of productive IT employees therefore not only provides a company with a competitive advantage, but with the ever increasing use of information technology and information systems (IS) in organisations, the retention of talented staff can reduce the risks associated with discontinuity on many projects (Walters and Tang, 2006). IT staff have taken on a greater role over the past number of years. Not only do they possess the technical

knowledge required to develop systems, but they also possess and require vast amounts of business knowledge to ensure the success and validity of the systems they have built.

When an IT staff member leaves an organisation, they not only take with them an intimate knowledge of the systems they have developed, but the organisation loses a vast repository of business knowledge as well. Staff turnover in companies has been estimated in recent years at 5% staff loss per annum in general. Within the IT environment this rises to between 15% and 25% which poses a problem for companies when one considers the importance of IT staff to a company's competitiveness and success.

1.2 Purpose of the research

The purpose of this research is to identify and analyse the factors that contribute to IT staff leaving organisations (voluntary staff losses). This will be done by conducting the research on a case study basis in a single, large, IT intensive organisation employing more than 1,500 employees, of which more than 500 are employed in IT. The aim is to give IT managers the information required to assist in identifying and building retention strategies within their organisations, and to give a basic understanding of the impact that continued high turnover of IT employees has on their organisation.

There exists a certain overlap in the attributes of IT workers and knowledge workers, and as such there are certain factors that may be common to both when discussing why staff leave, or how turnover factors in organisations have been determined. This study will, however, focus only on the IT worker.

Many organisations use exit interviews (also called exit surveys) to gather data that they believe can be used to improve working conditions, and as a means of developing staff retention strategies. Some researchers have questioned the usefulness of exit interviews, as they are often conducted during an emotional period following the decision to leave an organisation. The employee involved

may feel the need not to “burn their bridges” (Frase-Blunt, 2004) and may therefore not be completely truthful or forthcoming about the real reasons for leaving, or may focus on general reasons instead of giving specific information that could be used by the organisation. Departing employees may also focus specifically on the negatives aspects of why they are leaving (using the interview as a platform for airing grievances or grudges), and may omit any positive statements that could be useful in retaining other employees which would further bias the results. As a result of this, exit interviews cannot be used as the sole basis for conducting this research and other methods need to be employed.

1.3 Problem

The aim of this research is to determine the factors contributing to voluntary labour turnover amongst IT workers.

1.4 Limitations and delimitations of the study

The researcher did not attempt to identify or develop retention strategies based on the findings of the research. The researcher simply attempted to identify staff turnover factors which could be used by IT managers to develop their own retention strategies.

Exit interviews were used as a primary source of data for this research. However, without interviewing many of the respondents on the interviews, it was not possible to determine the level of honesty and openness shown by the respondents – this is due to the current and ever increasing trend of “not burning ones bridges” in which past employees attempt to leave the channels open for future employment in the companies that they have left. Exit interviews are generally brief in nature and do not contain the richness of detail that the researcher is after.

The researcher therefore interviewed past employees who had completed exit interviews as part of the sample used in this study. The researcher did not attempt to verify the validity of the data obtained from the past exit interviews when conducting a new series of interviews with the previous staff members.

The researcher limited the scope of this study to general staff levels in the organisation. Management levels were specifically excluded as the researcher believed that the factors leading to labour turnover may be different between staff and management due to the nature of their work.

The researcher limited the scope of this study to permanent employees in organisations only, and excluded contractors. While there may be a large overlap in the factors contributing to staff losses amongst the two groups, the researcher believed that the nature of contracting work overrides the normal staff turnover factors.

The use of a single organisation in which to conduct the research may be a limitation in itself as it may not be indicative of trends in the greater market. By conducting the research across multiple autonomously run divisions within the company, it was believed that an analysis of the findings in each would give an indication of reliability and validity of the results.

1.5 Assumptions

The process of using exit interviews as the only source of gathering data to define staff turnover factors was assumed to be flawed. This was based on the assumption that employees leaving a company may not always provide complete and comprehensive information relating to their reasons for leaving, especially if these reasons highlight negative themes in the company, or if the reasons are felt to be too personal in nature. The following assumptions underpinned the research:

- By conducting this study whilst people were still employed in their organisations, it was expected that they would be more forthcoming in

their reasons for staying with or leaving the organisation if the confidential nature of the research was stressed to them, and it was made clear by the researcher that no information which could identify any individual employee would be included in the research.

- The researcher hoped that by explaining the nature of the research to interviewees, and the potential long term benefits of understanding the factors that contribute to labour turnover, both to the company and themselves, that the employees interviewed would provide more detailed information during the interview process which would assist the researcher in achieving his aims.
- The assumption exists that there is a strong correlation between intended and actual turnover, and as such by conducting interviews on both employees currently employed by the organisation (to determine factors relating to intended turnover), as well as past employees (to determine factors that led to actual turnover) it was believed that a more comprehensive picture would be created.
- It was assumed that past employees of the organisation would be more forthcoming and honest in their reasons for leaving their previous company if they were convinced of the confidential nature of the interviews.

2. Literature Review

The success or failure of many companies in this day and age depends more on their human capital than on financial or physical assets (Harvard Business Essentials, 2002). Physical assets can be purchased with ease, but human capital, an essential component of all knowledge-based organisations, is much harder to come by. The turnover of valuable employees is both costly and disruptive to any organisation, destroys a companies' competitive edge (which may be compounded if their employees leave to join a competitor), and is negatively correlated with customer satisfaction (Harvard Business Essentials, 2002).

Employee turnover incurs three costs, each of which reduces the bottom line of a company:

1. Direct expenses, which include recruiting, interviewing and training replacements (Harvard Business Essentials, 2002)
2. Indirect costs, which includes the impact on customers, office moral, and other employees who may consider leaving as a result
3. Opportunity costs, which is the loss of opportunities as a result of managers and other employees having to fill the void until a replacement is hired.

These costs together may be as high as one to two times the departing employee's annual salary for professional employees, dependant on the productivity of the employee, their level of intellectual capital, and their understanding of the company and its processes.

Employee turnover, however, does not always imply a negative impact on the firm. The loss of unproductive employees provides an organisation with the opportunity to replace these workers with more productive employees, as well as increasing the potential to raise the intellectual capital of the organisation. The turnover of unproductive employees has a further benefit as it may result in no cost to the company via the elimination of certain hidden costs (Harvard

Business Essentials, 2002). An example of this might be the loss of an incompetent manager, who through poor business decisions may have been losing money for the company. The cost of replacing this individual is more than offset by the savings the company makes in the long run.

There are very few businesses that exist today in which information technology (IT) does not play an integral role (Walters and Tang, 2006), and for any company to attempt to compete in a constantly changing market place without a strong IT division backing it up would be risking financial suicide. The ever increasing speed at which technology is changing presents many organisations and their IT divisions with the problem of ensuring that they have the correct staff to fill the needs of the company. This has led to an increasing demand for skilled IT employees in companies.

In the South African context (and on a global scale) the strategic value of IT and IT resources are not limited to organisations, but to the country as a whole. This is evident in the Department of Trade and Industry (DTi) launching the South African IT Industry Strategy Project (SAITIS) in 1999 aimed at developing the IT industry in South Africa, and the retention of IT workers within the country.

Companies traditionally spend millions on their IT systems and technology; however, many IT leaders understand that the greatest contributors to success are the people and not the systems (Acton and Golden, 2003). Studies have shown that IT only becomes useful in the hands of real-life users, and as such state-of-the-art technology itself is no guarantee of a competitive advantage without the correct human capital behind it (Pyöriä, 2005).

Knowledge work can be defined as systematic activities that traffic in data, manipulate information, and develop knowledge (Despres and Hiltrop, 1995), or as expert jobs requiring a high level of formal education, symbolic skills and the use of information technology (Pyöriä, 2005). This work may be either theoretical or pragmatic, or in certain instances both. Peter Drucker coined the term “knowledge worker” in 1959 which refers to a person who works primarily

with information, or someone who develops and uses knowledge in the workplace. Despres & Hiltrop (1995) define knowledge workers as people who manipulate and orchestrate symbols and concepts, identify more strongly with their peers and professions than their organisations, have more rapid skill obsolescence, and are more critical to the long term success of the organisation. IT workers are a subset of knowledge workers as the nature of their work involves the acquisition, storage, manipulation and transformation of information. They share further characteristics such as identifying more with their network of peers than the company they work for (Lee-Kelly, Blackman and Hurst, 2007), are often highly educated or trained in their area of expertise, and due to the rapidly changing nature of the IT environment, suffer from greater levels of skill obsolescence. As such many of the factors contributing to knowledge worker turnover could similarly be applied to IT workers.

The loss of an employee has impacts on both the person and the organisation. Employees are reluctant to give up their accomplishments for the opportunity to have to prove themselves over again. There is a certain level of comfort in the achievements and respect gained from ones peers, as well as comfort in the knowledge expected to perform ones job and the opportunities presented by the company. When an employee leaves an organisation it incurs a cost on them – the need to prove ones abilities whilst simultaneously gaining knowledge pertinent to the new organisation in order to perform ones duties, the financial costs of moving to a new company (in terms of salary, changing pension funds and medical aids), and the social and peer disruption. This often leads to reluctance on the part of many employees to leave.

In the case of the company, the loss is in the forms of intrinsic knowledge, financial (recruitment costs, the need to potentially pay a new employee a higher wage, training etc), and potentially moral. As has been noted, however, the loss of an employee does not always have a negative impact on the organisation – if the employee is disruptive to the running of a department or team, the loss may be in favour of the firm. It is therefore vital for the company to ensure that they address the factors that may result in staff losses.

2.1 The importance of staff retention in IT

Mosley and Hurley (1999) have found that the number of IT vacancies in Australia is growing at 100% per annum, while Lockwood and Ansari (1999) believe the shortage in the USA may grow from 350,000 to 1,300,000 within the current decade. The result is that highly skilled IT employees in companies are desperately sought after by organisations that are lacking in these skills creating pressure for their existing employers to try and retain them (Mosley and Hurley, 1999). This shortage in staff often leads to the best employees leaving for greener pastures, resulting in the company being left with mediocre or substandard performers. This is often the difference between a company being profitable, or turning into one about to go out of business (Hurley, 2001).

According to Microsoft (Microsoft Solutions for Management: Workforce Management, 2002) the attraction and retention of strong IT operations staff is critical in running an efficient IT operation, and as such they focus strongly on a strategy of attracting, developing and keeping the best IT workers. This has become even more important over the past decade due to the changing nature of the IT environment, and the role that IT plays in companies. IT developers have always been viewed as the elite technical staff in organisations, and have historically been responsible for writing systems, and then handing them over to business operations for use. With the rise of the internet, as well as intranets, e-business, and extranets that allow multiple businesses to work together, IT operations have become the core of many organisations (Microsoft Solutions for Management: Workforce Management, 2002).

Retention of employees in a company can be a source of competitive advantage, with companies seeking to retain those employees who have a positive effect on the bottom line (Hurley, 2001). Employees often leave a company because they become demotivated, feel as if they are underpaid or unappreciated, and the subsequent loss of potentially talented employees can be detrimental (Sigler, 1999). It is therefore a challenge for companies to ensure that they not only develop their employees, but retain their current IT

workforce to remain competitive. One of the potential problems in many organisations is that managers believe that a generic retention strategy is enough to prevent staff leaving across their myriad divisions. Mano-Negrin (1998), however, believes that certain factors contributing to staff losses are occupation specific, and that the degrees to which generic factors contribute to losses are similarly affected.

Knowledge in organisations has been variously described as the engine that transforms economies and the stuff of organisational success (Despres and Hiltrop, 1995). Staff retention is important not only because of the technical knowledge that the workers possess, but also due to the business knowledge they have (personal know-how and tacit knowledge) (Lee-Kelly, Blackman and Hurst, 2007). This business knowledge is often deemed to be as, or more important than their pure technical skills, and hence the retention of this knowledge within the company is a critical success factor for the organisations long term competitiveness (Kubo and Saka, 2002; Acton and Golden, 2003). A further reason for the importance of retaining this knowledge is that it often relates to a specific technical or functional domain within the company (Kubo and Saka, 2002). Replacing a worker within this domain would therefore have a negative impact on the company and on productivity until such time as the worker has gained sufficient knowledge in this area.

A side-effect of this is that it allows the company to raise quality through continual improvement practices as workers can build on and learn from their current knowledge base (Acton and Golden, 2003). As Despres and Hiltrop (1995) state, "The ability to learn faster than your competitors may be the only sustainable competitive advantage". This is a key area where the retention factors of knowledge workers and IT workers overlap, as the consequences of losing these staff members will have similar impacts on the organisation.

A number of managers approached in the IT community would state that a new IT developer in a company adds little value for the first three months of their employment as they are still busy understanding the business elements of the company, as well as learning how to use any technical frameworks or systems.

The next three months would see the developer working at around 60% of capacity, and only after six months would they be working at full capacity. This measure of value-add, while not having been quantified in formal studies, is based on the experiences of several senior managers across multiple organisations. This obviously differs between companies depending on the complexity of work performed, and while no formal study has been done on this, personal experience in the field has shown that this is indeed an issue. It is factors like these that add to the high cost of replacement involved in IT workers.

The normal functioning of labour markets are characterised by workers joining and leaving organisations, and whilst this is an integral feature of the market, labour turnover is an expensive exercise for the organisation (Sutherland, 2002). Replacement costs for any employee in a company are high (Harvard Business Essentials, 2002), and are even more so when it comes to knowledge workers (Acton and Golden, 2003). It is generally estimated that the costs of replacing an employee are anywhere between one and a half (Hay, 2002) and three times their annual salary. In the case of knowledge workers, and especially IT employees this figure is often higher, as there are the direct costs associated with recruitment and training, and the additional intangible costs of learning curves, and building up the business knowledge required by these employees to perform their work effectively. Conventional wisdom states that it is cheaper to retain than to recruit and train.

The impact of many of these factors contributing to staff losses can be minimised as a result of the commitment shown by organisations to their employees. Commitment can be in the form of monetary and non-monetary benefits or actions. It is traditionally believed in organisations that “if you take care of your employees then they will take care of you” (Aghazadeh, 2003). The challenge for companies is to match what the employee wants with what they are willing to give, and in order to retain the best employees, these challenges need to be met which requires that organisations understand the needs of their employees.

2.2 Factors contributing to IT staff turnover in organisations

Staff turnover in companies falls into two distinct categories – involuntary which is often driven by factors outside of the control of the employees involved and does not result in a conscious decision by them to leave the organisation, and voluntary losses, which may be driven by factors both within and outside of the control of the employee, but which results in a conscious decision to leave. Involuntary turnover may be driven by such factors as the long term illness of an employee, or employer driven termination, such as downsizing or dismissal (Lee-Kelly, Blackman and Hurst, 2007). There are several core models which have been developed over time to describe the factors resulting in voluntary staff turnover with most of these containing two major categories of predictor variables, the first emphasising job attitudes (including job satisfaction and commitment), and the second the ease of movement of the employee (Lee-Kelly, Blackman and Hurst, 2007).

The attitude of many employees is often the greatest indicator of their intention to remain with a company or to leave it. This has been differentiated by many (Mano-Negrin, 1998) into intended turnover and actual turnover. Each of these states has a differing impact on the company as an intention to leave may simply result in a job search in the market which may or may not turn into the employee actually leaving their current employment. Many of the factors discussed in this paper do not differentiate between intended and actual turnover, and no attempt is made to define a clear path transitioning the intention to leave to actual turnover.

Mano-Negrin (1998) during her research into knowledge workers in the healthcare sector classified these work attitudes into several constructs listed below (each of these will be explored in further detail during the course of this review):

1. *Environment* – satisfaction with work environment and conditions, workload, physical accommodation and schedule flexibility (Mano-Negrin, 1998).

2. *Returns* – importance given to salary, non-monetary benefits and career prospects.
3. *Supervision* – satisfaction with supervisor, levels of autonomy, and the attitudes of a caring boss.
4. *Enrichment* – importance given to skills development and training.
5. *Feedback* – importance given to getting specific instructions, being informed and being appreciated.
6. *Organisational career prospects* – career opportunities and the internal company labour market.
7. *Stay* – attitudes include overall job satisfaction and organisational commitment.
8. *Leave* – attitudes include intent to leave and actual turnover.

Employees will often leave an organisation because management lacks sufficient information which clearly differentiates productive from non-productive employees (termed asymmetric information). Sigler (1999) believes that this may be further complicated by bounded rationality, in which the manager does not know what information he seeks, and the employee does not know what information to provide in order for the employee to differentiate themselves clearly. This leads to employees being rewarded for successes in which they played no part, or an unskilled employee being promoted, and can lead to a sense of demotivation amongst productive employees who will then seek to improve their situation by seeking employment elsewhere. Employees who cannot improve their situation are often the ones who remain (Mosley and Hurley, 1999; Sigler, 1999).

The use of performance appraisals can often contribute to worker motivation in either a positive or negative way. A correctly administered appraisal often reinforces good behaviour in employees and can contribute to their general state of happiness. However, it has been suggested that performance appraisals can be biased by personal management views of a particular employee (Cook, 1995). A negative bias (based on elements such as age, ethnicity, gender, appearance etc.) may result in loss of a worker which may not be related to their performance levels.

Performance appraisals are often linked to merit pay systems, in which a workers remuneration or rewards (bonuses etc.) are directly linked to their perceived performance in an organisation. Important elements in this process are procedural and distributive justice (Human Resource Management International Digest, 2002). "Procedural justice is concerned with the fairness of the appraisal process itself whilst distributive justice is concerned with the fairness of the reward system". If employees feel that their rewards are based less on merit and performance than on other factors it may result in an air of distrust towards management and reduce the incentive to improve performance. If this is seen to be the norm in an organisation, it could contribute substantially to staff losses.

General unhappiness with management is often an overlooked factor in staff losses (Hurley, 2001). The lack of management information shown above often contributes to employee unhappiness with their bosses, which has been found to be the second highest factor contributing to staff turnover in organisations (Hay, 2002). This is further compounded if management lacks a clear sense of direction (cited by up to 73% of respondents leaving companies). A lack of direction by management in smaller organisations may have the added impact of adding to concerns about job security amongst all staff levels and types, as they may become concerned about the future of the organisation and consequently their jobs (Aghazadeh, 2003).

The hiring process itself may be a contributing factor in the long run. A poor fit of worker to organisation may result in incompatibility with the organisation vision and culture, and an inability to meet the requirements of the job itself. There may also be a poor fit between the organisation and the personal attributes of the potential employee (Taylor, Murphy and Price, 2006). These aspects may decrease job satisfaction thereby increasing the potential for turnover (Taylor, Murphy and Price, 2006).

The concept of fairness has become important in all aspects of business over the past few years, whether it be treating customers fairly, or even staff. An

attitude of fairness towards customers has become so relevant that in many countries it has become regulated and monitored by organisations such as the Financial Services Advisory (FSA) in the United Kingdom. This has, however, not yet been transposed across into such areas as the Labour Relations Act of South Africa which could have a big impact on reducing staff losses and keeping employees happy and motivated.

Fairness is fundamental to an employee's relationship with their organisation (Human Resource Management International Digest, 2002) as it affects their level of engagement with management and their co-workers. Fairness can take different forms – fairness in remuneration based on merit, fairness in treatment by managers and co-workers, fairness in opportunities for career development and growth. A disruption in any of these areas may result in feelings of disgruntlement and loss of productivity, and potentially loss of the employee to the organisation.

Hay (2002) believes that many employees will leave an organisation when “... their skills or talents are not properly developed, or when managers fail to take an interest in their career development”. This may be compounded in organisations with flat structures, as many employees perceive this as a lack of advancement opportunities, and hence a decreased chance of developing further skills. The lack of development in further skills often leads to boredom amongst many employees, and this is often cited as a reason by many for leaving (Hurley, 2001). The development of skills, and the chance to realise one's potential is characteristic of Maslow's greatest level of needs in his hierarchy (self-fulfilment). O' Bryan and Pick (1995) believe that the ability to fulfil this need is one of the greatest motivators of IT staff (and knowledge workers in general).

A lack of training may also lead to greater concerns about obsolescence amongst employees. This is an internal factor from the viewpoint of the employee as it is based on their desire to ensure that they are more competitive in the labour market itself should they seek alternate employment – workers effectively leave the organisation now to ensure that they can get a

different job in the future. It is interesting to note, however, that research by Acton and Golden (2003) has shown that there is no correlation between the provision of training in organisations and staff retention, and similarly, no correlation between a lack of training and turnover. Companies that provide high quality training do not find their staff staying with them for longer periods than those companies that do not. Training may form an integral part of career development, and while it is often noted by employees as being a key driving factor in their decision to leave a company, it does not seem to be a key factor influencing staff turnover. It is the spin-offs of training that are important to the organisation – increased employee moral, greater job satisfaction amongst employees, and lower levels of job stress. It is these resulting factors that impact retention and turnover levels (Acton and Golden, 2003).

Training, however, increases the intellectual capital of employees which makes them more attractive to other firms. Changes in market opportunities could induce a greater number of these employees to leave their current firms (Huang, 2006) if the opportunities are related to the new skills they have been provided with. Similarly a perceived change in market opportunities could have the same effect as workers may believe that their new skills allow them to move more easily between positions (Taylor, Murphy and Price, 2006). This is further heightened if their current employers do not have retention processes in place. There is, however, no consensus in any research to prove that employees with more training are likely to have higher retention levels in firms. This is because increased intellectual capital is no indicator of increased work ethic or commitment. If the capital is firm specific (related to work processes, corporate culture or teamwork), Huang *et al* (2006) believe that companies would be more likely to retain the services of these employees as it may result in an increase in costs to the firm to have to retrain new workers. It may also be that these firm specific skills hinder employees from obtaining work elsewhere and as such may result in their turnover rates being lower than normal. Non-firm specific skills which allow workers to move into different sectors more easily result in what is commonly referred to as the skills-transferability hypothesis, and it is postulated that individuals possessing these skills may find it easier to

leave a firm, and are therefore more likely to do so if the opportunity arises (Mano-Negrin, 1998).

Acton and Golden (2003) have noted that “training employees leads to increased employee satisfaction, facilitates the updating of skills, leads to an increased sense of belonging and benefit, increased employee commitment to the organisation, and strengthens the organisation’s competitiveness”. This clearly shows the double impact of a lack of skills training in an organisation – potential staff losses, as well as the impact to the competitiveness of the organisation, and hence its bottom line.

May and Askham (2005), drawing on the works of Schlesinger and Heskett (1992) believe that a “cycle of failure” model can ultimately result in a cycle of self-perpetuating high staff turnover if retention issues are not addressed. This occurs when companies begin to tolerate the high levels of turnover and lower the levels of expected dedication from their staff. Staff members become dissatisfied with their working conditions, motivation decreases, and more staff members leave. Management accepts this behaviour and chooses not to invest further in their employees (either through career advancement, training or salaries), further lowering working conditions. The resulting cycle ultimately lowers the competitiveness of the company.

A further contributing factor is that the nature of the employer – employee contract has changed over time. Companies no longer expect employees to remain loyal to them for the duration of their lifetimes. They no longer offer job security to their employees, but in its place the opportunities for career development and growth have taken its place (Zheng and Kleiner, 2001). Career development is an important motivational factor especially amongst knowledge workers who constantly seek to grow and develop their abilities, and if the opportunity to do so is not available in their current company, many employees will be motivated to seek it elsewhere. If the organisations promotion strategies favour internal candidates, then job security is increased, raising the comfort level of employees and potentially reducing losses (Lee-Kelly, Blackman and Hurst, 2007).

By the same token, many employees do not expect to work for the same company for their entire lives, but see many companies as a stepping stone towards achieving their career goals (Kippenberger, 2000). O' Bryan and Pick (1995) further believe that many workers in an IT environment do not fully buy into the culture of the companies that they work for (compared to other departments in the same company). This is because as knowledge workers their careers are driven through self directed learning rather than internal career schemes, with their ability to learn driving their competitive advantage. This makes them more likely to be loyal to fellow professionals, contact networks and their peers (Lee-Kelly, Blackman and Hurst, 2007). This greater commitment to their profession makes it less of an issue for them to leave companies and move to where they believe better opportunities lie (O'Bryan and Pick, 1995), indicating different career structures to the traditional models of employment where employees are expected to remain with their companies for longer periods.

May and Askham (2005) believe that this "job-hopping" trend could have further detrimental effects on the turnover of staff. Many companies have developed the attitude that since many of their staff will leave them in a short period of time for new employment, that they should not incur the additional costs of training their current staff as they could never recoup these costs. This behaviour results in a vicious cycle with negative impacts on the organisation – staff resign after short period due to lack of training, and companies fail to train because staff do not stay for long.

This trend could have further effects on the organisation, namely a lack of commitment towards to the organisation by the employees. Organisational commitment is reported to be a better predictor of staff turnover than job satisfaction (Applebaum, Wunderlich, Greenstone, Grenier, Shapiro, Leroux, *et al*, 2003). Organisational commitment has been defined as "a state in which an employee identifies with a particular organisation and its goals, and wishes to maintain membership in the organisation" (Applebaum *et al*, 2003). Committed employees not only add greater value to the organisation through their work

ethic and productivity, but also add positive value to the culture of the company. It is through paying attention to such factors as job satisfaction, leadership skills amongst the management team, and general working conditions that companies can build greater organisational commitment, which in turn affects their staff turnover rates.

Lockwood and Ansari (1999) have identified the following factors as being the most important to IT recruits in today's market:

1. Remuneration
2. The chance to learn new skills
3. Company reputation with regards to technological innovations
4. Flexible working environment

The factors can be further sub-divided into two categories – monetary benefits (remuneration and bonuses), and non-monetary (job security, recognition, skills development etc.) (Applebaum *et al*, 2003). These factors are often under the direct control of an employees line manager, and therefore the way in which these factors are approached by the manager contributes to staff happiness and wellbeing, and ultimately to their levels of turnover (Hurley, 2001; Applebaum *et al*, 2003).

What companies often fail to realise, however, is that there is a distinct difference between the factors that draw new recruits to a company, and the factors that contribute to them remaining with the company over time. Mosley and Hurley (1999) believe that retention and not recruitment of IT staff form the biggest challenge for companies. Lockwood and Ansari (1999) have identified a few retention strategies that do, however, correspond closely to the original recruitment strategies, which fall into four main areas identified by May and Askham (2005) (financial, social, political and environmental). They are as follows:

1. Raising salaries and paying bonuses (financial)
2. Career advancement and promotions (social and political)
3. Training (social)
4. Personal recognition (political)

5. Changes in working environment (social and environmental)

In many companies money has been identified as a key driving factor in retaining employees, and at the same time it is an increasing factor that contributes to staff losses. This is often true for younger employees who are starting out with low salaries (Hurley, 2001). However, for many employees, money is not the factor that causes them to leave (Hay, 2002), and it has been found that workers that are incentivised to stay will often leave the organisation within 6 months if the deeper underlying issues are not identified and resolved. This is borne out by Mosley and Hurley (1999) who believe that money is not the primary motivator to retaining a reluctant employee.

This finding is contradictory to many of the management strategies that believe that incentive pay is a good strategy to reduce staff turnover (Sigler, 1999). It should be noted by many employers that this is a short-term strategy that can easily be imitated by competitors (Hurley, 2001). However, these strategies do not take into account the nature of the employee (knowledge worker, service worker etc.) or the work they are involved in, and may therefore be completely inappropriate to IT workers and knowledge workers. Money may also be seen to be negatively related to job satisfaction (Taylor, Murphy and Price, 2006) in that often employees will evaluate their input to compensation in an organisation in relation to other employees, and perceived inequity may increase levels of turnover.

A distinction should be drawn, however, between money as a pure salary based factor, and money as a reward or incentive. As shown above the effects of pure salary are not a key factor. However, bonuses and incentives have a different impact on the employee, as these are often used as a form of recognition. Hurley (2001) believes that employees want to feel good about what they are doing, with the most important element of job satisfaction being a sense of achievement. This sense of achievement could be borne out in the form of a financial bonus when a particularly challenging piece of work is completed, or a deadline is met. These financial rewards could be fraught with danger. If they are not equitably distributed, those productive workers who have

not been rewarded would feel disadvantaged, which could cause potential problems in the workplace, and if this is a recurring theme, it could even cause them to leave the company (Kubo and Saka, 2002). Financial rewards are not enough to prevent staff from leaving an organisation. The beneficial effects lose their impact if employees feel that they are unable to enjoy these benefits because work impinges on their time (Human Resource Management International Digest, 2002; Lewis 2005).

Glen (2006) has postulated that companies are often too quick to resort to financial means as a tactic to retain staff members. This includes the payment of bonuses, increased salaries or the funding of tertiary education. He believes that there are more elegant means to retain workers which do not involve financial means and that resorting to financial methods is often an indication that the company involved does not clearly understand the underlying reasons for losing their staff.

Many IT workers are in highly paid positions because of the complex nature of their work and the shortage of skills in many sectors (dependant on the need for development languages, network etc). However, Glen (2006) believes that financial incentives are not always a sure-fire way of retaining staff. This was evident during the early dot-com years when many IT workers left their high paying secure positions to join start up companies, fraught with high risks, potentially low pay, and no guarantees of long term prospects. The reason cited by many of these people was that they were looking for the potential of accelerated skills development, faster career paths, and the opportunity to experiment with new and exciting technologies.

One of the real issues facing many companies is that their retention strategies are either non-existent, or are more reactionary than proactive. As a result of this, the issues that cause staff to leave are never properly dealt with. A first step for many companies would be to identify the issues that are causing their employees to leave (or be poached) and deal with them before they become a problem. As is often said, "It is more expensive to obtain and train than to retain". Hay (2002) believes that too many companies focus on their staff

leaving them, instead of concentrating on the entire process of people joining, staying and leaving the organisation.

Not surprisingly, technology itself has been blamed for staff losses in many organisations as the tools designed to make peoples lives easier has contributed to increased levels of stress. Increased access to technology and communications has led to an expectation of faster turnaround times on work, and therefore greater work output and the potential risk of burnout (Human Resource Management International Digest, 2002).

Burnout has been categorised into three forms – physical (feeling physical tired or exhausted), emotional (feelings of hopelessness, anxiousness or depression) and mental burnout (a negation of ones life, self or others) (Weisberg, 1994).

In a technologically complex environment such as IT, levels of burnout can be contributed to by factors such as the poor management of resources. It is an accepted fact that not all men are created equal, and the same applies to workers in IT – they do not all possess the same skills, abilities or commitment to their work. In a high pressure environment such as IT, managers are driven to deliver complex systems in short time frames and with the minimum of errors. When a member of staff is underperforming it is often easier for the management involved to pass the burden on to their star performers, overloading them and raising the risk for burnout in these individuals, rather than tackling the problem of raising the level of performance of the underachievers (Lewis, 2005).

Morel *et al* (2004) believe that often a single jarring event or shock initiates the decision to leave an organisation, and has a substantial influence over the final decision to leave, as it forces workers to reconsider existing mental models, defined as “*a means by which individuals create and share meaning, thereby enabling the development of knowledge*” (Lee-Kelly, Blackman and Hurst, 2007). Their research has shown that these decisions are often more salient and avoidable. They are avoidable since proper intervention by management

could often reduce the rate of loss either through preventing or reducing the factors that created the shock initially. Lee-Kelly, Blackman and Hurst (2007) believe that shocks are necessary to change workers mindsets that have become inflexible over time. However, there needs to be a fine line between balancing individual comfort, and maintaining the workers willingness to accept new ideas and creativity.

Mano-Negrin (1998) in her research concluded that “work related attitudes affect withdraw behaviour to different degrees; (and) second, some withdraw behaviour antecedents are occupation specific”. As a result of this, the retention strategies of many companies may be flawed, as they could be based on a generalist model of worker needs and attitudes. This research seeks to determine which of these work related attitudes are significant and the degree to which they affect withdraw behaviour in the IT sector.

The nature of the organisation itself plays an important role in establishing and affecting the factors surrounding staff losses. Lee-Kelly, Blackman and Hurst (2007) did studies into the relationship between learning organisations and the retention of knowledge workers, showing empirical evidence of a link between learning organisation disciplines and job satisfaction facets, and between these job satisfaction facets and intention to leave. Four facets have been identified as important namely comfort, challenge, reward and relations with co-workers, with a focus by the organisation on each of these raising the potential to reduce turnover rates.

2.2.1 Summary of turnover factors

The list of factors that contribute to staff turnover can be summarised from the literature review in Section 2.2 as follows:

1. Organisational career prospects
2. Enrichment, including skills development and training
3. Financial returns
4. Working environment

5. Management influence
6. Stress and burn-out
7. A single jarring event or situation

2.3 Attribution theory

Attribution theory is a social psychology theory that was developed by Fritz Heider, Harold Kelley, Edward E. Jones, and Lee Ross in the 1950's and is concerned with the way in which individuals attribute causes to events, and how this perception affects their motivation. The theory divides the way in which people attribute causes to events into two groups (Heider, 1958):

1. Internal attribution (dispositional attribution) assigns causality to factors within the person – the individual is therefore responsible for the event.
2. External attribution (situational attribution) assigns causality to an outside factor, such as the environment or other people.

People often make self serving attributions, in which a positive outcome is attributed to internal factors (“I did well on my exam because I am so clever”), and attribute negative outcomes to external factors (“I did poorly on the exam because my lecturer does not like me”). By the same token, it is possible for bias to arise when observing others, in which the factors attributed to an event are transposed – when a person observes something good happening to a person they dislike, they often attribute it to external factors (“they were just lucky”) rather than to the internal attributes of the person.

The attribution of factors to events can change a person's behaviour and their levels of motivation (Heider, 1958), as well as the perception of their immediate environment. An example that can be drawn from the data obtained in this research could be that of an employee who does not feel challenged in their work. They could perceive this as being due to a manager who has not placed them in the correct team, and therefore does not utilise their strengths fully. As a result, they become demotivated, are less committed to their work, and under perform. The reality of the situation is that they may truly not have the ability to

perform well in the tasks they believe they should be working on, but are unable to accept this, and are therefore less likely to do anything to change.

Gilbert (2006) theorises that when people are observed doing things, the observers often make automatic, fast attributions about their personality, and that only over time, if circumstances allow, are these attributes slowly discounted. This can occur in organisations where employees observe a manager reacting to a situation, and automatically attribute certain characteristics to their personality, rather than understanding the extrinsic variables surrounding the event.

Many of the perceived factors surrounding staff turnover as observed in this study are affected by the way in which staff attribute causality, and as such attribute theory will be mentioned where appropriate.

3. Sub-problems and Propositions

The literature reviewed has led to the following sub-problem with regard to the factors affecting staff turnover in an IT environment:

Sub-problem 1: What are the perceived factors that influence labour turnover among IT workers in South Africa?

There are many similarities between the characteristics of knowledge workers and IT workers, and as a result it is expected that there are commonalities in the factors that affect staff turnover in these two groups. The purpose of this study is to focus specifically on the IT worker.

4. Research Methodology

4.1 Introduction

The purpose of this research was to explore, describe and understand why IT workers leave the organisation in which they are employed by examining the phenomenon in a single large organisation. The organisation involved operates in the insurance and financial services sector and is highly IT intensive.

As noted in the literature review, the factors affecting intention to leave have much in common with actual turnover, even though they may not always result in an employee leaving (Mano-Negrin, 1998). A thorough understanding of all the contributing factors would, however, provide a more detailed and complete picture resulting in the phenomenon. IT workers are a sub-set of knowledge workers who may have their own specific factors that influence labour turnover (Despres & Hiltrop, 1995). Mano-Negrin (1998) in her research concluded that "... some withdraw behaviour antecedents are occupation specific", which lead the researcher to believe that this research would uncover certain factors specific to staff losses in the IT sector, as opposed to general factors which commonly result in turnover of knowledge workers. Whilst there is abundant research on the retention and turnover factors for knowledge workers, it was found that there was little research aimed specifically at the IT industry, and even less which indicated characteristics specific to a South African context.

Whilst many companies employ the use of exit interviews to obtain information on why their employees have left, the information provided often lacks detail and substance, and due to the increasing phenomenon of "not burning ones bridges", the researcher believed that they would not contain the real reasons. The researcher will therefore interviewed workers currently in the employ of the organisation in order to obtain the reasons behind why they would leave (intended turnover), as well as past employees to determine why they had left (actual turnover).

The exploratory nature of this research lends itself to a qualitative research methodology (Gerring, 2007), using interpretive analysis, defined by Leedy (1997) as “examining the data for constructs, themes and patterns that can be used to describe and explain the phenomenon studied”. The research is descriptive in nature as it describes the current factors resulting in staff turnover amongst IT workers. It is also cross-sectional in that a snap-shot of the current factors are being taken. The researcher believed that the findings obtained would therefore become diluted as time passed due to the nature of the evolving workplace and the economic environment.

The choice of a research methodology was further based on the research goals and empirical factors that impacted the study as indicated in Table 1 below:

Table 1. Case study and cross-case research designs: considerations (Gerring, 2007)

	Affinity	
	Case Study	Cross-Case Study
Research goals		
1. Hypothesis	Generating	Testing
2. Validity	Internal	External
3. Causal insight	Mechanisms	Effects
4. Scope of proposition	Deep	Broad
Empirical factors		
5. Population of cases	Heterogeneous	Homogeneous
6. Causal strength	Strong	Weak
7. Useful variation	Rare	Common
8. Data availability	Concentrated	Dispersed
Additional factors		
9. Causal complexity		Indeterminate
10. State of the field		Indeterminate

The question of “why IT workers leave” lends itself to causal analysis (Gerring, 2007), for which a case study was deemed to be an appropriate tool. The

researcher chose to follow a single case study methodology for a number of reasons:

- The organisation to be used as the focus of this research is comprised of several divisions. Each of these divisions is run as an independent company with its own CEO, internal structures, strategies and target markets. The findings from a multiple case study have been described as lending greater robustness to a research report, and as such a separate case study could be conducted for each division in the organisation. The researcher believed that conducting individual case studies would yield little additional benefit as the power of an overriding organisational culture, a common management strategy, and a shared human resources strategy would result in a certain degree of commonality amongst the divisions.
- In the case of this study, the researcher was attempting to gain a comprehensive picture for the entire organisation, and according to Gerring (2007) “sometimes, in-depth knowledge of an individual example is more helpful than fleeting knowledge about a larger number of examples”.
- A single case study allowed for a more intensive investigation than a multiple case study which would possibly yield more superficial results (Gerring, 2007).
- The use of multiple case studies allow more easily for an emergent design as the techniques for data gathering, analyses and interpretation could be modified between case studies, allowing researchers to refine their techniques and obtain the information they require more easily. In the case of this study an emergent design was applied by allowing the data from one division to be analysed and interpreted before moving on to the next division. Analysis of the data from each division was found to be comprehensive and did not result in changes to the research design. As a result the researcher did not have to return to previous divisions.

Qualitative research is used to generate knowledge of social events and processes (Leedy, 1997). It does so by understanding what these events mean

to the people who experience them through a process of documenting how people interact with each other and their environment, and how they interpret these events.

Qualitative research processes have been described as flexible, emergent and iterative, with a constant interplay between design and findings (Denzin and Lincoln, 2005). As the researcher is constantly in contact with the environment and participant's core to the study, it allows them to constantly examine the data being uncovered for fresh insights, and allows the process to be modified with new or varied questions in order to pursue new ideas or leads. This creates a more detailed picture of events being studied.

4.2 The case study methodology

Benbasat, Goldstein & Mead (1987) define a case study as "... examining a phenomenon in its natural setting, employing multiple methods of data collection to gather information from one or a few entities... No experimental control or manipulation is used". According to Leedy (1997) case studies are carried out for several reasons; "to produce detailed descriptions of a phenomenon, to develop possible explanations of it, or to evaluate the phenomenon", and are useful in answering "How" and "Why" questions (Rowley, 2002). With this in mind the data gathered in this research lends itself to the case study method as several sources and methods of collection were employed from a large number of entities to describe several variables (Yin, 1994).

There are many arguments for and against the use of case studies. Gerring (2007) believes strongly that a factor contributing to the use of case studies is the development of new variegated tool sets to capture the complexity of social behaviour. These tool sets include qualitative comparative analysis (QCA), counterfactual thought experiments, and typological methods for analysing cases. Whilst not all are strictly case study techniques, he believes they preserve the texture and detail of individual cases which is often lost in cross-

case analyses. Gerring further argues that “Within political science and sociology, the identification of a specific mechanism – a causal pathway – has come to be seen as integral to causal analysis, regardless of whether the model in question is formal or informal or whether the evidence is qualitative or quantitative” (Gerring, 2007). This is supported by Yin (1994) who states that case studies are able to explain causal links in real life business situations that may be too complex for experimental or survey methods.

On the other hand, case studies are often deemed to lack rigour, objectivity and precision, and may not be as robust as other quantitative methods (Yin, 1994; Rowley, 2002), and are identified with loosely framed theories, informal and undisciplined research designs, subjective conclusions and seen to be non replicable (Gerring, 2007). Case studies run a further risk in that they may be biased by the researcher’s previous experiences in the field being researched (Yin, 1994; Gerring, 2007). This was mitigated during the research process by triangulation of data sources and strict adherence to interview protocols (e.g. not prompting or leading the interviewee).

4.3 The case study organisation

In order to interpret the data collected correctly, one must first understand the nature of the company that the study was conducted in, as well as the culture and working environment which exists. In certain instances, as will be shown, this influences many of the factors relating to staff turnover which were identified.

4.3.1 The organisation

The organisation used in this study is ranked in the top five insurance and financial companies in South Africa in terms of size and market share. At present there are approximately 1500 employees of which more than 500 are employed in IT across its four separately run divisions. Two of the divisions

have been operating for the past seven years in South Africa (Division A and Division B); the third (Division C) does business in Europe but runs its operations from South Africa and has been running for three years. These three together formed the core base for this study. The fourth division (Division D) has existed for less than a year and is only expected to be fully operational by the end of 2007, and as such was excluded from this study as the researcher felt that it would not have had sufficient time to develop many of the themes expected to be found in this study.

The organisation forms part of a larger holding company whose culture permeates every facet of its business. Two main themes are stressed:

1. The employees of the company, with focus on employing the best, as well as developing employees to be the best, and
2. A strong culture and history of innovation.

The culture of innovation is of great importance in this context. Innovation is seen to be the great driving force in keeping the organisation ahead of its competitors, and has resulted in it revolutionising a large part of the insurance industry over the years. In order to achieve this, the organisation engages in new product releases or modifications several times per year which require large scale changes to the companies IT systems.

The insurance and financial services industry is a highly complex one, and as such, requires highly complex systems in order for organisations in this industry to operate. Multiple product enhancements in a short space of time places a large amount of pressure on the IT departments as systems requirements are complex and deadlines are tight. Product development and refinement often continues while systems development is underway, and it has been found that it may continue almost until the date of release. Despite this, release dates are rarely moved as the company engages in large scale releases to the broker community, and venues are booked in advance and marketing material is distributed ahead of time. A common expression that can be heard in the halls is that "The sausage rolls have already been bought; there is no turning back now". The working environment of many of the IT employees is therefore highly

stressed, and is characterised by long working hours to accommodate the continual changes that are made.

As with many organisations which are still growing and expanding into new markets, staff levels need to increase in order to accommodate this expansion. This was initially done by hiring contractors, but the trend over the last five years has been to take on permanent employees instead as it was felt by management that they were more likely to be committed to the organisation and would therefore stay longer. By examining the records of staff acquisitions and turnover, it was found that over the last five years, more than half of the new employees hired were to compensate for staff turnover, rather than to fuel new growth, and with the decrease in the number of contractors, the majority of employees leaving were permanently employed.

At the height of the staff turnover dilemma in 2005/6, more than 35% of permanently employed developers were leaving for greener pastures. This research seeks to understand why this occurred, and why IT developers on the whole leave.

4.3.2 Structure of the IT departments

The four IT divisions in the company are each autonomously managed and focus on a particular area of the business. The IT staff complement consists of developers, business and systems analysts, architects, testers, and managers. This study is aimed at the developer and systems analyst roles only which at present (2007) comprises of approximately 150 of the 500 staff members. The general makeup of the developers in these departments comprises an average ratio of 30% female to 70% male, and 20% black to 80% white staff members (ratios differ within individual teams, and across the separate divisions).

There are 3 main programming languages in use across the divisions, and individual teams are often divided along these lines:

1. Java – Used extensively for the development of the main front-end and middle-ware systems. These include websites, servicing and underwriting systems, finance and reassurance interfaces, and links to other divisions and external client sites. Accounts for approximately 75% to 80% of the developer pool.
2. PL/SQL – Used for the development of the back-end Oracle database systems. These developers often operate in a supporting capacity for the other development teams which interface with the databases. This accounts for approximately 15% of the developer pool.
3. Delphi – Used for the development of calculation and rules engines which interface with the Java system, as well as portable broker application software. The Delphi systems are often the most complex as the calculation engines contain the actuarial rules and formulas that the product offering is build around. Accounts for approximately 10% of the developer pool.

Teams are often very small with an average of four to five developers in a team supervised by a Systems Analyst who is responsible for designs, and ensures that the quality of code meets company standards. Larger teams are seen by the management team to be counter-productive as it is felt that more time is spent on co-ordinating development than on code production. Several teams report to an individual Development Manager (direct line manager), who is responsible for multiple projects at any given time. As the direct line manager for the developers, the Development Manager is responsible for career planning and growth of the developers, as well as training, salary reviews, and ensuring a stable and productive working environment. Open plan offices ensure that there is easy and direct communication between staff and management, and creates a more open and almost familial feeling in the office.

The overall technical strategy for all divisions is driven by a central architecture team comprised of two senior technical architects and a senior business architect. These individuals, with the assistance of the various Systems Analysts define and direct the technical processes for the divisions, and are seen to be the most respected technical employees in the company.

4.4 Population and sample size

Due to the sensitive and strategic nature of the research, the company involved requested the need for the strictest confidentiality as the findings could be used by their competitors as a means to lure their staff away. The company and sub-company names have therefore been withheld.

4.4.1 Population selection

The population used was from a single large organisation operating in the insurance and financial services sector. The company was chosen by the researcher for several reasons:

1. The researcher was employed as an IT manager by the organisation at the time of writing this report, and was therefore able to easily obtain all of the data required to complete the study.
2. The company had experienced above average staff turnover in the period 2003-2006 and as such was of special interest to the researcher as he was employed as both an IT developer as well as an IT manager during this period.

The organisation employs more than 1500 employees, with a total IT compliment of more than 500 people (including management and staff levels, as well as additional support staff). The company is run as four smaller divisions and as such their IT workers are split across several areas, each autonomously run and consisting of between 50 and 150 people. As a result of this the research findings were expected to be the same as if the research were run across several medium sized companies.

The population aimed at consisted exclusively of permanently employed IT developers and programmers, and excluded any management levels as these were believed to be governed by different turnover factors to those of general

staff members. Analysts were also specifically excluded as the researcher, based on 10 years of experience in the IT industry, believes that the nature of their work, and their working conditions differed from those of pure programmers and developers. This theory was not tested in the context of this research, and could form the basis of another study.

The population included both present and previous employees. Current employees provide a rich source of information on intended reasons for turnover, the “what would cause me to leave” factors, whereas previous employees provide strong reasons for actual turnover; the “why I left” factors. These factors together provide a comprehensive picture of the reasons contributing to staff turnover.

Permanent employees were specifically chosen as they are the workers most heavily invested in by a company in terms of mentorship, training and skills development and career guidance. As such, when they leave, they incur a substantial cost to the company to replace them.

4.4.2 Sample selection

The researcher would have preferred the sampling process to be completely random, but believed that this ran the risk of creating a sample which would be biased towards a specific demographic group (e.g. young, white males). Sampling was carried out by performing a stratified sample, in which the sampling frame was divided into non-overlapping groups or strata (Leedy, 1997; Stattek.com, 2007).

Stratified sampling was chosen as there were deemed to be several advantages to performing a stratified sampling, including:

- It could provide greater precision than a simple random sample of the same size, and hence allow for a smaller sample size.
- The results from each stratum could be of intrinsic interest and analysed separately.

- It could guard against an unrepresentative sample (in this case for example a 25-30 year old, white, all-male group) by performing an equalisation process on the various sub-populations (Leedy, 1997).

The downside to using this selection process is that stratified samples often require more administrative effort to identify and manage the sample (Stat Trek.com, 2007).

These strata were made up of several factors being gender and race, and were chosen as these were the most commonly identifiable characteristics. In order to ensure that the stratified sample was representative of the company, a list of employees in the various IT divisions was obtained beforehand. The pure development employees were separated from the list, leaving a total of 95 developers. Employees were then divided into groups based on the aforementioned strata:

- Strata 1: Black males
- Strata 2: Black females
- Strata 3: White males
- Strata 4: White females

The list indicated that the ratios of employees were 70% male to 30% female, and 80% black to 20% white staff members. Selections were then made randomly from these strata based on the ratios of male to female, and black to white employees determined from the list of employees, as shown in Table 2.

The data from exit interviews was included in the study, and comprised the 19 exit interviews conducted between January and August 2007. These were specifically chosen as the researcher believed he would stand a greater chance of contacting these past employees, and that the reasons for their leaving would still be fresh in their minds.

Table 2. Population and sample strata

Strata	Population size	%	Face-to-face interview sample size	%	Exit interview sample size	%
1. Black male	15	16	6	19	4	21
2. Black female	6	6	2	6	3	16
3. White male	52	55	18	58	7	37
4. White female	22	23	5	16	5	26
Total	95	100	31	100	19	100

The length of time that the employee had been with the company was not used as a factor for including or excluding any persons. Whilst the duration of employment may impact the evaluation process that employees go through during the process of deciding to leave a company, the purpose of this research was not to measure the impact.

Contractors were also excluded during the selection process. Contractors are deemed to have specifically chosen to respond to market factors in different ways from permanent employees, and are not expected to remain with companies for extended periods of time. The population to be sampled also specifically excluded Business Analysts and Test or Support Analysts and staff as these are deemed to fill support functions and were not part of the core staff this research was aimed at.

4.5 Data collection

As part of a case study, the researcher typically spends an extended period of time on-site with their research participants gathering data from a wide variety of sources. This data is used to present a description of the phenomenon from the perspective of the participants (Leedy, 1997). According to Denzin and Lincoln (2005) "The natural context of people's lives is a critical component of qualitative design because it influences the perspectives, experiences, and

actions of participants in the study. It is the interpersonal and sociocultural fabric that shapes meanings and actions”.

Multiple sources of information allow the researcher to adhere to the concept of triangulation (Yin, 1994) which corroborates the findings of the data with each other (Rowley, 2002) and allows for a more in-depth picture to be created. Denzin (1984) identified four further types of triangulation:

1. Data source triangulation, when the researcher looks for the data to remain the same in different contexts
2. Investigator triangulation, when several researchers examine the same phenomenon
3. Theory triangulation, when researchers with different viewpoints interpret the same results
4. Methodological triangulation, when one approach is followed by another to increase confidence in the interpretation.

In this study, the researcher relied on multiple sources of information to adhere to triangulation. The sources of information included a literature review, exit interviews, one-on-one interviews with current and past employees, and additional studies conducted by external organisations on the company. Multiple sources of information compliment each other as each source of information has strengths and weaknesses (Yin, 1994) and reliance on only one may bias or dilute the findings of the research by not providing a comprehensive picture of the phenomenon being studied.

There is little literature aimed at understanding the factors relating to staff turnover of IT workers, and none for IT workers in South Africa. There is, however, an abundance of research based on the turnover of knowledge workers, and as IT workers are seen as a subset of knowledge workers, this formed the basis of the literature review, producing a list of common themes relating to staff turnover for knowledge workers. These themes were correlated with and expanded on by those identified from the exit and one-to-one interviews.

A degree of investigator and theory triangulation was employed as well. This was done by discussing the results of the study with several managers and employees in the company to determine if the researcher had correctly interpreted the results, and tied them back to existing theory. It was also done to determine if there were any themes or theories which the researcher had initially overlooked.

An additional principle for data collection in case studies is the creation of a case study database (Yin, 1994). All data collected was kept in a case study database which consisted of exit interviews, electronic copies of documents for the literature review, 1-on-1 interview transcripts and any additional material sourced. Data was kept as both electronic and paper copies. As noted by Rowley (2002), a well maintained case study database “strengthens the repeatability of the research, and increases the transparency of the findings”.

4.5.1 Exit interviews

Exit interviews provide a company with a unique perspective on its performance and levels of employee satisfaction (Frase-Blunt, 2004). It is believed that some leaving employees may be brutally honest about their experiences without the fear of repercussion, whereas others may be more reserved in case they should return in the future, or require references from former managers. Some companies run the risk that they believe they understand why they are losing staff because turnover figures are low, or because the company is small in size. These beliefs are often biased towards the company, and do not reflect reality (Frase-Blunt, 2004).

The initial phase of data collection involved the researcher contacting the HR departments of the various IT divisions in the organisation in order to obtain exit interviews conducted with IT staff prior to their leaving the company. These interviews formed a primary data source listing the reasons why the staff members involved had chosen to leave the organisation. There is a trend that is believed to have developed amongst workers “not to burn ones bridges”

when leaving a company (Frase-Blunt, 2004). Employees are given the choice on whether they would like the information in their exit interviews to be released to their managers once they have left. With this in mind, employees would prefer to leave an organisation on favourable terms to increase their chances of re-employment in the future, or to ensure favourable references from their previous manager. The practice of not making any negative comments about the company or any situations that may have contributed to the employee leaving has arisen as a result of this. Many workers will instead only give positive feedback to ensure that should they need to return at a later date, the positive feedback would potentially increase the chance of re-employment in the company. The researcher therefore believed that staff members would not always be frank and honest in their exit interviews, and that the information could potentially either be superficial, or misleading. Exit interviews were also conducted by means of a basic questionnaire (see Appendix 5 for a sample) which Frase-Blunt (2004) believes provides poor responses, and are not as frank as when employees provide written responses. As a result of this the factors identified were deemed not be comprehensive enough, and alternate sources were be sought.

4.5.2 Additional sources

A further source of information which was searched to assist in triangulation included access to any external surveys done on the company. These came from such sources as Markinor, The Gartner Group, and The Financial Mail. These surveys were not expected to provide any direct factors contributing to staff turnover in the organisation, but they were used to provide the researcher with background information on the company, insight into the culture of the company, how employees perceived the organisation, and potential sources of dissatisfaction.

4.5.3 Pilot study

Pilot studies, also termed feasibility studies, are mini versions of a full scale study and assist in specific pre-testing of a research instrument such as questionnaires or interview schedules (van Teijlingen and Hundley, 2001). There are further advantages to conducting a pilot study. They may indicate where a main research project could fail, protocols might not be followed, or proposed research instruments may be inappropriate, and assist in improving the internal validity of a questionnaire.

A pilot study was conducted to obtain additional information, and to assist in the formulation and refinement of the questions to be used during the individual interviews. It also allowed the researcher to refine and practice his interview protocol. The pilot study was conducted using a sample of five employees – one previously and four presently employed by the company, and followed the process described in section 4.4.4 below. The questionnaire to be used during interviews was administered to the pilot study group in the same fashion as it was planned to be used for the larger sample. The pilot study group was then asked for feedback on the questions to determine if they felt that all of the relevant issues were being addressed. Positive feedback in this regard allowed the researcher to continue with the full scale study using the original questionnaire developed. The pilot study indicated that the average time for a session was between 20 and 30 minutes for currently employed workers, and 45 minutes for past employees. This was due to the depth and detail of information provided. It was found that current employees who had no intention on leaving the company in the short term provided a lower level of detail as many of the factors were discussed on a superficial level. The employees were able to discuss which factors were of importance to them, but having giving little serious thought to the matter, could provide little information. Past employees on the other hand, had in many cases spent considerable time pondering their decision to leave, both at the time of resigning, and after they had left. This was also true of current employees who were actively searching for new employment elsewhere. They were therefore able to provide richer and

more concrete detail regarding their decision to leave the company which consumed more interview time.

The researcher had no foreknowledge when planning interviews with current employees as to whether they were actively looking to leave the company or not. The interview sessions were therefore booked for 60 minutes based on the timings established during the pilot study to give sufficient time for all employees who might want to discuss any issues in depth.

In many pilot studies, where potential themes come to light that are not originally part of the interview schedule, they would be incorporated into additional questions, or the original questions would be modified. In this study no additional themes were uncovered during the pilot study. The questions were modified slightly in order to make them easier to understand, and to elicit more information from the interviewees. The researcher also discussed the differences between intended and actual turnover with the interviewees, as well as the three groups that he classified the sample group into (current but not looking, current and looking, and past employees) to aid the employees in understanding how they contributed to the research. A list of factors drawn from the literature review was also mentioned where appropriate to current employees to aid in starting their thought processes on the factors that would cause them to leave the company.

The results of the pilot study were incorporated into the overall findings of the research as the researcher felt that the findings of the pilot study were not contaminated, and because the research was based on qualitative methods and was therefore expected to be progressive (van Teijlingen and Hundley, 2001).

4.5.4 The interviews

Interviews were conducted on a face-to-face basis using a semi-structured form which allowed the researcher to both follow a structured process to elicit the

required information from the interviewees based on factors identified in the exit interviews, whilst still being flexible enough to probe certain issues in depth when they arose. This flexibility allowed the researcher to follow lines of enquiry that seemed promising, rather than being restricted by a defined and unwavering set of questions. As noted by Gerring (2007) the confidence in findings increases when multiple observations converge and no conflicting perceptions are encountered. The researcher proposed to interview a minimum of 50 employees, but found that after 31 interviews no new themes arose and that the data began to converge – multiple interviewees were repeating the same statements or sentiments, little value was felt to be gained from conducting further interviews, and the researcher found little evidence of contradictions in perceptions. The data gathered also corroborated the findings of the literature review, strengthening the validity of the research (Leedy, 1997).

The researcher experienced several difficulties when attempts were made to contact past employees. In many cases there were no company records to indicate which firm the employee had moved to, nor were contact details available. In many cases previous employees were tracked down through a network of friends that they had build up within the company prior to leaving. In the instances where previous employees were found, no attempts were made to validate the information provided in their exit interview as it was deemed to fall outside of the scope of this research. According to Frase-Blunt (2004) in research conducted with employees six months after they had left their previous company, almost 70% cited the same reasons for leaving as they noted in their exit interviews. In this study the researcher assumed the same results would apply and therefore chose not to test this.

The researcher would have preferred to conduct the interview without the interviewee knowing that the researcher had read their exit interviews. This was to eliminate the opportunity for prompting the interviewee, and was hoped to produce additional information that was not originally included in the exit interview (such as a specific event that may have triggered a mass exodus of staff). It was felt that this would be highly unethical. Previous employees were therefore informed of the fact that the researcher had read their exit interviews,

however, they were not provided with a copy of the exit interview as the aim was to focus the interview on obtaining additional information that may not have been included in the exit interview, rather than focusing specifically on the exit interview itself.

Interviews were then personally conducted with the employees selected to form the sample group (See Appendix 2 for the interview protocol followed). Hand written notes were made during the interview, as well as an electronic recording. This allowed the researcher to review the interview afterwards on the occasions where he felt that his notes were not comprehensive enough. Interviews were only conducted by consent of the employee selected to be interviewed as it was felt that perceived pressure from management could bias the result. All employees were also informed of the confidential nature of the research, and that their responses would in no way be released to their line managers, or any other person employed by the company.

After all of the interviews had been completed, a brief questionnaire was constructed consisting of the factors that were raised during the interviews. The purpose of the questionnaire was to determine a ranking of these factors, ascribing a level of importance to each of these when being considered by the respondents as contributing to staff turnover. This ranking of the factors could be used by the company in conjunction with this research report to develop a retention strategy.

4.6 Data analysis

Yin (1994) encourages researchers to produce an analysis of the highest quality by presenting 4 principles:

1. Show that the analysis relied on all the relevant evidence. This was done by triangulation of all data sources.
2. Include all major rival interpretations in the analysis
3. Address the most significant aspect of the case study

4. Use the researcher's prior, expert knowledge to further the analysis. The researcher has 10 years of experience in IT and was able to bring this to bear when interpreting certain themes which arose.

A benefit of case study research is that data collection and analysis is a concurrent process (Case Study Evaluations, 1990). As data is collected it is analysed, and emerging results are used to shape the next set of observations, creating a series of observing, thinking, testing and revising, commonly termed "OTTR" (Case Study Evaluations, 1990).

Trochim (2006) considers pattern-matching as one of the most desirable strategies for analysing case studies. Pattern-matching compares an empirically based pattern with a predicted one. If the patterns match, the internal reliability of the study is enhanced. This would require that the researcher first predict the reasons behind, or outcomes expected of the study, which was not the case for this report. Explanation-building is considered a form of pattern-matching, but is the inverse of the process above. In explanation building the analysis of the case study is carried out by building an explanation of the case through initial observations, which are then further developed through the OTTR process (Case Study Evaluations, 1990; Trochim, 2006), and is most useful in exploratory and explanatory case studies.

As the nature of this research is exploratory, no propositions were made up front to tie the findings of the study to. A descriptive framework was developed to organise the case study (Rowley, 2002) reflecting the themes which became apparent over time. Themes were identified from the original exit interviews conducted by looking for frequently recurring patterns in the written transcripts which arose either during or after the interview process. The themes identified and their frequency were tabulated and graphed (see Figure 2). Additional commentary noted by the past employees in their exit interviews was group by the themes which were noted to give an initial understanding behind the factors affecting turnover. This data was used to develop the questions employed in the face to face interviews later, and was expanded on in order to achieve a more comprehensive picture of the staff turnover in the company. This formed

the second iteration in the OTTR process, the first being the initial literature review.

These themes were further corroborated by taking into account multiple sources of information gleaned from the literature review (Creswell, 1994; Yin, 1994; Rowley, 2002) and further strengthened the internal validity of the research (Gerring, 2007).

The third iteration in the OTTR process involved the face to face interviews where the researcher sought to expand on and explain the reasons behind the themes identified. The face to face interviews were conducted in two stages, first as a pilot study, and then as part of the main study. Recordings made during the interviews were listened to again after each interview to ensure that the written notes taken were complete and contained all of the information discussed. The information obtained in the face to face interviews was then categorised into the themes identified from the exit interviews. All of the evidence was then looked at together to build up the factors behind staff turnover. The data was also checked for disconfirming evidence to ensure that premature conclusions were not drawn (Case Study Evaluations, 1990), and to evaluate any alternate interpretations of the data (Yin, 1994). Where evidence to the contrary was found in a particular theme, it was indicated in the analysis of the findings and not simply rejected.

The interpretations made by the researcher were validated by discussing portions of the report with the interviewees where appropriate to ensure that events had been correctly portrayed.

The data from all of the sources is presented in a single report below, divided into the factors affecting staff turnover which became apparent during the analysis process.

4.7 Data validity and reliability

4.7.1 Internal validity

Leedy & Ormrod (2001) define the internal validity of a piece of research as “the extent to which its design and the data that it yields allow the researcher to draw accurate conclusions about cause-and-effect and other relationships within the data”. Internal validity is therefore of prime importance in causal research (Gerring, 2007). Internal validity also refers to the freedom from bias in forming conclusions in view of the data (Leedy, 1997).

The researcher is currently employed in a managerial position in the IT field. This opened the possibility for bias to arise during the study in the gathering and analysis of the data. The researcher, however, kept this in mind by not drawing on any personal experiences, or by discussing any preconceived ideas during the interview process. The results of the findings and the themes that occurred were also discussed with the interviewees once the report had been drafted to ensure that any bias on the part of the researcher was eliminated, and that only the facts that had been raised during the interviews were presented. This was achieved by pointing out any direct statements in the research report that were attributable to an individual and confirming with the individual concerned that the researcher had correctly presented the information.

4.7.2 External validity

Leedy & Ormrod (2001) define the external validity of the research as “the extent to which its results apply to situations beyond the study itself”, or more commonly, how easily the findings could be generalised or replicated across people or situations. The results from this research can not be generalised across different companies as a result of the context of the sample group

identified (i.e. permanently employed, non-managerial IT workers in a specific company) even though it is believed that the working conditions and external factors that affect staff turnover amongst IT workers is a general phenomena in companies. However, it was not the aim of this research to prove this belief (which may be done by performing multiple case studies across various organisations), and could form the basis for further research.

4.7.3 Construct validity

Leedy (1997) defines a construct as “any concept, such as honesty, that cannot be directly observed or isolated”. Yin (1994) defines construct validity as the evaluation of whether a scale measures unobservable social constructs or characteristics. It also refers to the degree to which inferences can be made from the operationalisations in a study to the theoretical constructs on which those operationalisations were based (Trochim, 2006). It is particularly problematic in case study research, and has been criticised because of the potential for researcher subjectivity (Yin, 1994). As this research is not focussed on assessing any specific constructs, construct validity is not critical to ensuring the credibility of the findings.

Construct validity is also concerned with “exposing and reducing subjectivity”. This was achieved by using multiple sources of evidence, as well as by having key people interviewed review the draft case study report. These key people included:

- Three randomly chosen employees who formed part of the sample group. These were chosen to ensure that the results presented correctly portrayed the information they had given.
- Two employees who were part of the population but not the sample group.
- One senior manager to ensure that the information regarding management in the company, and the processes and decisions they had made were accurately portrayed..

4.7.4 Reliability

Leedy and Ormrod (2001) define reliability as “the consistency with which a measuring instrument yields a certain result when the entity being measured hasn’t changed”. The research conducted was limited in its reliability by several factors. The time period in which it was to be conducted affected the results obtained. This was as a result of changes in such things as economic conditions, the nature of the employer-employee contract, and changes to the labour market functioning through increased education and upliftment efforts in the country.

The researcher had no control over any undue pressure or influence that may have been exerted on respondents by managers in the divisions sampled. The interview process was discussed with all relevant line managers in which the confidential nature of the process was discussed. It was requested of them that they would not discuss the interview with their employees before or after they were conducted.

The researcher does, however, believe that the results would not differ significantly if the research were to be conducted using a different sample group within the divisions in the company over a short period of time using the same interview process and questionnaire that this research will be based on. Once an extended period of time has passed it is expected that the reliability of this research could decline significantly as a result of the factors noted above. This could form the basis of further research.

5. Presentation of Results

5.1 Introduction

"Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study" (Yin, 1994). This section aims to draw together and interpret the results of the data collected during the course of this study. Generally researchers will strive to interpret the data they gather in their studies in two ways: holistically, which seeks to draw conclusions based on the data gathered as a whole, or through coding in which the data is systematically searched in order to categorise observable themes. Leedy and Ormrod (2001) define interpretational analysis as "examining the data for constructs, themes and patterns that can be used to describe and explain the phenomenon studied". Where appropriate, the data in this study will be presented according to the themes which have been identified, and analysed for the deeper underlying meaning behind them.

As noted in previous sections, anonymity has been stressed throughout for several reasons:

1. Companies continually engage in a war for talent in order to gain a competitive advantage. The information contained in this research could therefore be used by the organisations competitors as a means to lure their key staff away. The name of the organisation used in this study has been withheld.
2. The employees interviewed are less likely to be open and frank about their experiences and feelings if they feel that they can be identified from the information provided in the research. They fear victimisation by management if the information they provide is seen to be negative, and therefore the names of individuals were not disclosed.

Yin (1994) cautions against an anonymous approach to case study research, however, based on the above, the researcher felt that this would be

appropriate. The insurance and financial services sector in South Africa is limited in size, and as a result, it could be possible for individuals with an in-depth knowledge of the industry to determine which company forms the basis for this study.

5.2 Exit Interviews

The exit interviews obtained from the individual divisions were originally conducted by a senior manager with all staff members before they left the company. The basic process for exit interviews was a one-to-one discussion with the respective staff members, after which they completed a standard questionnaire in private aimed at eliciting a range of information (see Appendix 4: Exit Interview Document). The format of the questionnaire was a standard set of questions grouped into four main categories, with a series of answers that the employee could tick, and a short section that the employee could fill in if their answer was not one of the standard choices listed.

The main areas that the exit interviews covered were:

1. The employees feelings about the organisation, and which areas made them feel happy or unhappy.
2. A limited section on the reasons behind why they were leaving the company.
3. A lengthy section on how they felt about their manager.
4. Their new position and the company they were moving to.

It must be noted that the manager conducting the exit interviews was not a trained human resources (HR) representative, which could have resulted in the interview process not being as productive as possible. As noted by Frase-Blunt (2004) "... if an interviewer is not trained in active listening or is not strongly empathetic, they are likely to take offence when the employee starts to vent. This can be a very emotional encounter, and the interviewer needs to be able to manage it skilfully". The choice of using a standard questionnaire, instead of a full face to face interview resulted in the information given in the exit

interviews being very basic and superficial. A trained HR representative would have been more capable of probing deeper underlying issues and could have provided a more rounded view of why the employee was leaving. A potential criticism of the process is that the exit interview form did not call for the main reason or situation which caused the employee to leave. This may have further contributed to the data from the exit interviews lacking substance.

Employees were also given the choice as to whether they wished to disclose their exit interview feedback to their managers. In many cases this information was withheld, particularly where the employees gave negative feedback about their manager, other staff members or the organisation. This resulted in many managers not having sufficient knowledge as to why they were losing their staff, or how to rectify the situation.

During the first six months of 2007 a total of 19 exit interviews were conducted with employees who were leaving the company, with a summary report created and distributed to the management team by the manager responsible for conducting the interviews. A summary of the reasons for staff turnover as given in the exit interviews is shown in Figure 1. As can be seen, in a number of cases there were several reasons cited for turnover.

The dominant themes that came out of the exit interviews were:

1. A lack of personal growth and development,
2. Limited career growth and opportunities for promotion, and
3. The need for a more challenging working environment.

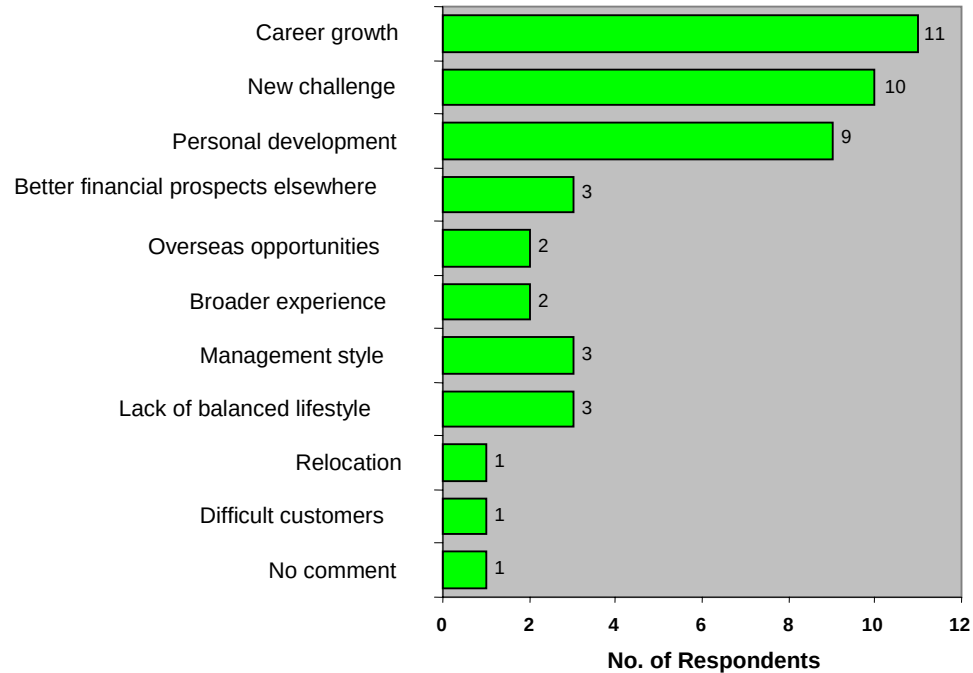


Figure 1. Exit interview reasons for staff turnover

Many employees felt that there was a lack of clarity with regards to career paths in the organisation, or the requirements for promotions. Some were aggrieved at the fact that they had been with the company for a number of years without being promoted, feeling that time was one of the primary criteria for promoting staff. A lack of appropriate training and ineffective use of staff was also seen to be a limiting factor for career development as employees felt that they were not developing their skill sets, or being given the opportunity to use their strengths, thereby limiting their chances for further promotion. Managers were also blamed for not pro-actively managing career paths, and not clearly defining milestones that would lead to advancement. This was linked to inefficient performance appraisals, in which managers did not actively follow up on deliverables, and did not ensuring that the correct level of mentorship was taking place.

In the case of a number of black developers who left, they believed that management were not promoting and empowering sufficient numbers of black economic empowerment (BEE) candidates, with one employee believing that he had been actively overlooked because of his colour. It was interesting to note how many black employees referred to BEE instead of employment equity (EE) and how they were unclear on the differences between the two.

Despite these negative feelings towards promotions and personal development, many employees indicated that they were happy with their working conditions, their own level of progress, and their managers. The statements made during the exit interviews were very brief, and did not clearly indicate why the employees felt the way they did, or whether there were any particular circumstances or events that led to this.

The factors identified in the exit interviews were further explored by the researcher when he conducted face to face interviews in order to understand the deeper emotions and reasons behind many of the statements made.

5.3 Face to face interviews

Individual interviews were conducted with the selected sample of employees in a private meeting room away from the teams in which they worked for the reasons outlined in Section 4.4.4. Employees sampled were placed into three categories by the researcher:

1. Previous employees: These consisted of employees who had already left the organisation, and were therefore expected to provide concrete reasons behind their decision to leave.
2. Current and looking: This group consisted of employees who were still in the employ of the company, but were either in the process of terminating their employment, or were actively looking for employment elsewhere. The researcher felt that this group would be able to provide strong, well thought out reasons behind their decision to leave.

3. Current and not looking: These are employees who are not in the process of actively seeking alternate employment. The fact that they were not actively looking was no indication that the employees were happy with their employment or employer (as will be seen in Section 5.6). These employees were questioned about the factors that would personally cause them to leave, as well as the factors that they believed contributed to the staff losses experienced. These interviews were not expected to yield as deep an insight as those from the first two groups.

As noted in Section 4.1, qualitative research processes are flexible, emergent and iterative. The interview process was originally structured around the themes obtained from the exit interview data. The format of questions and themes were modified after the initial pilot study as potential new themes became evident.

The results from these interviews were divided into distinct factors, and the frequency of each was tabulated and plotted as shown in Table 3 and Figure 2 below. The gender and race of the interviewees was taken into account as this formed part of the strata used for sampling, and their professional title was also noted to see if there was a relationship between level of seniority in the organisation and any of the themes identified.

Table 3. Face to face interviews – staff turnover factors identified

Interview					Turnover Factors Identified								
	Black / White	Male / Female	Staff Level	Years at Company	Promotion & Career Growth	Financial Prospects	New Challenge	Skill Level	Technology	Team & Office Environment	Stress Levels	Manager	Working Hours
1	B	F	SD	4	1	1	1						
2	W	M	JD	1	1			1	1				
3	W	M	SD	3	1					1			
4	B	M	D	5	1					1			
5	W	M	SD	2					1	1			
6	W	F	SA	3			1			1		1	
7	W	M	SA	4			1	1	1				1
8	W	M	D	1	1	1							
9	W	M	SD	1		1				1			
10	W	M	SA	5	1			1		1			
11	B	M	D	2			1		1				
12	W	M	SD	3				1		1		1	
13	W	M	SD	4		1				1			
14	W	M	SD	2	1	1							
15	W	M	SD	5				1	1				
16	W	F	SA	4	1					1			
17	W	F	SD	1		1							
18	B	M	D	2	1					1			
19	W	M	SD	2		1			1	1			
20	W	M	SA	3	1				1	1	1		
21	B	M	D	2	1	1	1						
22	W	M	D	1		1		1					
23	W	M	SD	3	1	1							
24	B	M	D	2		1				1		1	
25	B	F	D	1	1	1							
26	W	F	D	2		1			1				
27	B	M	SD	2	1					1		1	
28	W	M	D	1		1		1	1				
29	W	M	D	1	1			1		1			
30	W	M	D	2		1			1				
31	W	F	D	1			1			1	1		1
Total					15	15	6	8	10	16	2	4	2

JD: Junior Developer

D: Developer

SD: Senior Developer

SA: Systems Analyst

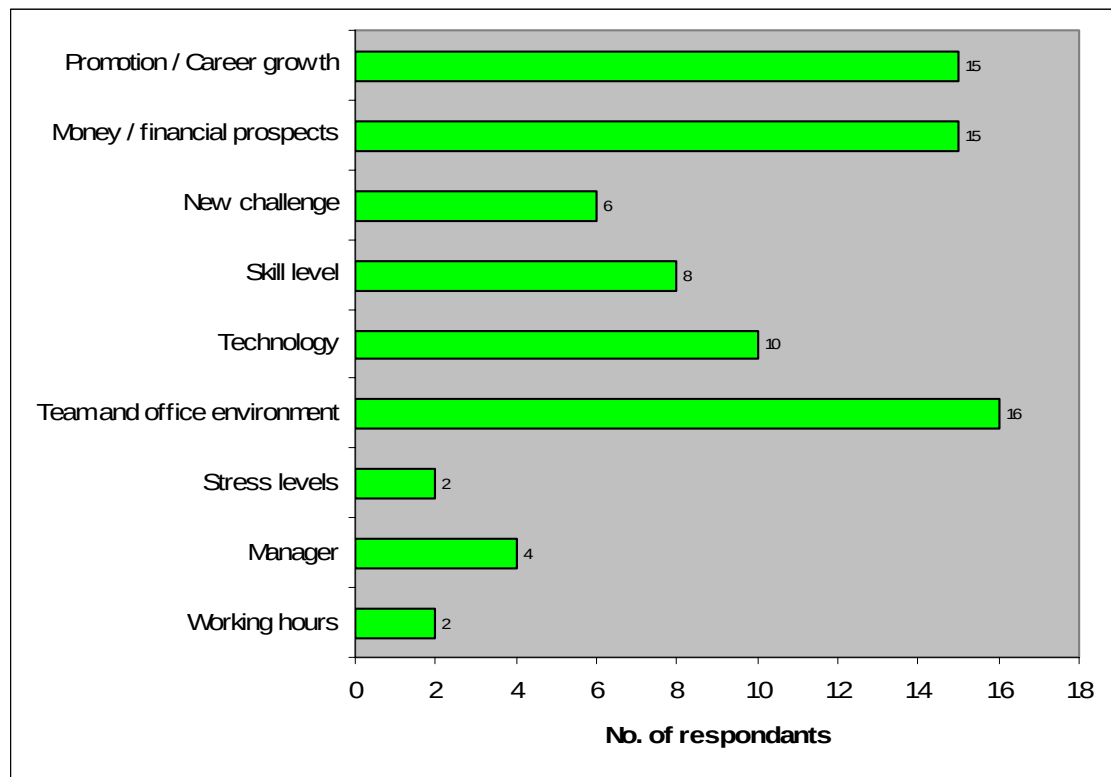


Figure 2. Frequency of factors relating to staff turnover

5.4 Analysis of findings

Four main themes became apparent during the interview process as shown in Figure 2. These were:

1. Promotions and career growth
2. Financial prospects
3. Technology and skills
4. The team and working environment.

As can be seen, there is a difference between the themes obtained from the exit interviews, to those found in the personal one to one interviews. Each of these themes will be explored individually.

5.4.1 Promotions and career growth

Promotions are seen by employees to be important for several reasons – they are an acknowledgement of ability, a sign of recognition given by senior staff members, a means to increase financial status, and they allow the person being promoted the potential for greater involvement in the organisation. On the whole many employees currently employed were happy with the level of promotions, and felt that there was a structured career path. They still believed though that there was room for improvement, and this was strongly echoed by past employees.

The company employs a young workforce, with the majority of employees falling into the 25-35 year age band. This has certain consequences. Young employees are interested in defining their career paths by taking jobs that help them advance to the next position (Harvard Business Essentials, 2002). They also want their employers to define a career path for them.

In the case of the company being studied, management stated that promotions were based on two factors – the employee's ability and skill levels, and the amount of time spent in the organisation. The period of time spent at a level in the organisation is no indicator of an automatic promotion, and in many cases this has resulted in employees leaving the company as they have felt that the period of time that they have spent in the company warrants an automatic jump which they have not received.

The standard path for promotions at developer levels is shown in Figure 3, and indicates the current period experienced between promotions. Once a developer reaches the level of Systems Analyst, they are given the choice of pursuing a technical career (resulting in Senior Systems Analyst) or a management career path (Development Manager) and are groomed over time accordingly. Promotions at the lower levels were found to occur more frequently as junior developers experience a rapid learning curve and hence develop their skills at a faster rate. The time between promotions tended to be

shorter as a result, and increased as the developer moved into more senior roles.

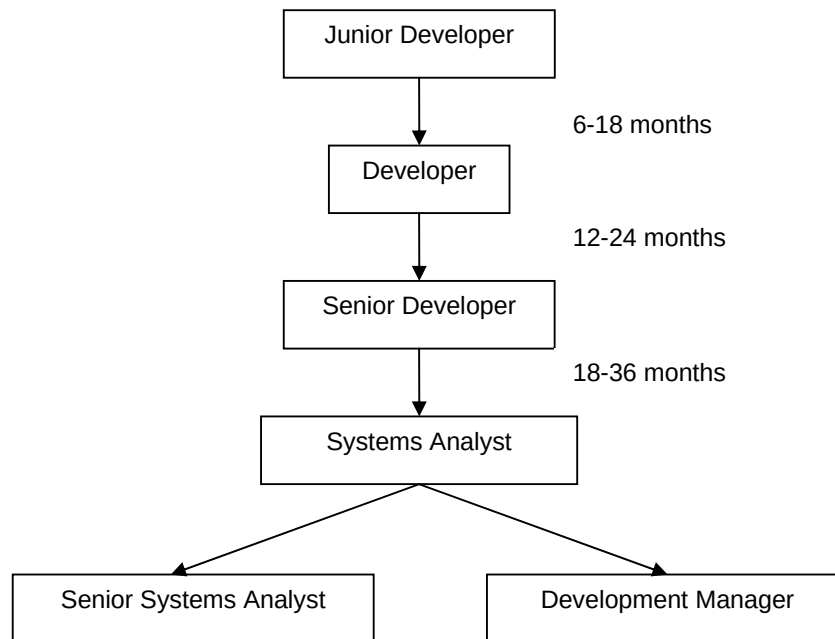


Figure 3. Developer career path

The measurement of skill and ability appeared to be subjective, and was based on management's perception of the employee and their delivery on projects, rather than requiring formal qualifications or written exams. There are job specifications for each level in the organisation which list the required traits and skills expected of employees at each level, as well as the required skills necessary to progress to the next position. It appears from discussions with interviewees, that these were largely ignored when determining an employee's suitability for a position. As noted by Sigler (1999), this process of misinformation runs the risk of certain employees being rewarded for work they have not done, or others not being recognised for their input. This may be compounded by constant team restructures, either through the employee moving between teams or divisions, or by changing the line manager for a team regularly, which result in the employee's manager not having sufficient time to evaluate their skills before they change teams, thereby reducing the possibility

of a promotion. This reason was given in the case of several employees that had left the organisation who believe that they would have been promoted if this had not occurred.

According to company standards, performance appraisals were mandatory every six months for all employees. They were aimed at setting delivery milestones, an evaluation of the previous 6 months, and as a formal channel to discuss and plan career paths. The researcher found that a large number of employees had not undergone an appraisal in the previous six month period, and in some cases more than a year had passed. Employees felt that this deprived them of the opportunity to engage with their managers, and that it increased the potential for them to be overlooked for promotions. The large gaps between performance appraisals resulted in employees only being judged on their current performance rather than on their extended performance as there was a lack of supporting information to indicate milestones reached, or additional achievements or progress. Cook (1995) believes that employees may be negatively biased by a particular manager's view of them, and was shown by three employees interviewed who felt biased by this as any hard work they had previously done, was undone by poor performance on their current project.

A lack of properly defined career paths was also mentioned, including a lack of concerted effort on the part of management to discuss this with employees during appraisals. The career path shown in Figure 3 was well known in the company, but there was no clear understanding of the requirements and milestones that needed to be met in order to be promoted from one position to the next. Some employees stated that they had become demotivated as a result of this as they could not see a light at the end of the tunnel, and had left as a result, supporting the view of Sigler (1999). This is further supported by Hay (2002) who believes that employees will leave an organisation when they perceive that management does not take an active role in their career development.

Further to this, the results of performance appraisals played no part in the evaluation process when promoting employees. This was seen as depriving managers of vital information which could be used to determine promotions, with the result that employees felt that management bias had resulted in certain cases.

Developers also attributed their lack of promotion to external factors. Social and political cliques were blamed for lack of promotions in certain cases. A number of senior developers and managers in one division formed part of a “smokers group” and it was felt that non-smokers were prejudiced by this as they were excluded from forming a social bond with the employees in power. Similarly, not having a drink after work on a Friday afternoon was felt to have the same effect.

The formation social bonds was seen to be important as political manoeuvring allowed developers to be involved in “glamour” projects (development of new systems), and to raise the awareness of managers about their abilities. Exclusion from these social scenarios was deemed to negatively impact the chance for promotion, with one employee openly remarking “I don’t smoke or drink, so if I go to the pub with them I’m just going to be bored. It’s not fair. Managers always promote their buddies!”

Social cliques were also blamed by a number of black developers as the reason why they had not been promoted. Due to the fact that they formed a small percentage of the population, they felt excluded in many ways, either from participating in developing strategies for their teams, or from input into the higher technical levels. The perception had arisen amongst some of the black employees that had left that management were not doing enough for employment equity (EE) and that black developers were being discriminated against. The fact that there were no black developers at a Systems Analyst level at the time of writing was given as evidence of the lack of EE This is indicative of attribution theory (discussed in section 2.3) in which a negative outcome (lack of EE) is attributed to external factors (management bias or lack of management action). This had a direct and negative on the motivation levels

of some black developers as they felt that there were no long term opportunities for them.

Team structures were also seen to play an important part in promotions and career development. As noted earlier, teams were based around areas of expertise, or specific systems, and were small in size, with one or several teams being overseen by a Systems Analyst. For the Junior Developers, this was seen to be beneficial as it provided a close knit working environment, with sufficient levels of mentorship which would allow their skills to grow and develop rapidly in a relatively safe environment, and consequently allow for easier promotion. Senior Developers felt constrained by this as they felt that a “glass ceiling” was reached. Despite the fact that the position of Systems Analyst was a mark of seniority and ability, only a limited number of positions were made available. The team structures created a silo effect which reduced the chances of developers moving around as they became experts on a system or in a specific business area. As a result, some Senior Developers felt that they could not be promoted if a Systems Analyst in another team left or was promoted further as they were unable to easily move between teams or divisions.

In one of the newer divisions (Division C), management had taken the choice not to create silos, but instead regularly moved employees into new areas. This was based on the belief that it kept employees more interested, created greater exposure and learning, and allowed them more of a chance to impress. As the developer’s knowledge was not limited to a single area of expertise, it was possible to promote developers more easily. This was demonstrated by promoting three Senior Developers to System Analysts within a two year period in teams other than the ones in which they had started. Coincidentally, it was felt by many in the oldest and largest division (Division A) that there were better opportunities in the new division for promotion, and resulted in two employees electing to change divisions rather than leave the company.

The creation of the newest division in the company was met with mixed results by many of the developers. All of the developers for this division were sourced

externally, with no opportunities given to current employees. This resulted in general disgruntlement amongst the developers as many felt that a move may have presented them with a chance for career advancement, despite the fact that the new division employed technologies that were foreign to them. Though this was not directly cited as a reason for turnover, sourcing a small number of staff internally may have resulted in raising staff comfort levels (Lee-Kelly, Blackman and Hurst, 2007).

An interesting observation was that many of the senior employees, or developers who had been in the IT field for a number of years, felt that promotions and career growth were the most important factors for them when it came to staff turnover. Promotions were seen as a means to ensure a stable financial position as they were accompanied by salary increases and reviews, and were given in recognition of ability which allowed for greater marketability, rather than having a lengthy CV listing brief experience in a number of technologies.

5.4.2 Technology and skills development

Skills and access to technology are important to any IT developer. Maintaining an up to date set of programming skills, and keeping abreast with new technologies allow a developer to be more productive, and is seen by them to be critical in opening pathways for promotions and making them more marketable should they decide to leave, and allows them to reach their full potential (Hurley, 2001).

The nature of the organisation is such that there is little room for technological experimentation. Billions of Rands from policy holders and investors are under the control of the company, and as such a low risk approach is taken towards new developments. Originally when the company was formed, its systems were designed and developed from scratch. Over time, as with all organisations, a level of maturity set in, resulting in the scenario now where once systems have been implemented they are maintained for a number of years, with alterations

only being made to support business growth and product development. The consequence of this is that there are few projects that require new development and experimentation, and reduces the ability for developers to innovate. The evaluation and implementation of all new technology is tightly controlled by the Architecture team with cutting edge technologies being discarded in favour of proven, established ones. This often results in an accepted technology being implemented months after its release to the open market.

This seems to be in contradiction to the company culture of innovation where there is always a drive to do things better. In many discussions with interviewees it was felt that innovation was limited to product development, and that little time was devoted to the exploration of new technologies to support the organisation.

Many young developers cited the factors above in their exit interviews as reasons for leaving. They believed that the nature of the company reduced their ability to develop their skills and made them less attractive to the market. Despite the fact that they were still learning, their impression was that a lengthy CV listing as many applications and technologies as possible was more important in gaining a new job than solid experience in a limited number of technologies. In much the same way that medical students try and obtain wide exposure before they choose to specialise, many young developers chased technological variety as a means of determining the field they wished to specialise in, resulting in many leaving to join start-up or small companies where they believed they would have the opportunity for greater experimentation.

Senior employees took a different view. They believed that their strong analytical thinking gained over years of solid development experience was more beneficial to their long term career prospects and marketability. The belief existed that long term experience in a complex environment such as the insurance and financial services sector increased their marketability, and was quoted by three of the developers who had been headhunted by firms in the same industry.

In the case of Division A which had already reached a state of maturity, the lack of experimentation and innovation with regards to technology, combined with a predominantly maintenance culture resulted in a number of negative factors being expressed. Many Java developers felt that their basic programming skills atrophied over time as they were never challenged to think of better ways to do things, and by predominantly working on maintenance projects, their work became repetitive. As a result, many Java developers who left claimed that they were bored and demotivated at the time they decided to leave.

Many Oracle developers felt constrained for the same reason. They were often seen to be in a supporting role to the Java developers, and over the last few years, the architecture they employed had changed from writing full database systems, to writing basic interfaces into the database. As a result they believed that their career opportunities were limited as they were unable to demonstrate their ability and skills, resulting in time employed being the only criteria for promotion. As stated by a previous employee, "This isn't the right environment for juniors to learn in, and the seniors are bored as hell. I needed to find a new job that made me think otherwise I would have died from sheer frustration". Two of the developers interviewed were given the opportunity to switch from Oracle to Java in order to reduce their frustration, and in an attempt to retain their services.

Boredom was cited less in interviews conducted with developers in Division C. This was attributed to the fact that the division was still experiencing a strong growth phase with a number of new systems being developed. It was felt by a number of the developers that in time, with the onset of maturity, boredom would become a contributing factor in staff turnover.

The silo structure of some teams was also blamed by many juniors as not being conducive to skills development when new projects were worked on. This was due to the fact that they were not involved in analysis and design processes (often restricted to Senior Developers and System Analysts) believing that senior members were trying to hold on to some form of glory, and

that the juniors were merely deemed to be coders. This view was not supported by the managers and System Analysts who produced evidence of junior involvement across all levels. It was found that a number of developers who had made these statements were excluded from these processes due to a lack of skills and ability.

Training is an important element in developing skills and competencies, and in increasing intellectual capital (Huang, 2006). It also has other benefits, such as increased employee moral, greater job satisfaction amongst employees, and lower job stress (Acton and Golden, 2003).

Each division in the company had an annual training budget which would be used at management discretion to send employees on courses. Employees interviewed felt that in many cases the training they had been sent on in the past year did not contribute to their skills, and was of little value to their job. Others complained that they had not been on training for years and blamed management for this as they assumed that their managers were responsible for obtaining information on relevant training courses and for arranging training dates. On closer investigation, it was found that management was not proactive in arranging training for employees, and often relied on developers themselves requesting approval for specific courses of interest to them (which carried no guarantee that they would be approved). This had not been communicated to the developers themselves which resulted in the state of confusion. A “cycle of failure” model (as discussed in Section 2.2) was not evident in the company, as managements lack of providing training to employees was not motivated by a belief that they were simply wasting money as employees would leave even if sufficient training was provided, but was related to a lack of available time for training as development deadlines was seen to be of greater importance.

The attribution by developers of a lack of skills development to lack of company involvement is indicative of Heider’s (1958) theory in which a negative outcome to a situation is blamed on external factors. When questioned about this, more than half of the developers believed that the company, their managers, or their team structure was to blame for their lack of skills development. When probed

further, it was found that none had taken the initiative to develop their skills independently, either through self study, or by scheduling their own courses.

5.4.3 Financial reasons

Salaries, incentives and bonuses are important to employees in any industry, and IT workers are no exception. The current IT market in South Africa in 2007 exhibits a high demand for skilled IT workers increasing ease of movement between companies, and consequently raising salaries. The implementation of the Financial Intelligence Centre Act (FICA) in all financial institutions in South Africa has contributed to this demand, as organisations such as banks and investment houses scramble to update their systems to meet the compliance demands of the act. For a period of time there was a perception in the market that banks were buying developers by the dozen to work on compliance projects, and paying inflated salaries to do so. Whilst this supported the view that larger salaries could be obtained elsewhere, the company lost few employees as a direct result of this.

Senior managers in the company paid little heed to salary trends over previous years, and many developers feel that this contributed to the high turnover rates experienced. In the past 18 months, in line with the view of May and Askham (2005), management instituted six monthly salary reviews for all developers, ensuring that salaries are market related, and fall within the top 20% of salaries offered (based on years of experience, technical ability, and the type of technology the developer is proficient in)

As a consequence of the salary reviews, employees feel more comfortable with their level of remuneration; however, there are still those that feel that they could earn more if they left. There was no empirical evidence to indicate that this initiative had a significant impact on reducing staff turnover. Discussions with several senior managers indicated that the decision to review salaries regularly was one of their prime strategies to reduce staff turnover, contradicting the findings of Sigler (1999) who believes that this is an ineffective

strategy on the part of companies, and supporting the findings of Glen (2006) who believes that companies often resort to salary increases to reduce turnover because they do not really understand the underlying reasons as to why they are losing staff.

Salaries and bonuses were high on the list of turnover factors for some of the older developers, well ahead of promotions and skills development. As noted by one developer in his late 30's, "I'm a family man. I need a steady income more than I need a fancy title, and if the company can't pay me a salary that meets my needs, I'll happily go elsewhere for it. I think we lost a lot of good people in the past because management wasn't particularly worried about salaries, and some guys just couldn't make ends meet".

Employment equity in South Africa has also made an impact on salaries being offered. The IT industry has traditionally been the happy hunting ground of white males who dominated the market until the early 1990's. With the advent of employment equity and the implementation of staff quotas in firms, many companies have found themselves well short of meeting their targets and as a result premium salaries have been offered for skilled black developers. One black, female developer who was headhunted indicated that while she had always been content with her level of remuneration, the offer she received from an external firm which was a substantial increase on her current package had "opened her [my] eyes to the potential of what was available". After discussions with a human resources representative, it was found that the company offers a premium of 15% to 25% above the normal salary bands to new black employees as it believes that this is what the market is willing to pay for them. Annual increases are set annually at a standard rate for all employees, irrespective of race, which may explain why black employees who have been with the company for a number of years may find that their current salaries are well short of the current market offering, and may therefore be tempted to leave.

Only four of the 15 employees who listed financial reasons as a factor influencing turnover decisions noted it as a primary motivating factor,

supporting the view of Mosley and Hurley (1999). In line with the view of Hurley (2001), for many of the younger developers, however, it was listed as their number two reason (often behind skills development) as they felt that growth in salary should be proportional to their expected rapid growth in knowledge and ability.

5.4.4 Management and the working environment

The environment is a theme that was not originally highlighted in the exit interviews conducted with staff. It did feature strongly though in the face to face interviews conducted as part of this study. The environment in which developers operate comprises a number of factors such as satisfaction with the working environment and conditions, workload and stress, management and supervision, and flexible working hours. The working environment is especially important to many employees as they describe it as their home away from home; a place where they spend a vast amount of time, and if their working environment is unpleasant for whatever reason, then they will not be happy and productive workers.

Managers are one of the most important influences in any working environment, and are often overlooked as a factor in staff losses (Hurley, 2001; Hay, 2002). A poor manager can result in an environment lacking control and clear direction, provide little or no mentorship, career guidance or feedback to employees, and has been cited by many as the number one reason why employees leave an organisation (Harvard Business Essentials, 2002). In the company being studied, this was no exception. Whilst not the most common reason cited for staff turnover, a number of employees noted in their exit interviews that poor management had been the overriding factor in their leaving the company. In Division B, two managers who were newly appointed were cited numerous times by their staff. Some employees felt that these managers should not have been placed in a position of authority as they had not been properly trained for the task, lacked control, and were not emotionally suitable for the position. As one developer exclaimed of her manager (who had been

appointed from an external company into his position), “My manager is rude. My sister was in ICU (a hospital's intensive care unit) and I asked for a half day's leave. He said that he doesn't care if she dies, and that I shouldn't make my problems his”. Another employee described the same manager as “... not the right person to be in charge as he doesn't know what needs to be done. He also doesn't have people skills, and yet he's quick to tell others that they don't”. One of the other managers had been promoted from within the organisation from her previous technical position, and was described by her employees as “...on a severe learning curve, but really trying her best”. It was subsequently discovered that she had recently stepped down from her management position, as she felt she was not coping properly with the demands of being in a management position.

In Division C, the senior manager in charge was seen to be the complete opposite. Developers felt he was always in control, engaged with them on a level which made them feel comfortable, took a sincere interest in both their personal and professional lives, embodied the company culture, and contributed heavily to a pleasant working environment. He was valued for his technical knowledge, as well as the intangible contributions that he made. Whilst Division C suffered from the same levels of delivery stress and workload as the other divisions, his presence and input meant that staff believed there was light at the end of the tunnel, and they knew what they were working towards. His policy of recruitment meant that he would only hire skilled individuals whose personalities he believed would fit in well with the members of the team, even if it meant performing multiple interviews until he found the right people. He believed that this would create a more harmonious working environment, where no-one would feel excluded, and there would be little room for cliques to form. This conscious decision to choose employees who best fit the team, combined with his strong guidance over the past two years was believed to be the driving factor behind reducing the turnover rates in his division to the lowest out of the four divisions, supporting the theory put forward by Taylor, Murphy and Price (2006). Several developers still in the employ of the company indicated that they would strongly consider leaving the

organisation if this particular manager left the department which creates a critical risk for the future.

The researcher has noted, both from personal experience as well as discussions with other managers and employees, that there does not appear to be any formal training for new managers when they are appointed. It is as though the company hopes that they have the necessary skills and know how to perform in their task. A number of IT managers promoted to these positions internally came from technical backgrounds as developers and System Analysts. While they may have been exceptional in their former positions, the demands of a management position requires a different set of skills and training which these people may not always possess. As a result, there is often a breakdown in the relationship between the manager and employee.

Managers are also critical to the career development and mentorship of staff, and employees will leave when their talents are not being developed, or their managers do not take an interest in their career development (Hay, 2002). Managers in the organisation were often criticised for their lack of involvement in career development, and many of the staff who left stated that their managers either did not clearly outline the requirements for promotion, or were not active participants in guiding or mentoring their staff. Certain staff believed that their managers had no knowledge of their day to day activities or the work they were performing, and as a consequence were never in a position to promote them, resulting in one developer demanding that he be allowed to move teams rather than resign.

The issues raised were isolated to a few managers rather than the management group as a whole. However, it was noted that the general unhappiness with these individuals was never raised at a higher level. Whilst performance appraisals provide the opportunity for two-way feedback, any negative comments or concerns raised with individual managers remained with them, and were never escalated to their superiors. As a result, the senior management team in many cases were unaware of the discontent that had

arisen, and missed a critical piece of information as to why developers in the departments were leaving.

As noted in Section 5.3.1 the organisation is highly complex, and focussed around tight deadlines and delivery. As a result of this, the working environment is highly stressed, with strong focus on delivering sometimes near impossible requirements in a short space of time. The problem that arises is that developers are only human, and managers need to focus either on delivery, at the expense of their staff welfare, or on staff, at the risk of not meeting deadlines. Managers in the company have been accused of the former, focussing more on delivery than their staff. This is in strong contradiction to the stated company culture and mandate which is highly focused on its people. Many employees feel disillusioned when they hear the company CEO loudly proclaim how important people are, whilst at the same time their own managers do not adhere to this principle.

The culture of continual innovation, combined with tight delivery deadlines on successive projects, resulted in a number of employees complaining about burnout, both physical and emotional (Weisberg, 1994). While this was not listed as a turnover factor by any of the employees, the impacts of it had an effect on such areas as motivation, productivity and commitment.

Whilst the majority of developers do not believe that the stress levels experienced are abnormally high for an IT division in any company, they do feel that many of their basic needs are ignored in favour of delivering projects on time. Many Senior Developers and System Analysts feel that their private family time, weekends and evenings are often disregarded as many projects required extended periods of overtime, and as the senior members on the team, the responsibility often falls to them to ensure quality and completeness of the code on the project. Letters of appointment when new employees join the company state that they will be “expected to work overtime from time to time”, which is believed to be grossly understated as developers feel that for many, “time to time” should read “all the time”. Some developers also felt that the high stress of the environment, and the expectation that developers often work

extended periods of overtime was not clearly explained in interviews, which may have led to false expectations being set for new recruits.

Flexible working hours was also listed as being important to many developers. Standard working hours in the company are listed as being from 8:30am until 5:00pm with an hour long lunch break. Many employees travel long distances to get to work, and consequently spend a large amount of time in traffic. As a result, there is special dispensation given to these developers which allows them to arrive early and leave early (or arrive late and leave late), as long as they complete an eight and a half hour working day. Employees are grateful for the flexibility, and have indicated that it would be a strong motivator for them to leave if this was taken away.

5.4.5 Additional Factors

The lack of a joint business and IT strategy has been noted by some seniors in the various divisions as indirectly increasing the potential for future staff turnover. Business in this context is defined as the owners of the product, i.e. the business users who define the requirements of the products being developed, and the systems which need to support them. In the company being studied, it was found that business was the key driver behind all decisions made, and the IT divisions were viewed as working for the business – “business pays our salaries”. As a result of the way the business divisions were managed, decisions were often made without the consultation of the IT divisions, who were then left to simply try and make things work. Business was also accused of trying to make technical decisions, and of abusing their power in forcing unrealistic deadlines to be met by the development teams, even when warned of the risks and potential impacts by the IT developers. When problems arose once the systems had been implemented, business conveniently forgot about the decisions they had made, and accused the IT departments of poor quality of work. This had happened on numerous occasions on various projects, and over time it created tension and animosity between the departments and increased stress levels in the general working

environment. A further impact of this is that many developers felt that their managers did not support them sufficiently when these issues arose, and that more could have been done to prevent this.

Peer networks were also responsible for several employees leaving. Former colleagues were instrumental in either recommending or recruiting employees to new companies, with two past employees noting that their prime motivation to resign and go to their new company was to work with their friends, rather than any company specific issue. This supports the view of Lee-Kelly, Blackman and Hurst (2007) who believe that knowledge workers are more likely to be loyal to fellow professionals and their peers than to the company they work for.

5.4.6 The right stuff

The interviews conducted with the developers not only highlighted negative issues, but also focussed on some of the positive steps they felt were being made to reduce staff turnover. Whilst the researcher has not conducted any tests to determine if there truly is correlation between these sentiments and an actual reduction in turnover, the mere fact that moral amongst the workers, and a sense that management is doing something about the perceived problem may influence turnover in the long term.

Cost of living increases have never ensured that employees earn a market related salary, or are incentivised to work harder to earn higher salaries. The introduction of biannual salary reviews ensured that developers felt they were being adequately paid according to market standards, as well as creating the feeling of reward for a job well done.

Organisational maturity has also had an impact on turnover in the company, both positive and negative. Proper project delivery processes have been put in place over time to assist in reducing unachievable deadlines on many projects. Added to this are defined structures, methodologies, and architectures. These

reduce the stress levels encountered by many employees and increase staff motivation and happiness, reducing the potential for staff turnover.

6. Conclusion

6.1 Key findings

The research undertaken has provided the following main factors which contribute to staff turnover in IT:

1. Promotions and career growth
2. Financial prospects
3. Technology and skills
4. The team and working environment.

Promotions and career growth are important to employees in all industries as it is an acknowledgement of ability, a sign of recognition for work well done, and a means to increase financial security. In the company that was studied, it was found that many developers were unclear about the requirements or process for promotions, and felt that it was a subjective process based on management perception of them rather than clear outcomes. Performance appraisals were not included in the promotion process which contributed to this feeling. Silo structures decreased the ease of movement between teams, reducing the possibility of promotion if a position became available in another team. Many black developers also felt that there was a shortage of focus on employment equity, and believed that the lack of black developers in senior positions was evidence of this bias.

Skills development also ranked highly amongst many employees, especially those in junior positions who often cited the need to chase new technologies as they key factor behind staff turnover. The mature and low technology risk approach of the organisation was seen to impact skills development as there is little experimentation with new technologies or architectures, and hence a decreased possibility of enhancing current skills or developing new ones. Many developers also believed that it fell to the company, rather than themselves, to

develop their skills, and the lack of effort on the part of the company in this regard was seen to contribute to turnover.

Financial reasons always rank highly on the reasons for labour turnover (Hurley, 2001). It was found that few developers ranked their salary as a primary motivator for staff turnover, but coupled with an expanding IT market, many felt that they could be offered higher salaries elsewhere. This was especially true of black developers who were being offered a premium of up to 25% on their salary by competitors as a means to achieve employment equity targets. The implementation of regular salary reviews (outside of the normal annual increase cycle) was seen to bring salaries more in line with market averages, and it was felt that this reduced the chance of employees leaving for minimal increases in salary, and consequently reduced staff turnover.

The working environment is a strong contributor to employee happiness and motivation levels. One of the most important influences in the working environment is the role of the manager (Hay, 2002), and in this research it was found that the attitudes and abilities of certain managers had resulted both in an increase in staff turnover (where inexperienced and poorly performing managers were involved), as well as reducing staff turnover (where an experienced manager had created a pleasant, open and trusting work environment). A lack of formal management training was found to be a contributing factor in this regard. The highly stressed working environment, focussed on complex project delivery within straight timeframes contributed to a highly stressed work atmosphere, which contributed to burnout amongst developers, and a decrease in motivation.

Overall it was found that the company did not clearly understand the factors contributing to the high levels of labour turnover for their IT developers. Managers knew what the high level factors were (desire for more promotion, bigger salaries, better working environment, more skills), but were lacking in depth and detail. The company builds their understanding of labour turnover on superficial information gathered from exit interviews. This information never listed the main reasons behind why staff were leaving, failed to take into

account any of the contributory factors such as age, race or gender, and failed to provide a clear picture of why the company was losing staff.

6.2 Suggestions for further research

The findings of this report present a number of factors contributing to staff turnover of IT workers. Resulting from this a number of further research topics have been identified:

1. Can the findings of this report be generalised across the IT industry, or are they specific in nature to the company studied? Factors such as the culture of an organisation, the industry in which they operate, or their approach to business processes may influence their IT operations, and as such could result in differing impacts on their IT staff.
2. Are the factors contributing to staff turnover of IT workers the same in young, start-up companies as those in older, more mature organisations? Young companies or start-ups face different challenges in their operational and business environments, and are perceived to be more unstable than older, mature companies. The establishment of a new business is often more focused on delivery and achieving profitability as there is no guarantee that the business will survive, and consequently there is less focus on people and long term staff retention as the company may not be around in the long run. As such, employees in these establishments face different stresses and challenges to a stable working environment, and as such staff turnover may be caused by different factors to those indicated in this report.
3. Does a detailed understanding of the factors contributing to staff turnover of IT workers result in the development of more effective retention strategies for companies? It has often been said that “Knowledge is Power”, but many people understand that the true power of knowledge comes through the effective use of it. Presented with a detailed report such as this one, can a company develop an effective strategy to significantly reduce the turnover of IT staff over the long term?

6.3 Conclusion

The war for talent continues to rage across all organisations and industries, and as a result, companies that understand the factors contributing to labour turnover within their organisations are able to maximise their competitive advantage by building retention strategies that work.

Companies spend vast amounts of time and money understanding what makes their employees happy or sad and measuring staff loyalty in the organisation, believing that these factors are key indicators of staff turnover. They seem to forget however that loyalty can be bought, and that even happy employees will leave given the right conditions.

This research has shown that the factors contributing to the labour turnover of IT workers are few but intricate in nature, and that a one size fits all strategy cannot be employed to reduce the number of staff losses for IT developers. Employees are all individuals, with individual wants and needs. Consideration needs to be given to such factors as race, gender, age and seniority of employees when analysing labour turnover trends. These factors are often overlooked in exit interviews, which is often the key (and only) source of information companies use to understand their labour turnover issues. An understanding of these contributing factors and how they impact labour turnover factors may result in companies developing multiple retention strategies focusing on different areas for different groups.

A lack of clear understanding of the deeper issues affecting labour turnover factors will result in short term gains for any company when measures are taken to reduce staff losses. This is evident when companies resort to the age old tactic of increasing salaries to raise motivation levels and retain staff, but find that after a short while they lose the staff member anyway.

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Appendices

Appendix 1: Consistency Matrix

Identification of the factors contributing to staff turnover amongst IT workers			
Sub-problem / Proposition	Source of theory	Data sources	Data analysis
Determine the factors contributing to staff turnover amongst IT workers	Acton, T. & Golden, W. (2003). Aghazadeh, S. (2003). Applebaum, S.H., Wunderlich, J., Greenstone, E., Grenier, D., Shapiro, B., Leroux, D. & Troeger, F. (2003). Behesti, H.M (2004). Boselie, P. & van der Wiele, T. (2002). Brockway, D. & Hurley, M. (1998). Cook, M. (1995). Despres, C. & Hiltrop, J. (1995). Gilbert, D. (2006). Glen, C. (2006). Harvard Business Essentials (2002). Hay, M. (2002). Huang, I., Lin, H. & Chuang, C. (2006).	Exit interviews obtained from companies sampled as primary data source. Published literature as secondary source of data. One-on-one interviews conducted with past and current employees.	

Identification of the factors contributing to staff turnover amongst IT workers			
Sub-problem / Proposition	Source of theory	Data sources	Data analysis
	Human Resource Management International Digest (2002). Hurley, M. (2001). Kippenberger, T. (2000). Kubo, I. & Saka, A. (2002). Lee-Kelly, L., Blackman, D.A. & Hurst, J.P. (2007). Lewis, J. (2002). Lock, G.E. (2003). Lockwood, D. & Ansari, A. (1999). Mano-Negrin, R. (1998). Marshall, R. (2005). Maxymuck, J. (2005). May, D. & Askham, P. (2005). Morrel, K.M. Loan-Clarke, J. & Wilkinson, A.J. (2004). Mosley, V. & Hurley, M. (1999). O' Bryan, B.B. & Pick, R.A. (1995). Papp, R. (1999). Pyöriä, P. (2005). Schlesinger, L. & Heskett, J. (1992). Sigler, K.J. (1999). Strategic Direction (2002).		

Identification of the factors contributing to staff turnover amongst IT workers			
Sub-problem / Proposition	Source of theory	Data sources	Data analysis
	Sutherland, J. (2002). Taylor, L.J., Murphy, B. & Price, W. (2006). Trinka, J.A. (2005). Walters, B.A. & Tang, Z. (2006). Weisberg, J. (1994). Zheng, Y. & Kleiner, B. (2001).		

Appendix 2: Interview protocol

Interviews will be conducted on-site, preferably in a meeting room away from the division in which the employee works, and only with employees who have consented to forming part of the sample group. This is to reduce the risk of external influence by removing the person from the proximity of their manager or fellow colleagues, and to enforce the confidential nature of the interviews.

The researcher will then introduce himself, and explain the aim of the research being conducted. The confidential nature of the interview will be discussed with the interviewee, and it will be explained that the findings of the research will be reported, but that no identifiable data will be released to the company involved, or to any third parties. Should the person be a former employee of the company, they will be informed of the fact that the researcher has read their exit interview (if one was completed).

A general series of questions will then be asked to ascertain the person's title / level in the organisation (junior developer, senior developer etc), length of time that they have been employed with the company (or were employed in the case of former employees), and number of years that they have been in the IT industry. This information may result in an identifiable trend when viewed in light of the turnover factors established in the rest of the interview (e.g. employees that have been with a company for an extended period of time may be less influenced by certain turnover factors than new employees).

The following series of standard questions will then be posed, some of which may be specific to past or current employees only:

Question 1: (Past employees only)

The purpose of this question is to identify an event (or events), or the core factors which resulted in the employee leaving the company.

- What were the main reasons behind you leaving Company XYZ?

- o Was there a particular event or situation that resulted to your decision to leave?
- o Are there additional factors which have contributed to your decision?

Question 2: (Current employees only)

The purpose of this question is to identify events or factors which may result in the current employee leaving the company.

- Are you currently in the process of leaving Company XYZ (i.e. have already found alternate employment)?
 - o Are there any particular events or situations that have resulted in your decision to leave?
 - o Are there additional factors which have contributed to your decision?
- Are you currently in the process of seeking an alternate position with the view to leaving Company XYZ? (Intention to leave is a strong indicator of actual turnover).
 - o Are there any particular events or situations that have resulted in your decision to leave?
 - o Are there additional factors which have contributed to your decision?
- If you are not currently in the process of leaving Company XYZ, what factors would motivate you to leave?

Question 3: (All employees)

The purpose of this question is to determine how the factors identified in questions one and two have been affected by internal or external factors.

- What impact would conditions prevailing in the IT market place affect your decision to leave?
- For employees who have left or are intending to leave:
 - o Did Company XYZ negotiate to try and retain you?
 - o Why did you still leave afterwards / why are you still intent on leaving?

- What impact has the company culture had in your evaluation of the factors that have lead you to leave / would lead you to leave?

Question 4: (All employees)

The purpose of this question is to understand why any factors not mentioned have not contributed to the employee leaving the company, or why they would not lead to the employee leaving. This would assist the researcher in understanding why these factors would be eliminated from the generic list of turnover factors of workers in general.

- The factors that you have mentioned are clearly the most important in forming your decision to leave Company XYZ. Would that mean that any additional factors such as (draw from Appendix 3) would be less important to you, and why?

Appendix 3: Draft Cover Letter

Dear Sir / Madam

Research on Staff Turnover in IT

I am a student at the Wits Business School studying towards an MBA degree. As part of my studies I am conducting research into the factors that affect and contribute towards staff turnover in the IT environment.

Companies both in South Africa and abroad have for a number of years placed greater strategic importance on their IT departments. As a result of this, the retention of these key resources has become more important than ever. For the purposes of my research I am approaching several people to determine that factors that you as an IT staff member believe are the most important to the retention of your services and which factors would cause you to leave your current employer.

The success of my research is based on conducting as many interviews as possible to ensure the accuracy of the results obtained. Please note that all information will be treated with the utmost confidence, and at no point will any of the information you provide be divulged to your company. I would therefore greatly appreciate your assistance in allowing me to interview you for the purposes of this study.

I would like to take this opportunity to thank you for your co-operation in assisting me with my research.

Yours faithfully

James D Horak

Appendix 4: Exit Interview Document

Name of employee:

Department:

Name of manager:

About Company XXX

Would you like
this information
to be shared
with your
manager?

☐ Yes

☐ No

What has made
you particularly
happy about
being an
employee at
XXX

☐

Salary and benefits

☐

Professionalism

☐

Good opportunities

☐

Personal
development

☐

Career growth

☐

Great teamwork
and good
personalities

☐

Having a good
manager

☐

Dealing with
customers

☐

Change in job
description

☐

Challenges in my
work

☐

Company culture

☐

Other

If other please
give more
information

What has made
you particularly
unhappy about
being an
employee at
XXX

☐

Manner in which
company is
structured

☐

Long working hours

☐

Lack of balanced
lifestyle

☐

Unreasonable
requests

☐

No respect
received

☐

False promises

☐

Promotions
retracted

☐

Difficult customers

☐

Managers
incapability to
manage effectively

☐

Problematic
timelines /
deadlines

☐

Location

☐

Tools available to
me

☐

Policies and
procedures

☐

Red tape

☐

Lack of training

☐

Problems raised
with manager not
resolved

☐

Managers lack of
direction

☐

Lack of
involvement with
company strategy

☐

Lack of trust

☐

Poor inter-
departmental co-
operation

☐

Stress

☐

Other

If other please
give more
information

If you were
prepared to
reconsider your
decision to
leave, what
would have to
be done to
encourage you
to remain?

- ☐ Move into another department
- ☐ Change my manager
- ☐ Give me a more challenging position
- ☐ Introduce travelling into my work

- ☐ Redefine my responsibilities
- ☐ Increase my salary
- ☐ Allow me to interact less with customers

- ☐ Make my working hours more flexible
- ☐ Give me more flexible compensation
- ☐ Improve my benefits

When did you
first decide to
leave?

What are your
actual reasons
for leaving?

- ☐ Career growth
- ☐ New challenge
- ☐ Lack of balanced lifestyle
- ☐ Better financial prospects elsewhere

- ☐ Overseas opportunities
- ☐ Personal development
- ☐ False promises
- ☐ Company culture

- ☐ Earning foreign currency
- ☐ Long working hours
- ☐ Difficult customers
- ☐ Management style

Do you have
any suggestions
for Company
XXX?

How have you
felt about the
following during
your
employment
with XXX?

Please rate your prospects for promotion at XXX

- ☐ 1. Prospects for promotion
(1 = bad; 5 = excellent)
- ☐ 2. Your own job

Please rate your feelings about your own job at XXX (1 = bad; 5 = excellent)

Please rate your progress at XXX 3. Your own progress (1 = bad; 5 = excellent)

About your manager

How do you feel about your manager	☐ Open and honest	☐ Very demanding	☐ Excellent learning exposure
	☐ Managers should be coached more	☐ Insufficient feedback from my manager	☐ Poor communication with my manager
	☐ Very poor	☐ Empathetic and understanding	☐ Trusting

What additional comments would you share about your manager?

Please comment about your managers performance of his / her duties

Please rate your managers performance of his / her duties (1 = bad; 5 = excellent)

Should your manager have handled complaints badly what would the main reasons be?	☐ Not applicable	☐ Poor quality of response / resolution	☐ Lack of feedback
	☐ Lack of empathy	☐ Lack of caring	☐ Other

If other please give more information

Comment on the positive aspects of your	☐ None	☐ Listens to staff	☐ Supportive
	☐ Understanding	☐ Other	

managers ability
to handle staff
If other please
give more
information

Comment on the
negative
aspects of your
managers ability
to handle staff

- ☐ Doesn't listen to
factors impacting
work
☐ Not supportive

- ☐ Bombastic / rude
☐ Not understanding

- ☐ Lack of trust /
respect
☐ Other

If other please
give more
information

In your opinion
are staff being
effectively
utilised and are
they productive

☐ Yes

☐ No

About your new position

Do you have a
new position?

- ☐ Yes
☐ No – I am leaving
for other reasons

☐ No – I am being
retrenched

☐ No – I am
relocating

What is the
name of your
future
employer?

What will your
new title and
duties be?

What makes
your new
position more
attractive than
your current
position?

- ☐ Career growth
☐ New challenge
☐ Responsibilities
and
accountabilities

- ☐ Overseas
opportunities
☐ Excellent salary
benefits
☐ Exposure

- ☐ Earning foreign
currency
☐ Company structure
☐ Authority

About your company benefits

How have you
felt about the
following during
your

employment
with XXX?

1. Your salary

Please rate how
you felt about
your salary
while at XXX?

☐

(1 = bad; 5 = excellent)

2. Benefits

Please rate how
you felt about
your benefits
while at XXX?

☐

(1 = bad; 5 = excellent)

3. Training

Please rate how
you felt about
training while at
XXX?

☐

1 = bad; 5 = excellent)

Which of the
following
services have
you found useful
at XXX?

☐

Your PA

☐

Your counsellor

☐

Cash wash
services

☐

Dry cleaning
services

☐

Postal services

☐

Snack shack

☐

Registration
services

☐

Beauty and health
services

☐

Crèche

☐

Sports and social
club

☐

Gym facilities

☐

Travel services

☐

None

Do you have
any additional
comments you
would like to
add?

**Thank you very much for your co-operation. We hope you have had an
inspirational experience with XXX**