

THE LOSS OF HUMAN CAPITAL DUE TO POOR RETENTION STRATEGIES

A case study of a government
department in the South African context

by
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Thesis presented in fulfilment of the requirements for the degree of
Master of Philosophy (Information and Knowledge Management) in
the Faculty of Arts and Social Sciences at the Stellenbosch University



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December 2012

DECLARATION

I hereby certify that the thesis submitted by me in fulfilment of the degree MPhil (Knowledge and Information Management) at the University of Stellenbosch is my independent work and has not been submitted by me for a degree at another faculty or university.

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ABSTRACT

This research reports on the phenomenon of preventable staff loss (human capital) in a South-African government department.

The research covered an analysis of biographical, occupational types and duration of job tenure data of 500 former employees who resigned over a ten-year period. Of these employees, 72 participated in a quantitative survey designed to test opinions around aspects such as career management, retention efforts and the resignation decision. Another 9 participated in telephone interviews.

The evolution of organizational theory over the last few centuries and the recent emergence of organizational systems theory are used as basis for, on the one hand, describing government departments in general as the type of organization under discussion and on the other to identify themes that point to possible avenues for diagnosis of the phenomenon.

Recent trends and technological developments leading to increasing scarcity and fluidity of the labour market are highlighted against the growing importance of the value of human capital and institutional knowledge as key components of achieving organizational goals.

The effects of South-African political developments after 1990 on talent management in general, and enterprise systems in particular, are covered. The optimal implementation of talent management (as a component of organization-wide knowledge management strategies) is proposed as a possible solution.

OPSOMMING

Hierdie navorsing doen verslag oor die verskynsel van voorkombare personeelverlies (Menslike kapitaal) in 'n Suid-Afrikaanse staatsdepartement.

Die navorsing sluit 'n analise van biografiese, beroepstipe en lengte van diens van 500 voormalige werknemers wat oor 'n tien jaar periode bedank het, in. Van hierdie werknemers het 72 deelgeneem aan 'n kwantitatiewe vraelys wat ontwerp is om opinies rondom aspekte soos loopbaanbeplanning, pogings om personeel te behou, en die bedankingsbesluit te toets. 'n Verdere nege het deelgeneem aan telefoniese onderhoude.

Die evolusie van organisasieteorie oor die afgelope paar eeue en die onlange opkoms van organisatoriese sisteemteorie is as basis gebruik om eendersyds staatsdepartemente as organisasietipe in die algemeen te bespreek en andersyds sekere temas te identifiseer wat rigtinggewend kan wees in pogings tot diagnose en verdere ondersoek van die verskynsel.

Onlangse neigings en tegnologiese ontwikkelinge wat lei tot toenemende vloeibaarheid en skaarsheid in die arbeidsmark word beklemtoon teen die groeiende belangrikheid van die waarde van menslike kapitaal en institutionele kennis as sleutelkonsepte in die bereiking van organisatoriese doelwitte.

Die gevolge van Suid-Afrikaanse politieke ontwikkelinge na 1990 op die bestuur van talent oor die algemeen, asook die benutting van ondernemingstelsels (enterprise systems) in die besonder, word aangespreek. Die optimale implementering van talentbestuur as onderafdeling van organisasie-wye strategieë vir kennisbestuur word voorgehou as 'n moontlike oplossing.

ACKNOWLEDGEMENTS

I am humbly thankful to the following people who helped me in this project:
Prof Hans Peter Müller who accommodated me as blind student in many ways
Naomi Visser at the library of Stellenbosch University
Connie Parker who assisted in proof-reading the document
All teachers and mentors who invested in me as a person

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND AND DESCRIPTION OF THE PROBLEM

This study deals with the perceived inability of some organisations to timeously prevent the loss of valuable employees through unexpected resignations. The interest in the topic started to develop while the researcher was a Human Resource planning consultant for about seven years in a government department. One of the responsibilities of the researcher at that time was to capture data from exit interview forms and attempt to identify trends in terms of the reasons why employees are leaving. The forms ended off with a few open-ended questions including a question where the employee could state reasons for leaving. An alarmingly high occurrence of responses pointing to “*lack of advancement*” was picked up. In most cases these were employees with years of institutional knowledge¹ who could be considered as a significant percentage of the organisation’s human capital² - employees the organisation could not afford to lose.

An interest started developing around the possible reasons for the organisation’s perceived inability to retain such employees. Despite an almost state of the art Enterprise System (ES)³ that included modules designed for capturing of qualifications, skills and other career data of existing employees, the career management and informed promotion of existing employees seemed to have enjoyed little importance.

Instead, almost all vacancies were filled by means of advertising in the open labour market and in some cases questionable decisions were made not to fill vacancies from internal sources at all.

¹ Bhyat, M. 2008. Knowledge is power. *People Dynamics*, 26(7):4.

² Boisot, M.H. 1999. *Knowledge Assets*. Oxford University, p. 21.

³ Davenport, T.S. and Harris, J.C. 2007. *Competing on Analytics*. Harvard Business School, p. 160.

It was strongly suspected (hypothesised) that this state of affairs leads to increasing disgruntlement among existing employees, even a reduction in willingness to apply for internally advertised vacancies and eventual reasoning to consider joining other organisations. The disgruntlement may have a variety of specific reasons but these could cluster around procedural and policy execution issues. In spite of reasonable policies and procedural rules and conventions, the execution of these may be a critical area.

However, one has to take a wider interpretative view and ask what the knowledge management practices are that go with good talent management. This line of thinking leads to a number of more systematic lines of questioning as talent management is also about managing the intellectual resources and knowledge of the individuals and groups that make up an organisation. It will be argued that no organisation can afford to lose employees as a result of resignations that could have been prevented.

However, the dynamics of resignation cannot be understood without a systemic understanding of organisations and the use of a systems approach in framing the problem. Talent management is about individuals but individuals are appointed, promoted, developed or the converse of all these, are in a context. The context is the organisational pattern of talent management, knowledge management and general organisational structure that makes up the organisation. In fact, organisations construct a reality that becomes a shared world of meaning and that is a framework for all actions, including talent management.⁴

This framework can be approached in different ways. Understanding the structure of an organisation can involve anything from the narrative analysis and interpretation of the dominant or competing stories of members of the organisations, to the behavioural analysis of work flows, to a structural analysis of positions and responsibility structures in an organisation. In a different categorisation system one could view organisations from an economic, a political, a

⁴ Morgan, G. 1986. *Images of organization*. Sage, p.133.

sociological or a management science view⁵. The approach depends on the paradigm and Morgan's definition of four major paradigms remains a guide to the literature⁶. This research taps into both the interpretative and the functionalist paradigms with an interpretation of meaningful qualitative and quantitative data framed in a systems view that is conceived with a view to frame the detail of actions and meanings in the Viable Systems Model pattern of Stafford Beer⁷.

The contribution of the study will therefore be the identification of systemically connected gaps and missing linkages that are instrumental in poor retention strategies. However, the seemingly ordinary human resources question will be posed in a systems informed, interpretative manner and with a knowledge management motivation.

The study will also employ some statistical analysis but this will be limited to exploratory factor analysis. The aim of the research is still understanding and interpretation. Factor analysis at this level cannot offer confirmatory conclusions in an empirically complete manner. Therefore hypotheses have only been offered in a very tentative manner and amount to propositions rather than hypotheses.

It is trusted that the findings of this study will make a valuable contribution to understanding the poor retention phenomenon and preventable staff loss in similar organisations as the one being studied. Solutions to poor retention problems would also be located in a systemic understanding of the particular organisation and benefit the management of important aspects of the knowledge of the organisation.

The study will approach the issue by firstly referring in the remainder of this Chapter to the recent rise in importance of retention strategies and talent management, followed by a brief description of organisational evolution and organisational forms in an effort to set the stage for better understanding of the Government Department (where the phenomenon was identified) as organisation type being discussed.

⁵ Jauch, L.R, Osborne R.N. and T.N Martin 1980. Structured Content Analysis of Cases: A Complementary Method for Organizational Research, in: *The Academy of Management Review*, 5, 4, 517-525.

⁶ Morgan, G 1980. Paradigms, Metaphors and Puzzle Solving in Organization Theory, in: *Administrative Science Quarterly*, 25, 4, 605-622.

⁷ Beer, S. 1981. *Brain of the Firm*. Wiley.

In Chapter 2 the value of using systems theory in general, and specifically Viable Systems Modeling, as an important tool in approaching the phenomenon from a holistic viewpoint will be argued and reasons will be given for the choice of the particular systems approach applicable to the inquiry.

Chapter 3 describes the methodological approach for the empirical analysis of various kinds of empirical data collected and also contains findings of the research project. Chapter 4 presents the integration of the findings in the light of existing literature on the topic as well as in the light of the chosen systems theory. Chapter 5 will conclude and summarise what was argued in the study.

Below then, follows the sections which will discuss the concept of talent management and its importance, followed by a profile of the Government Department being discussed. From the onset, in the definition below, the importance of spotting the interrelatedness of tasks and functions (as supported by Systems Theory) will be highlighted.

1.2 RETENTION STRATEGIES AND TALENT MANAGEMENT

As stated in the introduction, an attempt is made in this thesis to investigate the perceived phenomenon of poor staff retention and to try and come up with ways in which the loss of valuable employees can be prevented. To establish what is available in literature about the subject, key words like retention, succession planning, staff loss and staff turnover were used. The term talent management (TM) appears in many such publications and was therefore subsequently used in further searches.

It also became evident that the term TM has been defined from various angles and that it seems to be in its infancy as a concept.⁸ This is confirmed by Rohrmeier⁹. He points out that no agreement could even today be reached on the topic of a definition for the term TM during a recent international Human Resources conference in Switzerland.

⁸ McDonnell, A. 2011. Still fighting the war for talent. *Journal of Business and Psychology*, 26(2):14.

⁹ Rohrmeier, J. 2009. Balance is the Key in the Global context. *People & Strategy*, 32(3):12-13.

It is also clear that some interpretations of the term TM see the “talent” that needs to be “managed” as so-called top performing employees, while others leave room for the inclusion of employees who should be regarded as “talent” because their contribution is crucial from a knowledge, experience and networking point of view as quoted below from McDonnell:¹⁰

“The efficient and effective use and transfer of knowledge is becoming an increasingly important factor in securing competitive advantage. Strong relationships and networks play a vital role here. Employees that may not be identified as high potential may play a crucial role in the effective performance of teams and by association other individual’s performance. These staff may not possess the same potential as others yet their impact can be significant due to the particular skills, knowledge or networks they possess.”

The above-mentioned quotation best describes the preferred interpretation of talent for the purposes of this thesis. The first content definition for TM therefore, would be the one given by Bedford:¹¹ *“Truly strategic talent management practices include analyzing business strategies and determining the capabilities required; then identifying the capability gaps and surpluses which are resolved through development, redeployment, exit and, as a last resort, external hiring.”*

Schweier¹² provides a summary of the dimensions of this process. There are many more such summaries but this one includes, what might well be taken as, the standard components in outline:

- * Provisioning or sourcing (finding or identifying talent)
- * Screening (reducing masses of applicants by sorting between qualified and unqualified applicants)
- * Selection (assessment/testing, interviewing, reference and background checking, etc., of applicants);

¹⁰ McDonnell, A. 2011. Still fighting the war for talent. *Journal of Business and Psychology*, 26(2):172.

¹¹ Bedford, P. 2009. People are not commodities. *People & Strategy*, 32(3):13.

¹² Schweier, A. 2004. *Talent Management Systems*, p. 38.

- * Hiring or “on boarding” (offer generation/acceptance and “first day” administration)
- * Retention (measures to keep the talent that contributes to the success of the organisation);
- * Development (through training, growth assignments, etc.);
- * Deployment (optimal assignment of staff to projects, lateral and promotion-related opportunities)

The general aim is to constantly renew the workforce in a manner that is informed by proper analysis and planning.¹³

A closer look at the components of the definition already reveals how many different units need to cooperate closely to create a system that functions optimally.

Although various Human Resource (HR) units (in the organisation under discussion) are responsible for most of the actions as listed above, organisational units responsible for Finance, Information Technology (IT), Security and Psychological Services also contribute to the process.

A last definition given by Burger and Burger¹⁴ is given to illustrate the value of linking talent management to the strategy of an organisation:

“We define talent management as the identification, development, and management of the talent portfolio - i.e., the number, type, and quality of employees that will most effectively fulfil the company’s strategic and operating objectives. The strategic objectives are aimed at achieving profitable growth and the operating objectives describe what exactly the organisation and its talent need to accomplish to make it happen. Our focus will be on the importance of identifying the optimal talent portfolio, which we will refer to as talent portfolio management. We will be focused on the ROI implications of identifying the optimal talent portfolio, as measured by the impact those investments have on the ability of the company to meet and exceed its strategic and operating objectives”.

¹³ As adapted from Schweier, A. 2004 *Talent Management Systems*, p. 38.

¹⁴ Burger, L.A. and Burger, D.R. 2004. *Talent management handbook*. McGraw-Hill, p. 231.

1.3 THE GROWING IMPORTANCE OF TALENT MANAGEMENT

“Talent management is currently, and will increasingly become, the most challenging and significant component in the building of sustainable business growth, success and competitive advantage. In many instances, it could extend as far as being the most significant business imperative in simply achieving survival from a business life span point of view.”¹⁵

A number of factors that contribute to the argument that proper talent management is growing in importance for most organisations, are now discussed.

1.3.1 Talent management as a component of Knowledge Management

It will be emphasised throughout this study that there is a strong link between an organisation’s effectiveness and its ability to retain the knowledge base contained in the minds of its employees. As early as the 90’s the futurist Alvin Toffler¹⁶ raised the emergence of the so-called “knowledge economy” as the Third Wave “*to differentiate it from the agricultural and industrial revolutions of bygone eras. We are changing our workplaces from physical to knowledge work, mechanical to process technologies, manufacturing to service economics, central to local control.*”¹⁷

It will therefore be argued that knowledge management (KM) plays a key role in effective talent management (TM). This point is clarified by first contextualising KM that is, according to Alavi and Leidner¹⁸ interpretable from various viewpoints:

“If knowledge is viewed as an object, or is equated with information access, then knowledge management should focus on building and managing knowledge stocks. If knowledge is a process, then the implied knowledge management focus is on

¹⁵ Hatting, B. 2007. Talent Management is the responsibility of the CEO. *HR Future*, 3:30.

¹⁶ Drucker, P.F. 1964 *Managing For Results*. Harper & Row, is seen by many as the even earlier first theorist of knowledge work.

¹⁷ Garrat, B. 2003 *Developing Strategic Thought*. Profile, p. 197.

¹⁸ Alavi, M. and Leidner, D.E. 2001. Knowledge Management and Knowledge Management Systems. *MIS Quarterly*, 25(1):109.

knowledge flow and the processes of creation, sharing, and distribution of knowledge. The view of knowledge as a capability suggests a knowledge management perspective centered on building core competencies, understanding the strategic advantage of know-how, and creating intellectual capital.”

Whether KM is intended for the building of knowledge stocks, knowledge flows or the building of core competencies, all the perspectives as given above are applicable to how KM is seen in this thesis. In short it is argued that KM is crucial in optimising the overall performance of any organisation. Von Krogh¹⁹ summarises it as follows: *“Knowledge management refers to identifying and leveraging the collective knowledge in an organisation to help the organisation compete.”*

For the approach of this thesis TM is seen as a form of KM in the sense that it should play a role as the enactment of KM for the purposes of retaining employees who possess valuable knowledge. It is proposed that TM should be a form of analytical KM according to the positioning of the various types of KM on Binney’s²⁰ KM spectrum as quoted below:

“Analytical KM provides interpretations of, or creates new knowledge from, vast amounts or disparate sources of material. In analytical KM applications, large amounts of data or information are used to derive trends and patterns - making apparent that which is hidden due to the vastness of the source material and turning data into information, which, if acted on, can become knowledge.

Traditional analytical KM applications such as management information systems and data warehousing have analyzed the data or information that is generated internally in companies (often by transactional systems).”

It also then stands to reason that TM will, in most cases, be the responsibility of an organisation’s Human Resources department. In a doctoral thesis dealing with the interface between Human Resources and Knowledge Management in a South-

¹⁹ Von Krogh, G. 1998. Care in Knowledge Creation. *California Management Review*, 40(3):135.

²⁰ Binney, D. 2001. The knowledge management spectrum. *Journal of Knowledge Management*, 5(1):34.

African context, Smith²¹ describes the importance of KM as follows: *“The management of knowledge is a focussed attempt to ensure that the valuable knowledge contained in individuals is extracted and utilised to the benefit of the organisation. This is a circular and ongoing process. On the one hand the organisation requires the knowledge, while on the other there is the individual (employee) who supplies that knowledge.”*

“Although its focus changed, the principles of HR have remained the same. It is still responsible for human resource/capital management in the organisation. Therefore employees have to be managed in such a manner that (i) access to the knowledge asset can be secured, and (ii) HR processes and procedures can be altered to focus on measures which can engage people in managing the organisation’s knowledge via inter alia, recruiting the appropriate people and improving skills/talent management.”

Many South-African institutions are losing talented staff as a result of reasons which include ordinary retirement but also early retirement and package offerings as a result of efforts to comply with legislation aimed at redressing past imbalances.

Regrettably, few efforts have, however, been made to capture the institutional knowledge of such employees before they left and in some cases many of them had to be re-hired on contract basis and paid fees similar to those paid to consultants. This seems to happen in many organisations and also abroad as shown in the following quotation: *“A lot of companies, aware that they just threw out a lot of knowledge, are bringing these people back as coaches and mentors, because they realize that younger people can learn from them.”*²²

Some employees who should be regarded as a valuable part of the talent pool because of their vast institutional knowledge, however, are still working in many South-African organisations in both the public and private sector. Such employees need to be retained at all costs while their tacit knowledge (knowledge that is only resident in their memories and not documented anywhere) is harnessed through allowing them to mentor newcomers. Furthermore their explicit knowledge

²¹ Smith, A.H. 2004. *The interface between Human Resources and Knowledge Management: a qualitative study*. RAU.

²² Johnson, M. 2001. *Winning the people wars*. Prentice Hall, p. 30.

(knowledge captured in manuals or operating procedures) should be made available for open access to the entire organisation.

In this context, there are general and widespread dynamics that do not only occur in South Africa. In an American context, industry experts give dire warnings:

*“If they don’t act soon, organisations will face a major exodus of institutional knowledge, as their most experienced employees leave the workforce,” said Kathy Battistoni, a partner in Accenture’s Human Performance practice. “With more than 25 percent of the current working US population reaching retirement by 2010, companies must undertake workforce development and training initiatives to capture knowledge and minimise its loss”.*²³

*“[B]usiness strategist John Hagel noted, the “only sustainable edge” for companies and countries is the distinctive talents and entrepreneurship of their workforce. Economics can always be win-win. But those who will win the most today, added Hagel, will be those who are best and fastest at attracting talent.”*²⁴

The shift, therefore to the knowledge economy, and the importance of retaining institutional knowledge calls for more pro-active retention measures. This dynamic is compounded in a South African context through talent loss due to the requirements of black economic empowerment and its often politicised and short-sighted implementation. *“{E}mployment equity has become a process of ‘Africanisation’, similar to other post-colonial African countries.”*²⁵

We argue that talent management processes should be designed from a systems perspective rather than a reactive and piecemeal approach.

1.3.2 Imperative to change the “reactive” nature of dealing with staff loss

In the past, a low appreciation of the value of institutional knowledge led to a provisioning strategy based on replacement instead of first ensuring the transfer of

²³ Accenture. 2005. Employee knowledge and experience at risk in US. *HR Future*, p. 9.

²⁴ Friedman, T.L. 2006. *The World is Flat*. Penguin, p. 342.

²⁵ Mahlambi, T. and Bruniquel, B. 2008. In Black and White, *People Dynamics* November 2008, p. 22.

knowledge and skills before an employee leaves. The predominantly reactive way in which staff-loss was therefore treated lead to not only interruptions in productivity but also in a reduction in the quality of output due to a loss of “know-how”.

Eventual new fillings of vacant positions were therefore not initially empowered sufficiently with institutional knowledge needed to function as optimally as their predecessors.²⁶

“Few leaders are adequately guarding their organisations against the day when key people walk out the door for good. Replacement is totally reactive and concerned with filling a specific need. It often takes the form of filling an existing position with “like for like” rather than considering the strategic position of the role, full range of organisational options and impact in relation to the leadership group and ability to achieve future plans.”²⁷

It is therefore argued that the importance of proper planning for replacement of staff should include timely and adequate knowledge transfer and eventual improvement of the organisation’s ability to align provisioning with its strategy. It will need a holistic view of all interrelated parts in the organisation. This will become increasingly important if the worldwide trend of the so-called “aging population” is taken into consideration.

1.3.3 Reduced growth in the skilled labour force

“[I]n the not too distant future, South African employers will not have the requisite talent to succeed competitively.”²⁸

South Africa is losing talented and highly qualified employees, not only as a result of them reaching retirement age, but also as a result of the so-called “brain drain” (which is normally emigration-related). *“The first is an increasing brain-drain from South Africa towards other Anglo-Saxon countries, to a large extent due to perceptions of unacceptably high crime levels and a resulting fear by professionals*

²⁶ Schweier, A. *Talent Management Systems*. Wiley, p. 218.

²⁷ Gundo, P. Succession planning. *HR Future*, 3:34.

²⁸ Mkhelane, B. 2008. Manage your talent, manage your future. *HR Future*, 11:44.

for the safety of their families, linked to more attractive remuneration packages abroad.”²⁹

Another disturbing factor is the low quantity and quality of new and younger employees entering the job market. This trend is also pointed out in a United States of America context by Thomas Friedman in the chapter titled ‘The quiet crisis’ in his book *The world is flat*.³⁰ This leads to an imbalance in the sense that the demand for suitably qualified and experienced talent is already outstripping the supply. A few indications are once again cited to provide backing for this point:

A comparison to oil is cited by Wordon: “*The Global Talent Index compiled by Heidrick and Struggles, in conjunction with the Economist Intelligence Unit states: Talent is the new oil and just like oil, demand far outstrips supply*”.³¹

The issue can also be placed in a wider demographic framework and in terms of longer-term trends. “*The rate at which the world population is growing is on the decline. Workforce growth rates are likewise decreasing, and will do so from now until 2020. Overall, we can foresee a drop in the number of workers, accompanied by a decline in the numbers of exemplary performers. Competition for top talent will therefore become more and more aggressive.*”

The effects are simple and brutal. In a competitive environment one has to notice the competitive nature of human resource management. “*The war for talent is the most common occurrence publicised in most major market related newspapers and magazines in recent times.*”³²

This leads to organisational effects that require a developmental and constructive approach from management in organisations. As Christophe Lorenz of the Financial Times has put it: “*Any chairman who has the courage and accounting dexterity to find a way of putting ‘his’ people on the balance sheet will certainly be committed to taking them - and their continuing development and learning - as seriously as any of the company’s other investments ... In the 1990s and beyond,*

²⁹ Cloete, F. 2008. The 2009 election challenge. *Discourse*, 36(2):16.

³⁰ Friedman, T.L. 2006. *The World is Flat*, p. 337.

³¹ Wordon, L. 2009. Career pathing and career planning. *HR Future*, 3:17.

³² Mkhehlane, B. 2008. Quo vadis for HR Intelligence. *HR Future*, 11:14.

firms which fail to comprehend this message are likely to become mere suppliers of talent to those organisations which do".³³

Another new development concerning employees entering the job market is the change in attitude (in terms of employer loyalty) of younger employees. This trend is discussed next.

1.3.4 A tendency with younger employees for job-hopping

One popular way of categorising the generational mix of employees in large organisations is to describe the mix of generations of employees, as being the three categories of so-called "baby boomers" (born before 1960), generation X (born between 1960 and 1980) and generation Y or millennials, born after 1980.³⁴ According to Abbot³⁵ current research points to the value of taking a closer look at the attributes of various age categories. In this sense, it is generally accepted that the last two categories have a tendency of changing jobs more frequently as pointed out by Henson and others. *"For years the baby boomer "live-to-work" mentality has prevailed. While the Generation X's mindset has been "work to live", the primary emphasis of the soon-to-be workers of Generation Y will be work/life balance itself*".³⁶

Younger employees in particular are now more aware that there is less emphasis on job security and they weigh up their options more frequently because, since the early 90's the "psychological contract"³⁷ (this is an assumed set of expectations between employers and employees) has changed. *"What was previously based on a relationship is now based on a transaction"*. There is also a growing importance of intellectual capital and learning, a critical shortage of talent in certain professions and industries resulting in an increased mobility of talented people.³⁸

³³ Sadler, P. and Milne, K. 2001. *The Talent-Intensive Organization*, p. 9

³⁴ Wordon, L. 2009. Career pathing and career planning. *HR Future*, 3:71.

³⁵ Abbot, P. 2010. Generational differences. *People Dynamics*, 1:19.

³⁶ Henson, R. 2007. Global Changes in workplace. *HR Future*, 3:12.

³⁷ Amos, T. 2004. *Human Resource Management*. Juta, p. 189.

³⁸ Pretorius, B. 2008. Effective leadership. *Management Today*, p. 12.

In this context, Kock and McNamara³⁹ refer to a recent South-African study where a move away from life-long commitment and company loyalty is mentioned and it seems that the international trends have South African effects as well.

Building on the argument that there is a tendency of younger employees to switch employers more often, as described above, it will now also be argued that these employees (who grew up during a time when the introduction of the personal computer and subsequent access to the internet became part of many households) are making optimal use of the latest web-based technologies to heighten their exposure in the job market and further their careers.

1.3.5 Ease of connectedness and web exposure

On the topic of using the internet (world wide web) for job-seeking, Pavon and Brown⁴⁰ states that “[T]he number of *résumés* posted on recruitment websites grew from 100 000 in 1995 to 2.5 million in 1998 and by 2000 the number had grown to 7.65 million”. Institutions such as Career Junction, Abacus Recruiting, Job Mail, Jobs.co.za⁴¹ etc. in the South African context, offer quick conversions of conventional CV’s to populate specialized templates that simplify searches. It is therefore easier than ever to quickly list one’s CV at such institutions. This increases the probability of being approached not only locally but also globally by potential employers. It has become almost general knowledge that certain areas are in particular demand. Chakan⁴² points to specifics in this regard and shows that there is a global demand for skills in the engineering, financial, science and health care sectors. This makes international job mobility abroad a strong incentive for career advancement.

Recent improvements in the interface between third generation cellular phones and the internet also made it possible to access the web more frequently and even while one is travelling. In this sense it is suspected that the optic fibre cable that was

³⁹ Kock, R. and McNamara, K. 2011. Debunking talent retention myths. *HR Future*, 7:35.

⁴⁰ Pavon, F. and Brown, I. 2010. Factors influencing the adoption of the World Wide Web for job-seeking in South Africa. *SA Journal of Information Management*, 12(1):3.

⁴¹ Meier, G. 2009. Free Advertising. *People Dynamics*, 2(27):18.

⁴² Chakan, T. 2011. Job mobility important to career advancement. *HR Future*, 4:34.

activated during late July 2009⁴³ to exponentially increase bandwidth and improve web connectivity to vast areas of Eastern and Central Africa will contribute to improved digital avenues between Southern and sub-Saharan Africa. This will be followed by a predicted imminent cheaper access to broadband Internet connections as well as the new high-speed fourth generation cellular platform.

With the advent of social networks such as Facebook, Twitter, MySpace, Orkut and LinkedIn,⁴⁴ networking has taken on a new meaning and awareness of skills and experience among friends and acquaintances are proliferating faster than ever. More talent is also lured away from corporate environments due to the self-employment possibilities that simplified web access opens up.

“With the emergence of broadband Internet communications and the ubiquity of the personal computer, information work spreads, making it possible for workers in Polokwane and Pofadder to work with colleagues in Boston and Brighton.”⁴⁵

This ease of connectedness, as well as the other factors that have been discussed serves as illustration of the recent changes in job mobility and subsequent rise in importance of talent management. In the next section the focus will shift to a general discussion about organisations and a positioning of a particular organisation (the one in which the perceived poor talent management phenomenon was observed).

1.4 TYPE OF ORGANISATION BEING DISCUSSED

As mentioned earlier, the type of organisation in which the phenomenon was observed, is a typical South-African first tier government department⁴⁶ (first tier meaning central or national, second tier would be provincial and third tier municipal or local) but it is suspected that some parastatals could also be described in the same way. The aim is to outline the characteristics of the organisation being studied and this is done towards the end of the chapter. As a background, however,

⁴³ Seacom is the first in a series on new undersea fibre optic cables. ‘Seacom link promises new telecoms era’, *Business Daily Africa*, 23 July 2009.

⁴⁴ Gray, M. 2009. Social networking: The new recruitment platform. *People Dynamics*, 27(3):12.

⁴⁵ Mohonathan, S. 2007. True magic of technology. *HR Future*, 10:17.

⁴⁶ Cloete, G.F. 1995. Local Government Transformation in SA. Van Schaik.

a brief discussion on important role-players and the influence of their thinking on the evolution of organisational forms and management styles is given and some terminology associated with organisational phenomena will be covered.

1.5 BRIEF OVERVIEW OF ORGANISATIONAL EVOLUTION AND MANAGEMENT APPROACHES

Management approaches do not come from nowhere and are a product of historical development of organisational types and contexts. “*Out of the many theories about how to improve management, some parts of each theory have survived and been incorporated into contemporary theories on management. In this way, the legacy of past efforts, triumphs, and failures has become our guide to future management practice.*”⁴⁷

In his book *Images of Organisations* Gareth Morgan devotes a chapter on his *machine metaphor*.⁴⁸ He states that the Greek word *organon* (from which the word organisation is derived) refers to a tool and that tools already played an important role where groups of workers co-operated to achieve a common goal like with the building of the pyramids. With the advent of the industrial revolution, however, work (and particularly tasks performed in factories) became more specialized as a result of increased mechanization. A further result of mechanization was the so-called division of work that reduced decision-making by workers and emphasized decision-making by supervisors on behalf of workers.

Much was learned from the military, which since at least the time of Frederick the Great of Prussia⁴⁹ had emerged as a prototype of mechanistic organisation. Morgan then continues by explaining how Frederic the Great increased the efficiency of his army by introducing the decentralisation of autonomous units. This idea, according to Morgan, was also used to assist in solving problems that emerged in factory scenarios. This idea was gradually adopted in the 19th century in factory and office settings alike.

⁴⁷ Smit, P.J. and Cronje, G.J. *Management principles*, p. 26.

⁴⁸ Morgan, G. 1986. *Images of organization*. Sage, p. 19. The book is a classic and the framework and even many of the conclusions are still very useful today.

⁴⁹ Morgan, G. 1986. *Images of organization*. Sage, p. 24.

The German sociologist, Max Weber⁵⁰ referred to the parallel between mechanised production and so-called bureaucratic administrative processes in the sense that bureaucratic processes were routinised in the same way as mechanised production.

Weber (according to Morgan) defines a bureaucracy as “*a form of organisation that emphasizes precision, speed, clarity, regularity, reliability, and efficiency achieved through the creation of a fixed division of tasks, hierarchical supervision, and detailed rules and regulations.*”⁵¹

Whereas Weber had some significant concerns about the effects of bureaucracies on the human side of society, theorists from the so-called classical management theory (who focussed on the design of organisations) as well as theorists from the so-called scientific management theory (who focused on the design of jobs) actually re-enforced the bureaucratic organisational form. Morgan argues that classical management theorists⁵² such as the Frenchman Henri Fayol, the American F.W. Mooney, and the Englishman Col. Lyndall Urwick all drew from a combination of military and engineering principles.

The modern application of classical management theory suggests (according to Morgan) that organisations can be and should be rational systems that are supposed to operate in as efficient manner as possible but loses sight of the realities of the needs of people as opposed to inanimate cogs and wheels in a machine. (This is a theme that will be returned to often in this thesis because it will be argued that the machine-like characteristics of a Government Department or bureaucracy are partly to blame for the lack of optimisation of talent management efforts.)

Similarly, according to scientific management theory (with which the theorist Frederic Taylor is synonymous), the emphasis on performing a job in the most optimum manner, emphasis on control over the employee and little regard for individual initiative had negative effects on employee morale. This was evident as

⁵⁰ Heilbroner, R. and Milberg, W.S. 1998. *The Making of Economic Society*. Prentice Hall, p. 49.

⁵¹ Morgan, G. 1986. *Images of organization*. Sage, p. 26.

⁵² Morgan, G. 1986. *Images of organization*. Sage, p. 26.

employee turnover increased drastically, even as recently as the 1970's in certain automotive industries.⁵³

Morgan concludes his discussion of scientific management theory by pointing out that the way in which humans were expected to do their work (according to the scientific management principle) was so mechanistic that similar functions are these days performed by robots.⁵⁴

More recently (after World War II) the so-called contemporary approaches⁵⁵ to organisations and management started emerging. Apart from Total Quality Management and the Learning Organisation, (to name but a few) Systems Theory as a general philosophy (that will be dealt with in more detail in subsequent chapters) is regarded as one of the most prominent contemporary approaches. A general systems approach views the task of the management of organisations as a group of interrelated parts with a single purpose: to remain in balance (equilibrium). These parts, however, inter-act with each other and the environment and cause imbalance. Managers therefore cannot deal separately with individual parts and should view the organisation as a whole and anticipate the effect of their decisions on the other parts of the organisation as well as on the environment. This can only be done if provision is made for various types of organisations because factors like flexibility; complexity; stability of the environment; etc. differ in the various organisational settings. This matching or adapting of organisational type or form with the environment is referred to as the contingency theory⁵⁶ and warrants a brief overview of some contemporary organisational styles or forms.

1.6 ORGANISATIONAL FORMS

Morgan's book *Images of Organisation* poses a number of metaphors. Of these, the *organismic metaphor* shows how it has helped "organisation theorists to identify and study different organisational needs, organisations as "open systems", the process of adapting organisations to environments, organisational life cycles, the

⁵³ Morgan, G. 1986. *Images of organization*. Sage, p. 31.

⁵⁴ Morgan, G. 1986. *Images of organization*. Sage, p. 34.

⁵⁵ Amos, T. 2004. *Human Resource Management*. Juta, p. 212.

⁵⁶ Maier, R. 2004. *Knowledge Management Systems* (2nd edition). Springer, p. 88.

factors influencing organisational health and development, different species of organisation, and the relations between species and their ecology."⁵⁷

Morgan then refers⁵⁸ to work done by Tom Burns and G. M. Stalker in the late 1950's, who were known for establishing the distinction between mechanistic and organic approaches to organisation and management. They also entertained the idea that it is possible to identify a continuum of organisational forms. On the mechanistic extreme of the continuum bureaucratic forms with their stable environment, rules and hierarchy would be found. On the other extreme of the continuum more adaptable forms of organisations (like multi-disciplinary project teams) suitable for dealing with rapid change and turbulent environments would appear.

Morgan also discusses Henry Mintzberg's contribution⁵⁹. He identified five configurations or species of organisation namely: the machine bureaucracy, divisionalised form, the professional bureaucracy, the simple structure and the 'adhocracy'.

Of these, the machine bureaucracy and the divisionalised form would only be effective under conditions where tasks and the environment are simple and stable because their highly centralised systems of control make them slow, rigid and ineffective in dealing with changing circumstances.

The professional bureaucracy allows greater autonomy and a shift away from centralised control to enable staff to attend to relatively complicated situations in a relatively stable environment.

The simple structure and 'adhocracy' are more suitable for unstable environments. Where the simple structure (normally run by the founder, some support staff and some workers) are characterised by flexibility and quick decision-making, the 'adhocracy', refers to temporary organisations that are highly suited to perform complex and uncertain tasks in turbulent environments. It normally consists of specialised project teams that disband once the project is complete.

⁵⁷ Morgan, G. 1986. *Images of organization*. Sage, p. 40.

⁵⁸ Morgan, G. 1986. *Images of organization*. Sage, p. 50.

⁵⁹ Morgan, G. 1986. *Images of organization*. Sage, p 56.

With this brief overview of organisational evolution and organisational forms as background, an attempt will now be made to position the organisation under discussion in terms of form, management style and other characteristics.

1.7 RECENT STAGES IN THE EVOLUTION OF THE ORGANISATION UNDER DISCUSSION

The researcher has almost thirty years of experience as employee in the organisation under discussion and can broadly distinguish four eras in the organisation's recent history. They are discussed now. These distinctions are obviously biased in certain ways but the categorisation of eras is a tool to establish a context for the real focus on the research and would be relatively uncontroversial⁶⁰.

1.7.1 The pre-1994 era

During this era efforts to implement contemporary approaches to management enjoyed significant support. During this period the organisation was regarded as very effective and operated from a reasonably flat management structure comprising four management layers with one CEO, two deputy CEO's and only four additional top management employees. The total staff compliment was about 25% of the current payroll. During this phase the staff compliment was not representative of the South-African population. This situation started to change, however, due to the effects of the rapid changes in the South-African political landscape in the early 90's.

An opportunity arose for employees who chose to part ways with the organisation for diversity and black empowerment reasons, to do so via severance packages toward the end of this era. Only a small percentage left. It is therefore assumed that the employees who remained were prepared to deal with significant organisational changes that took effect in the era that followed. Some of the employees, who

⁶⁰ Tshandu, S. and Kariuki, S. 2010. Public administration and service delivery reforms: a post-1994 South African case, *South African Journal of International Affairs*, Vol. 17, 2, 189-208.

served the organisation during this phase, are still serving and are now in their last remaining few years of active service before retirement.

1.7.2 The era between 1994 and 2001

This period was characterised by a process of amalgamation between the organisation and similar organisations from the former homelands and liberation movements. This was in direct response to the requirements of the so-called interim phase that started with the passing of the Constitution of the Republic of South Africa Act of 1993 (also known as the Interim Constitution).⁶¹ During this period the employee total almost doubled and much energy was spent in establishing harmony through the daunting task of suitable staff placements on the one hand and amicable severance arrangements on the other hand to part with employees who did not feel comfortable with the new dispensation and/or wanted to pursue other options. It was also during this period that the provisions of the *sunset clause* expired as quoted from Mathnye⁶² below: “*Moreover, the ‘sunset clauses’ expired just recently (1999) giving the directors-general (DGs) and the government opportunities to effect the changes they felt were long overdue in the various departments. These clauses were introduced during the pre-election negotiations to ‘safeguard’ the jobs of the white civil servants.*”

During this period the name of the organisation was changed and legislation was passed mandating the first significant split between domestic and foreign activities. This led not only to an estrangement between former colleagues but also the establishment of two separate information and telecommunication technology (ICT)⁶³ platforms. During this period, efforts to settle the turbulence around the merger took precedence over the implementation of any of the contemporary organisational management approaches and the tendency to revert back to more mechanistic approaches became evident.

1.7.3 The era between 2001 and 2009

⁶¹ Cameron, R. and Thornhill, C. 2009. Public Service Reform in South Africa. *Journal of Public Administration*, 44(41):22.

⁶² Maphunye, K.J. 2001. The South African Senior Public Service. *Journal of Public Administration*, 36(4):313.

⁶³ Maier, R. 2004. *Knowledge Management Systems*, p. 4.

This period was characterised by further subdivisions and at least two restructuring processes. This was commonly referred to internally as a so-called *proliferation of structures* that eventually led to a steep rise in the number of managers on top management levels. During this time an increase in compartmentalisation was evident and the size of the combined top management structure increased almost four fold. Strong mechanistic tendencies were also evident in these new sub-structures and the first signs of further decentralisation of ICT platforms could be seen causing increasing detachments in centralised information flows. Although there were efforts to start implementing teams operating along project management principles, the overall main characteristic of the organisation was that of a mechanistic bureaucracy comprising of various subordinate and un-clearly defined sub-bureaucracies. Some of the employees who resigned during this era participated in the research that will be discussed in chapter 3 and 4. It is significant to note at this stage that the interruptions in information flows (as a result of the splitting up of the ICT platforms) as well as the increasing compartmentalisation will be referred to again in those chapters.

Below, however, some other characteristics of the organisation will be dealt with:

1.8 MANAGEMENT STRUCTURE

The management structure is hierarchical⁶⁴ with many layers, and predominantly bureaucratic (see Weber as discussed in 2.1 with an alarmingly high management vs. employee ratio (the so-called ‘top-heavy’ phenomenon). Principles originating from classical management theory (as quoted below) are still in use and are re-enforced.

“Unity of command: an employee should receive orders from only one superior.

Scalar chain: the line of authority from superior to subordinate, which runs from top to bottom of the organisation; this chain, which results from the unity-of-command principle, should be used as a channel for communication and decision making.

⁶⁴ Morgan, G. 1986. *Images of organisation*. Sage, p. 25, p. 107.

*Span of control: the number of people reporting to one superior must not be so large that it creates problems of communication and coordination.*⁶⁵

This seems to be similar to other bureaucracies (some of which can be found in the private sector) as illustrated in the following quote:

“The word ‘bureaucracy’ is more closely associated with public service than with private-sector organisations, yet there is no doubt that large private-sector industrial organisations such as General Motors or GE in the USA, ICI in the UK and the Anglo-Dutch oil company Shell have developed strong bureaucratic characteristics over many years which they have been shedding only relatively recently in the face of the need to change strategic direction rapidly and become more innovative. Nor can it be doubted that the bureaucratic ideal is present in the minds of many people at or near the top of large financial services organisations, particularly those such as the larger banks and insurance companies which have their roots in the organisational traditions of a past, more stable era.

*This approach to management, based on analysis and measurement as the basis for decision-making, and a set of beliefs about the design of effective organisations which emphasised such features as the chain of command, narrow spans of control, clear accountability and functional specialisation, contributes to what Tom Peters has described as the “over-layered, under-led” modern business corporation.*⁶⁶

As discussed in 2.2.4, frequent efforts towards matrix⁶⁷ dispensations in terms of projects have yielded some success but were plagued by uncertainties around reporting channels and lines of command. In such cases a more mechanistic and centralised form of management dominates, probably because it is the more familiar route used in the past and probably is a legacy from the classical management school of thought as quoted below from Leadbeater.⁶⁸

“We live within the shell of institutions the nineteenth century handed down to us. Our highly uneven capacity for innovation is the fundamental source of our unease. We are scientific and technological revolutionaries, but political and institutional

⁶⁵ Morgan, G. 1986. *Images of organisation*. Sage, p. 27.

⁶⁶ Sadler, P. and Milner, K. 2001. *The Talent-Intensive Organisation*, p. 27.

⁶⁷ Maier, R. 2004. *Knowledge Management Systems*, p. 138.

⁶⁸ Leadbetter, C. 2000. *Living on Thin Air*. London: Penguin, p. 54.

*conservatives. Many large firms would like to foster internal venturing activities in order to rejuvenate their businesses. Where such firms have strongly bureaucratic cultures, however, they tend to set up internal control and monitoring procedures that kill the very entrepreneurial impulses that they are trying to foster”.*⁶⁹

What Leadbeater argues in the above statement agrees with Morgan’s ideas about bureaucracies in the sense that they brought big advantages of effective functioning (that is appropriate for some organisational types) but at the expense of synergy due to the isolation caused by silos or functional differentiation.

It is also in alignment with Morgan’s argument that some bureaucracies would have more mechanistic tendencies in cases where the organisation is protected from the environment in some way.⁷⁰ Other than private companies, government departments are “protected” environments in the sense that their mere existence is mandated by legislation. The absence of a need to illustrate effectivity through an indicator like the bottom line also lends a form of protection. This non-profit-driven aspect is further clarified below.

1.9 NON PROFIT ORGANISATION

The organisation at stake is a not for profit organisation - like all or most government departments anywhere. This is mentioned because it has an impact on the methods with which the effectiveness of the organisation can be measured. It is argued that the management of organisations which do not need to face up to shareholders, owners or other stakeholders by means of tangible indicators such as turnover, net profit, earnings before interest and tax, net earnings per employee etc. is less prone to investigate possible causes of productivity loss. As quoted below from Wilkinson and Pedlar, this phenomenon is referred to as the reconciling function of profit. *“There is a final difference between the public and private sector, which has a major effect on matters of strategy. In the private sector, strategy making is overridingly facilitated and perhaps dictated under the dominant orthodoxy of ‘shareholder value’. In public service, there is no such simple reconciler for the many strategic dilemmas to be found. The business of public*

⁶⁹ Boisot, M.H. 1999. *Knowledge Assets*. Oxford University, p. 145.

⁷⁰ Morgan, G. 1986. *Images of organization*. Sage, p. 30.

*services (in the round) is not to make money but to make a difference. Strategy management in public services is 'not for competitive advantage but for social change'".*⁷¹

It is therefore suspected that (from a retention and talent management point of view) the absence of the reconciling function of profit in government departments, and also, (according to Burke⁷²) not being able to easily measure the output or service of public sector organisations can be related to poor talent management and poor retention efforts. The reason being that the negative effects of loss of valuable employees cannot be measured in a tangible indicator such as a bottom line.

In concluding the discussion on the non profit-driven characteristic of government departments, note should be taken of another characteristic which distinguishes it from profit-driven institutions, namely job security (or job tenure). This characteristic is discussed in the next section.

1.10 PERCEIVED AS STABLE / SECURE WORK ENVIRONMENT

There is an age-old principle in the field of savings and investments according to which quick financial gains are associated with risk taking on one hand and more gradual gains are associated with conservative investments on the other.⁷³

In the same way as personality types can be slotted under the various forms of financial risk taking, it is argued here that employees look out for potential employer organisations in terms of what they perceive that organisation has on offer regarding its culture and the overall work experience.

Government departments and large organisations in general have traditionally attracted employees for whom a career that offers job security and stable fringe benefits is seen as a conservative but reliable option in terms of job tenure and

⁷¹ Wilkinson, D. and Pedlar, M. 2003. Strategic thinking in the public services, in: *Developing Strategic Thought*, ed. Garratt, B. Profile, p. 245.

⁷² Burke, W.W. 1978. *The cutting edge: current theory and practice in organizational development*. Clark University Press, p. 49.

⁷³ Bernstein, P.L. 1998. *Against the Gods*. Wiley, p. 247.

incremental career progression. Tabrizi⁷⁴ mentions two examples of this phenomenon also occurring in large non-governmental organisations.

*“The generation currently in midlife was born into a world in which corporations inspired trust and made workers feel secure. Most people’s instincts told them that to stay within a large organisation was to play it safe.”*⁷⁵

The emphasis here is on the so-called security-related motivators (according to Maslow) that are explained in Exhibit 3.1 of Morgan⁷⁶ as:

“Pension and health care plans, job tenure, and emphasis on career paths within the organization.”

Amos⁷⁷ interprets these security factors as follows:

“In the workplace, safety needs are reflected not only in the desire of individuals for economic security, but also for fair and predictable treatment by managers.

Examples include

- * *Attracting, motivating, and retaining staff;*
- * *Safe working conditions;*
- * *Fringe benefits;*
- * *General salary income;*
- * *Job security;*
- * *Fairness and quality of supervision;*
- * *orderliness.”*

It is argued that the type of employee which is drawn to a Government Department views lower remuneration levels (as compared to the private sector) as a worthwhile trade-off for job tenure, lack of rapid career progress and accompanying financial gain. Such employees often reason internally that through dedication and

⁷⁴ Tabrizi, B.N. 2007. *Rapid Transformation*. Harvard Business School Press, p. 135.

⁷⁵ Strenger, C. and Rutenberg, A. 2008. The Existential Necessity of Midlife Change. *Harvard Business Review* February, p. 84.

⁷⁶ Morgan, G. 1986. *Images of organization*. Sage, p. 43.

⁷⁷ Amos, T. 2004. *Human Resource Management*. Juta, p. 177.

loyalty they will eventually be rewarded by means of continuous exciting work opportunities and gradual career progression. This assumption is part of what is referred to as the so-called “psychological contract”⁷⁸ that (at least in the minds of most long serving employees of such organisations) is perceived as a relationship rather than a transaction.⁷⁹

When looking at Morgan’s “organisational interests” model containing employee expectations concerning “task, career and extra mural”,⁸⁰ the type of employee as discussed above places a high emphasis on a healthy balance between these three components. It will be argued later in this study that ineffective talent management strategies (especially pertaining to career progression) frustrate this “psychological contract-based” expectations of employees and contribute to the resignation decision.

1.11 MANAGERIAL DECISION-MAKING

True to the nature of a bureaucracy, decision-making in the organisation being discussed is based on a set of directives, policies and rules that leave little room for innovation, creativity and quick adaptation to changing circumstances. A strong legacy from the classical management theory era (as mentioned under 2.4) also still prevails as confirmed by the following quote:

*“Public sector managers remain bound by a proliferating array of policy constraints and centrally determined performance criteria... In sensitive areas, or in times of crisis, these control mechanisms can become extremely restrictive.”*⁸¹

Decisions of higher management are seldom questioned or challenged by lower management levels or employees, even if it is suspected that the decisions are not in the interest of the organisation. Common verbalizations of feelings in this regard would be “if that is what they want, we do it” or “I disagree but it is not worth ruining my day because of this”. There are also signs of lower management levels agreeing to questionable decisions by higher management simply in an effort to

⁷⁸ Schein, E.H. 1978. *Career dynamics*, p. 113.

⁷⁹ Henson, R. 2007. *Global Changes in workplace*. HR Future 03 2007, p. 12.

⁸⁰ Morgan, G. 1986. *Images of organization*. Sage, p. 149.

⁸¹ Beardweel, I. and Holden, L. 1997. *Human Resource Management*, p. 670.

avoid confrontation. It is argued that this almost “slavish” acceptance of the decisions of higher authority is partly rooted in the perceived secure job tenure phenomenon (as discussed in 2.6) because challenging or not challenging a manager has little effect on one’s job tenure⁸².

There is also a paradoxical view among employees about which type of managers are good at decision-making: On the one hand, managers who stick to the rules and regulations and try their best to maximize productivity are seen as inflexible, detached, cold and with little knowledge of “what happens on the ground”. Some subordinates of such managers also feel the reason why they have to adhere to certain nonsensical rules stems from management not trusting them. Such rules are often created by the manager (using positional power) in an effort to minimize possible incidents that may reflect negatively on the manager.

Although such managers may perform well in terms of the production in their environments (and are therefore rated positively by their superiors) many of their subordinates see such style and decision-making as an egocentric effort to advance the manager’s own career at the expense of optimal job satisfaction of subordinates.

Other subordinates of such managers, however, (although they are a minority) would buy in and accept the decision-making style and perceive it as a form of security and that they are being led properly. A possible explanation for this acceptance or “blind submission” can be found in Morgan’s chapter titled “Organisations as psychic prisons”:

“As we examine the bureaucratic form of organisation, therefore, we should be alert to the hidden meaning of the close regulation and supervision of human activity, the relentless planning and scheduling of work, and the emphasis on productivity, rule following, discipline, duty, and obedience. The bureaucracy is a mechanistic form of organisation, but an anal one too. And not surprisingly, we

⁸² Samaratunge, R. & Pillay, S. 2011. Governance in Developing Countries: Sri Lanka and South Africa Compared, *International Journal of Public Administration*, 34:6, 395

*find that some people are able to work in this kind of organisation more effectively than others.*⁸³

On the other hand there are some managers (mostly on lower management levels) who place a high emphasis on participative management and would sometimes take decisions (not necessarily in line with prescribed regulations) but which are relevant to the situation at hand. They willingly take the risk for possible negative eventualities upon themselves as a form of “educated gamble” in the interest of the team and the organisation. They would also rely on the ability of their subordinates to make decisions for them on the same basis and would constantly empower subordinates in this regard. There is usually a tangible atmosphere of trust among employees in units headed by such managers and their subordinates tend to call them by name rather than by title.

It is argued here that the two types of decision-making as described fit the “bureaucrat” and “strategic manager” descriptions as described in Morgan’s chapter on “organisations as brains”:

“Bureaucrats make decisions by processing information with reference to predetermined rules. Strategic managers make decisions through formalized or ad hoc processes, producing policies and plans that then provide a point of reference or framework for the information processing and decision making of others.”⁸⁴

Another aspect that has a profound influence on management decision-making is the recent proliferation of structures (as referred to in 2.3). This will now be discussed.

1.12 SUBDIVISION OF STRUCTURES

In recent years the formation of more subdivisions within many government departments emerged as a result of various political decisions that impacted on geographic boundaries and specialisation areas (to name but a few). Although this corresponds with the bureaucratic and mechanistic idea of functional specialisation, the practical implications of this subdivision (also referred to as a proliferation of

⁸³ Morgan, G. 1986. *Images of organization*. Sage, p. 209.

⁸⁴ Morgan, G. 1986. *Images of organization*. Sage, p. 87.

structures) are often the creation of more compartmentalisation and closely guarded silos. In the organisation being discussed, during such subdivisions, an increase in general uncertainty is often quite common and is characterised by ambiguity regarding the mandate and span of control of the new structures. Management positions are often filled temporarily by means of “acting managers” which in turn often result in a decision-making void due to discontinuity in adherence to policies and procedures. In effect this is a manifestation of “bureaucracy went wrong” because according to the true nature of a bureaucracy policies are supposed to be adhered to.

Traces are also starting to emerge of inconsistencies in application of standards (like remuneration levels and performance measurements) at the new structures that are now separate parts of a former whole. Information systems that were designed to serve the former whole are normally of the first casualties in this process and is characterised by discontinuity in data-capturing and information integration processes because frequent changes in management cause a shift in priorities or slow and unclear re-assignment of roles.

The increased specialisation and compartmentalisation not only causes duplication of some functions but also leads to managers focussing only on this new entity and losing perspective on the bigger organisation’s goals. This viewpoint is also expressed as ‘functional nationalism’

*“A manager coined the phrase ‘functional nationalism’. By this he was referring to the tendency in this organisation for managers to manage within their function and to give cross-functional integration of work little or no attention. He said that managers worked as if they were managing within a long cylindrical tube. They manage up and down the tubes but not across”.*⁸⁵

1.13 CONCLUSION

This chapter started by firstly stating the perceived problem of poor talent management and the resulting preventable staff loss phenomenon.

⁸⁵ Shonk, J.H. 1992. Team-based organizations: developing a successful team.

Furthermore some light was shed on the organisation in question by describing some recognisable characteristics that will be returned to in subsequent chapters.

This background will serve as a basis for the discussion about using systems theory as a tool for further inquiry into the phenomenon and will be dealt with in the next chapter.

CHAPTER 2

SYSTEMS THEORY AND RETENTION

2.1 INTRODUCTION

This chapter will build on some foundational concepts about organisations and management theories as mentioned in 1.2 of Chapter 1. It is argued that factors like the exponential acceleration of technological developments, global competitiveness, recent social reforms that impacted on labour legislation (to name but a few) call for a fresh approach to viewing organisational dilemmas.⁸⁶

The Systems Approach will be presented as an appropriate way of addressing the effects of these recent developments especially since they lead to an increasing emphasis on the relationship between organisations and their environments. An overview will be given on the origins and development of Systems Theory. Furthermore the choice of particular approaches as a tool for examining the staff loss or poor talent management phenomenon will be motivated.

2.2 ORIGINS AND DEVELOPMENT OF SYSTEMS THEORY

When embarking on a study of Systems Theory, one discovers quite a variety of theories as proposed by various thinkers. To try and get a grasp of these theories and how they differ from each other needs fervent reading, pondering and re-reading. Some direction in this regard can be found in Jackson's book called "Systems Thinking: Creative Holism for Managers". In this work, presented in three parts Jackson devotes Part I to an introduction and some systems concepts. In Part II he subdivides thirteen Systems Theories into four broad categories under the headings:

⁸⁶ Smit, P.J. de J. and Cronje, G.J. *Management principles*, p. 46.

“Improving Goal Seeking and viability”, (Type A), “Exploring Purposes” (Type B), “Ensuring Fairness” (Type C) And “Promoting Diversity” (Type D).

“Improving Goal Seeking and viability” (Type A) deals with approaches that can increase the efficiency of organisations, through optimisation of tasks and responding to the external environment.

Exploring purposes (Type B): these approaches seek to ensure that sufficient stakeholder agreement is obtained around purposes. Different aims and objectives are entertained and mutual understanding is promoted.

Ensuring fairness (Type C) deals with approaches that attempt to eliminate all types of discrimination and the promotion of optimal participation, with special emphasis on the emancipation of disadvantaged groups.

Type D deals with post-modern systems thinking that has at the essence a thrust away from stagnation as a result of routinised ways of doing things. Post-modern systems thinking encourage different approaches, fun and engaging people’s emotions.

The last part (Part III) of the book is used to illustrate how some of these theories can be used in combination to address organisational problem situations.

The book refers to a previous work by Jackson in which a framework for classifying systems methodologies also known as the System of Systems Methodologies (SOSM) was introduced. This SOSM will be further examined in subsequent sections of this chapter.

Jackson sets the scene in his introductory chapter by arguing that earlier approaches (before systems theory), were reductionist in nature, meaning they focused on the study of parts rather than the whole and were incapable to deal with complexities associated with the social and biological domains. Systems Theory, on the other hand, presents an alternative called “holism” which looks at not only the parts and networks and relationships within a system, but also at the way they interact and contribute to sustaining the whole. Jackson also highlights the cross-disciplinary applicability of Systems theory by pointing out that the principles are valid for

philosophy, biology, control engineering, organisation and management theory, and the physical sciences.

2.2.1 The systems language

Terminology or concepts associated with Systems Theory create, according to Jackson, the so-called “systems language”⁸⁷ and some of these concepts are briefly clarified below because they will be referred to again later in this thesis.

Reference has already been made to the organismic metaphor in 2.2 of chapter one of this thesis. The term organism is further expanded upon as systems language in the sense that it (in the case of an organism like an animal) has a clear boundary that separates it from its environment and that it also is capable of functioning autonomously to some extent. This organism also maintains a steady state by transacting across this boundary. A degree of internal transformation takes place to ensure constant adaptation to the environment. These processes (of which regulation of body temperature is given as an example) are referred to as homeostatic. A further argument is that the behaviour of the organism cannot be determined by studying the parts in isolation because the interaction between the parts causes a new level of organised complexity. This leads to the idea, according to biologist Ludwig von Bertalanffy⁸⁸ that organisms should be studied as complex wholes.

Von Bertalanffy also introduced the idea of differentiating between closed and open systems. Whereas closed systems do not engage in interaction with its environment, open systems do interact in order to maintain its existence. This is done by means of taking something an input from the environment, transforming it and returning it in the form of a product.

Another concept, that of autopoiesis, was introduced by the biologists Maturana and Varela⁸⁹ who emphasise the closed system of interactions that occurs in living entities. The term autopoiesis was used when they referred to systems that display a

⁸⁷ Jackson, M.C. 2003. *Systems Thinking*. Wiley, pp. 3-5.

⁸⁸ von Bertalanffy, L. 1968. *General System Theory*. Penguin.

⁸⁹ Beer, S. 1981. *Brain of the firm*. Wiley, p. 338.

self-organising and self-referential capacity when reacting to disturbances in the environment.

A further idea that was proposed by another systems theorist, Norbert Wiener⁹⁰ brought in the concepts of control and communication. These concepts come together in what is known as cybernetics. According to Wiener, this is a new science that had application to many different disciplines because it dealt with general laws that governed control processes for any type of systems.

As to the concept of control, Wiener argued that behaviour that is aimed at reaching a particular goal is “purposive” and needs a negative feedback mechanism that can correct deviation from the goal. Communication is key to the sensing of the deviation and subsequent corrective action. The switching on and off of an electric geyser element in response to sensing water temperature through a thermostat is an example of a negative feedback loop. Some systems, however, can be very complex and it is therefore not necessary to understand the nature of the process in order to employ the negative feedback device. The controller can regard it as a black box and adjust it simply by manipulating the inputs in order to achieve the desired outputs. The opposite, of course of negative feedback (or attenuation) would be positive feedback (or amplification).

The terms variety and variety engineering are also commonly used as systems language and were coined by Ashby⁹¹ who argued that any system has a number of possible states or variety. His law of requisite variety states that systems can only be controlled if the would-be controller can command the same degree of variety as the system. Reduction of variety in order to better manage it is, according to Ashby, known as variety engineering.

Jackson ends his introductory argument by stating four reasons why the systems language is important. In the first place it has facilitated a move away from reductionism and in favour of holism (or holistic thinking). According to Flood⁹² this includes the concept of interrelatedness.

⁹⁰ Wiener, N. and Shade, J.P. 1963. *Nerve, Brain and Memory Models*. Elsevier, p. 49.

⁹¹ Ashby, W. R. 1952. *Design for a Brain*. Chapman & Hall, p. 172.

⁹² Flood, R. L. 2002. *Rethinking the Fifth Discipline*. Routledge, p. 70.

Secondly its emphasis on process as well as on structure. This means that, allowing a process to develop without too much pre-determined rules or precise ways of operation, interesting and innovative avenues may emerge.

Thirdly the systems language makes use of terminology that can be applied across various disciplines. The description or conveying of concepts in management theory (as one of the disciplines) can therefore be enriched by means of this terminology because it simplifies the understanding of metaphors from other disciplines.

Lastly it is argued that the systems language and systems concepts has the ability to address real life problems and is used by systems theorists to generate a range of powerful approaches.

With this brief overview of the origins of Systems Theory and some concepts used in “systems language”, a closer look will now be taken at a method of distinguishing between various systems theories with the aim of defending the selection of an appropriate theoretical background as departure point for examining the staff loss phenomenon in the organisation under discussion.

2.3 POSITIONING OF THE ORGANISATION AS A SYSTEM ON THE “IDEAL GRID” OF PROBLEM CONTEXTS

2.3.1 Unpacking the System of Systems Methodology (SOSM)

The 1984 Jackson and Keys framework for classifying systems methodologies is also known as the SOSM (as discussed in 2.2 above). It is an ideal(ised) grid of problem contexts that has been simplified by Jackson.⁹³ This grid shows systems as represented on the vertical axis (extremely complex at the bottom and simple at the top). Participants in the systems are represented on the horizontal axis ranging from unitary (left), pluralist (middle) and coercive (right). In a table format this is illustrated as three columns and two rows resulting in a total of six cells.

When assessing the organisation in question as system in terms of it’s complexity it is argued that it is indeed complex because of the multitude of sub-systems (see

⁹³ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 18.

1.12 of Chapter 1), “that are involved in many more loosely structured interactions, the outcome of which is not predetermined. Such systems adapt and evolve over time as they are affected by their own purposeful parts and by the turbulent environments in which they exist.”

When assessing the participants (in terms of unitary, pluralist or coercive relationships) in problem contexts, there are some traces of unitary relationships but only as far as it concerns similar values, beliefs and interests.

There are stronger signs of participants with pluralist relationships to problem contexts. This is due to the culturally diverse composition of the workforce after the 1994 merger. (As discussed in 2.3.3 of Chapter 1). It should also be clear from discussions in the above-mentioned sections of Chapter 1 that there are strong signs of coercive relationships. (*Relationships where decisions are taken on the basis of who has most power and various forms of coercion employed to ensure adherence to commands*⁹⁴).

When attempting then to narrow down the choice of systems theories to be considered for the organisation under discussion, it seems as if the complex pluralist and complex coercive cells of the Jackson adaptation of the grid of problem context would be appropriate as illustrated below:

		PARTICIPANTS		
		UNITARY	PLURALIST	COERCIVE
S Y S T E M S	SIMPLE	Simple-unitary	Simple-pluralist	Simple Coercive
	COMPLEX	Complex-unitary	Complex-pluralist	Complex-coercive

As adapted from Jackson’s extended version of Jackson and Keys’ “Ideal type grid of problem contexts.”⁹⁵

⁹⁴ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 19.


⁹⁵ Jackson, M.C. 2003. *Systems Thinking*. Wiley, pp. 18-20.

2.3.2 Theories to be considered for complex pluralist and complex coercive situations

As mentioned in the introduction to this chapter, available theoretical arguments will be used to narrow down or inform the choice of a particular systems theory. A short discussion on each group of theories will contribute towards this end.

2.3.2.1 *Type A theories (concerned with goal-seeking and viability)*

Mention has already been made of the way in which Jackson categorised the various theories (12 in total) into Types A, B, C and D. Of these, Type A deals with Goal Seeking and Viability and comprises four theories namely Hard Systems Thinking, System Dynamics, Organisational Cybernetics and Complexity Theory. These four theories were developed because reductionism failed to deal with situations characterised by problems of complexity and turbulence. Looking again at the vertical axis of the “ideal type grid of problem contexts” these four theories would be placed in the sequence as mentioned below to illustrate their suitability for situations ranging from simple to complex as shown down the vertical axis:

	SIMPLE	Type A theories: goal-seeking and viability
	Hard Systems Thinking,	
	System Dynamics,	
	Organisational Cybernetics	
	Complexity Theory	
	COMPLEX	

2.3.2.1.1 *Hard Systems Theory (HST)*

This concept was named by Checkland⁹⁶ (1981), after he saw some similarities in three methodologies used in Britain and America. The first of these were Operational Research (OR), used towards the end of the Second World War in a military context to improve radar systems etc. OR principles were also used after the war in organisational settings like government and nationalised industries. A second methodology called Systems Analysis (SA) was used in the American

⁹⁶ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 16.

military and later applied in local and central government settings. The third was called Systems Engineering (SE) and included generally adopted principles used in the chemical and aerospace industries.

These three methodologies offered management scientists ways of optimising the performance of a system in the light of clearly defined goals through applying known methodologies in a systematic way. It includes the identifications of problems, setting of objectives, scientific modelling and testing followed by implementation and evaluation. HST (which was therefore a new term for the combined concepts of OR, SE and SA) was a breakthrough in addressing real-world problems from a systematic point of view and can still be considered for certain problem settings, especially those which are simple and unitary in nature.

A disadvantage of HST which was realised in the 70's, however, is its inability to deal with problems of high complexity, problems which include opposing or pluralist view-points and situations plagued by politics and power issues.

In the last few decades, therefore, the idea of rather examining the structures or mechanisms that govern the behaviour of sub-systems was explored. This led to the development of the three other theories (System Dynamics, Organisational Cybernetics and Complexity Theory. These three theories in the Type A group according to Jackson also deal with "goal seeking and viability") and are referred to as "applied systems theory". A common thread running through these three theories is a concern for understanding the nature of complex adaptive systems and to ensure that they are designed to remain viable even in turbulent environments. A brief elaboration on each of these theories is given below.

2.3.2.1.2 System Dynamics

This methodology (also formerly known as Industrial dynamics) was developed by Forrester between the 60's and 80's and made popular by Peter Senge in the 90's. It studies the relationships between positive and negative feedback loops, which give rise to certain archetypes of system behaviour. By using computer modelling, feedback loops (which give rise to dysfunctional archetypes) become visible and lessons learnt by managers in this way are shared and new ways of dealing with

problems are designed. In the process more complex problems can be approached. Although SD is also functionalist in nature it differs from HST in the sense that it investigates underlying structures of behaviour rather than surface detail. SD is criticised, however, for its inability to appropriately appreciate the value of understanding the variety of purposes seen by different social actors. SD is seen as going about in a unitary way assuming that purposes have already been agreed upon. It is also seen as acting coercively on behalf of some powerful decision makers. In other words SD does not allow for enough participation by all role players. *“The guiding rationales behind other systems approaches - exploring purposes, ensuring fairness and promoting diversity - receive much less support.”*⁹⁷ This will be referred to later when the interpretive paradigm is discussed.

2.3.2.1.3 Organisational Cybernetics (OC)

Where SD is characterised by the relationships between deep structural feedback processes affecting surface level behaviour, OC is characterised by cybernetic laws and principles working below the surface. According to these laws characteristics of systems are repeated in sub-systems, the so-called recursive phenomenon and a form of self-similarity. The name linked to this theory is Stafford Beer who argued that the concepts of negative feedback, variety and black box are cybernetic concepts and that they are useful in helping us understand and improve complex systems like organisations. Using the “black box technique” outputs are monitored and inputs manipulated. Desired goals are reached by regulating processes through the use of negative feedback methods. Furthermore control over variety (especially in the case of so-called probabilistic systems) is gained through the use of variety engineering (see 2.1). The proper functioning of information flows (through the use of information systems designed to highlight variances and deviations from identified goals) plays a key role in this variety engineering effort and helps managers by eliminating irrelevancies.

To further enhance the understanding of “viability” (which is a foundational concept governing the behaviour of complex organisations) Beer reasoned that a known system like the human body is ideal to serve as a model to illustrate a viable

⁹⁷ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 81.

and flexible system. From this Beer designed his “viable systems model” (VSM) consisting of five essential systems that he reasons is at the core of any organisation, regardless of the type or size.⁹⁸ This five systems model is also then, according to Jackson, a new way of thinking about organisations as “organisms with a brain” and the VSM as a replacement for the traditional and mechanistic thinking about organisations along the lines of an organisational chart.

The VSM can be used not only in the design of organisations but also as a measuring instrument for organisational performance.

2.3.2.1.4 *Complexity Theory (CT)*

“Complexity theory focuses attention on those aspects of organisational life that bother most managers most of the time—disorder, irregularity and randomness. It accepts instability, change and unpredictability and offers appropriate advice on how to act.”⁹⁹

Whereas the concept of self-similarity (as discussed in the VSM above) referred to a characteristic of complex social systems, according to CT self-similarity can also be found in complex adaptive systems in the sense that they seem to be capable of self-organisation and the spontaneous emergence of order from chaos. According to the 1977 Nobel Prize winning Russian Chemist Ilya Prigogine, open systems (when driven far from a state of equilibrium) seem to self-organise and attain a new state of order and higher complexity. The narrow space or zone between order and chaos is referred to as the so-called edge of chaos and is extremely conducive to the emergence of new patterns of behaviour. In an organisational sense this means that it creates a climate for innovation instead of mere stability or remaining stagnant. Another concept used in CT is the so-called fitness landscape, which is an imaginary collection of unpredictable changing valleys and hills representing various co-evolving systems. The value of CT to managers is therefore the realisation that there is little certainty with regards to long-term planning and that flexibility is crucial when dealing with ever changing environments. Furthermore the challenging of existing ways of doing things and the accompanying tension and

⁹⁸ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 98.

⁹⁹ Jackson, M.C. 2003. *Systems Thinking*. John Wiley & Sons Ltd., p. 113.

moderate climate of anxiety should be encouraged for the sake of innovation. This can be done if a healthy balance exists between the so-called “shadow system” (informal elements that can be potentially contradicting or opposing) and the so-called “legitimate system” (which is the dominant corporate culture as supported by the official governing structures). According to Stacey (1996) the control parameters of information flow, richness of connectivity, level of contained anxiety and degree of power differential can be used by managers to steer an organisation (that should be thought of as a process rather than a system) towards optimal flexibility¹⁰⁰. In the light of the discussion in 1.2 of Chapter 1 of this thesis, it can be said that the concepts recruitment, talent management and retention are all subject to flux and transformation. And any attempt to optimally manage it should harness the strengths offered by complexity theory.

2.3.2.2 *Type “A” theories in context*

The previous section dealt with System Theories associated with goal seeking and viability. In summary a distinction is made between HST (as theory examining and addressing issues which are simple and unitary in nature) and the other three so-called soft systems theories which are more advanced than HST in the sense that they focus on the less obvious but underlying processes and interactions which affect organisations. It is the opinion of Jackson, however, that these four Type A theories fall short in addressing issues relating to purposes (as discussed in Type B), fairness (as discussed in Type C) and diversity as discussed in (Type D). Detailed discussion of types B, C and D will, however not be included in this thesis because it will be argued that the poor retention phenomenon can be attributed to factors which can be addressed or examined sufficiently using Type A Theories. Mention will however be made below of some paradigms and metaphors from which organisational dilemmas can be viewed. Discussions of these metaphors will refer to theories that form part of Types B, C and D.

2.4 METAPHORS AND PARADIGMS

¹⁰⁰ Stacey, R. 1996. *Complexity and Creativity in Organizations*. Berrett-Koehler, San Francisco, CA.

When the views of the two authors (Morgan and Jackson) that were quoted most frequently in this thesis up to now are compared, an interesting picture emerges in the sense that concepts discussed by both authors seem to compliment each other. The organisational metaphors as appearing in Morgan's *Images of Organization* refer to organisational phenomena that can be slotted into or seems to fit with certain theories as proposed by Jackson. As illustration the following extract from the section on creativity and systems from Jackson's systems thinking is included (note the references to the Types B, C and D theories).

“Hard systems thinking clearly depends on the machine metaphor. System dynamics and complexity theory can then be seen as abandoning that for the flux and transformation metaphor, while organisational cybernetics builds additionally on insights from the organism and brain metaphors. The soft systems approaches (strategic assumption surfacing and testing, interactive planning, and soft systems methodology) reject the machine metaphor in order to build their foundations on the culture and political systems metaphors. Critical systems heuristics and team syntegrity are based on the psychic prison and instruments of domination metaphors, while postmodern systems thinking privileges the carnival metaphor.”¹⁰¹

According to Jackson's creativity and systems section organisational dilemmas should be approached by blending knowledge and understanding of the various Systems Theories with a good grasp of the various paradigms (and accompanying metaphors) as departure points.

A brief discussion will therefore now follow on the four paradigms (including the nine organisational metaphors) and their relevance to the poor retention phenomenon will be pointed out.

2.4.1 The functionalist paradigm

As mentioned above, this paradigm includes the “machine metaphor” (see HST), “organism metaphor”, (see SD) “brain metaphor” (see OC) and “flux and transformation” (see CT) metaphors. Note that all the theories associated with this paradigm are from Type A according to Jackson.

¹⁰¹ Jackson, M.C. 2003. *Systems Thinking*. John Wiley & Sons Ltd., p. 140.

Jackson argues that the functionalist paradigm captures the approach to organisation that is focused on the structures of the organisation with a view to ensuring the most optimal match between means and ends and would be a departure point for efforts to facilitate the increased efficiency and adaptability of a system and ensuring its survival. Through this paradigm efforts to understand the system will lean towards the use of scientific techniques and to probe the nature and parts of the system as well as the relationship between the system and the environment. Managers or problem solvers should be able to use results from such experiments to eliminate deficiencies and disorder.

It is important, however, to also point out the limitations and possible unrealistic components of this approach. Simply approaching organisations as entities with a life of their own can easily lead to too little emphasis on the various roles played by the people (the human element) in organisations. It is because of people that organisations continue to function. This happens through behaving in certain ways, making or breaking rules and a myriad of decisions. The influence of people on the organisation and its systems is strongly linked to the meaning that people attribute to their interaction with it. Simply assuming that unity exists in organisations is therefore (because of the human element) unrealistic as quoted below from Morgan:

*“If we look at most organisations, however, we find that the times at which their different elements operate with the degree of harmony discussed above are often more exceptional than normal. For most organisations are not as functionally unified as organisms. The different elements of an organisation are usually capable of living separate lives, and often do so. While organisations may at times be highly unified, with people in different departments working in a selfless way for the organisation as a whole, they may at other times be characterized by schism and major conflict.”*¹⁰²

2.4.2 The interpretive paradigm

The “culture” and “political system” metaphors are associated with this paradigm. Note that theories associated with this paradigm belong to Type B or “Exploring

¹⁰² Morgan, G. 1986. *Images of organization*. Sage, p. 76.

Purposes”, as stated by Jackson. According to this paradigm priority is given to the interpretation that people attach to their situations. And how these interpretations and personal purposes can contribute towards the system.

According to the interpretive paradigm understanding the different meanings people bring to collaborative activity enjoys prominence and attempts to discover where these meanings overlap are encouraged. If this can be achieved, the idea is to enhance shared and purposeful activity. Participative involvement should be used to reach decisions that can gain the commitment of key stakeholders.

Mention was made in Chapter 1 of the way employees perceive the organisation. Against this backdrop it is clear that the “culture” and “political system” metaphors should at least be taken into consideration in any efforts to address or improve talent management. If new processes and systems are to be implemented, it should be ushered in using the principles of organisational change management (OCM). OCM analyses the culture and power leverage points (politics) in organisations to establish maximum participation by influential stakeholders.

OCM information sessions and workshops are normally used to maximise the overlap between purposes and organisational goals. Sturges refers to this feature of OCM as the “*top-down driven bottom up*” approach.¹⁰³

2.4.3 The emancipatory paradigm

According to this paradigm emancipating or liberating oppressed individuals or groupings in organisations is regarded as a key component in any approach used. Emphasis is placed on the challenging of the status quo and dealing with forms of power that are exercised in an illegitimate ways. This paradigm is, however, not seen as primarily applicable as departure point for an inquiry into talent management since there are little signs of oppressed individuals or groups who should be liberated or emancipated in the organisation under discussion.

It is possible that the exercise of power and domination is perceived to be illegitimately employed and this may indeed be a source of criticism. A radical

¹⁰³ Sturges, G. 2004. Implementing Unit Standard-based competency profiles in the workplace. *HR Future*.

change or revolution in the social order, however, (that was mentioned as a possible consideration when viewing situations from this paradigm) is not suggested as part of a remedy towards improving poor talent management.

The psychic prison and instruments of domination metaphors will, however be taken into consideration in an effort to develop better insight in the thought processes of employees. According to the psychic prison metaphor “*organisations are ‘psychic prisons’ where people become trapped by their own thoughts, ideas, and beliefs, or by preoccupations originating in the unconscious mind.*”¹⁰⁴

The “organisations as instruments of domination” metaphor will, also be considered since (as mentioned earlier in this thesis) the organisation under discussion can be referred to as a bureaucracy and mention was already made of Max Weber’s views on such organisational forms. “*This is the kind of domination that most interested Weber, and much of his effort was devoted to understanding the process through which forms of domination become legitimized as normal, socially acceptable power relations: patterns of formal authority in which rulers see themselves as having the right to rule, and those subject to this rule see it as their duty to obey.*”¹⁰⁵

2.4.4 The postmodern paradigm

According to the postmodern paradigm the notion that organisations are too complex to be viewed from just one approach is supported.

The carnival metaphor (which highlights the value of play and fun) is seen as having little relevance to the organisation being discussed but its value for innovative organisations like Google, HP and 3M¹⁰⁶ can be appropriate due to their alternative management styles.

2.5 USING POINTERS FROM VARIOUS THEORIES AND PARADIGMS TO QUESTION THE POOR RETENTION PHENOMENON

¹⁰⁴ Morgan, G. 1986. *Images of Organization*. Sage, p. 14.

¹⁰⁵ Morgan, G. 1986. *Images of Organization*. Sage, p. 276.

¹⁰⁶ De Wit, B. and Meyer, R. 2001. *Strategy Synthesis*, p. 45.

The background on Systems Theories as given in section 3 and paradigms as given in section 4 will now be used to enhance understanding of the organisation in question.

Because the organisation is often viewed as having some mechanistic characteristics, certain methods used in hard systems thinking (HST) will be of some use and cannot be discarded as antiquated or irrelevant. As an example, Jackson refers to Jenkins (1972), a British systems engineer, who provided a detailed elaboration of the steps required for systems analysis methodology. In step 3 (Implementation) of the Jenkins methodology mention is made of the importance of “documentation and sanction approval” (step 3.1).¹⁰⁷ This minimises or can even eliminate possible misunderstandings between role players in the implementation process and facilitates the creation of a written memorandum of understanding. The terms “present state” and “desired state”¹⁰⁸ are used in this context. In the organisation under discussion, the terms “as is” and “to be” are often used in a similar way when processes are documented.

Jackson also quotes Fortuin et al. (1996) in presenting many case studies of operational research (OR) referring to common problems which include “coordination” and “search” problems. This is also relevant in an enquiry into poor talent management because the inability to effectively “mine” a database can be referred to as a “search” problem.

Equally, the idea of encouragement of learning (as proposed by Senge¹⁰⁹) to enable managers to realize the complexity of systems so that they could properly act on them, has relevance as quoted below:

“[O]rganisations break down, despite individual brilliance and innovative products, because they are unable to pull their diverse functions and talents into a productive whole”.¹¹⁰

¹⁰⁷ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 52.

¹⁰⁸ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 54.

¹⁰⁹ Senge, P.M. 1990. *The fifth discipline*. Doubleday.

¹¹⁰ Senge, P.M. 1990. *The fifth discipline*. Doubleday, p. 69.

Moreover concepts such as feedback loops, system boundary, leverage points and rate of flow can have interesting applications. These are recognised for potential worthwhile contributions in investigating the problem at hand.

The main focus however will be on the viable systems model (VSM) as proposed by Stafford Beer as primary method for inquiry.

2.5.1 Motivation for the use of the VSM

In the sections that follow the relevance of the VSM as a tool for probing into the poor retention phenomenon will be argued. Certain aspects as mentioned during the overview of types of systems will be further expanded upon and the five systems of the VSM will be described and, as it were, “superimposed” on existing systems in the organisation in question.

2.5.1.1 Suited for bureaucratic/mechanistic organisations

The VSM, because of its structuralist nature is well suited for organisations with mechanistic and bureaucratic tendencies and recognizes the problems associated with autopoietic or self-producing systems, hierarchical “duplication” of structures in sub-structures and the need for variety reduction. There are various examples of how the VSM was successfully applied in this way in governmental contexts such as in Chile¹¹¹ as well as in Colombia.¹¹²

As mentioned in 3.1 of this chapter, the VSM (as one of the theories falling under the categorisation goal-seeking and viability) will find its place in the complex coercive and complex pluralist cells of the SOSM grid of problem contexts.

2.5.1.2 Use of recursion to reduce variety

An important finding of organisational cybernetics (that of recursion) refers to the hierarchical nature of complex systems and specifically, the notion that the organisational form of higher order systems can be found in lower systems or parts

¹¹¹ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 246.

¹¹² Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 101.

because of this recursive tendency. The VSM recognises and respects recursion and the applicability thereof as a way for managers to reduce variety by creating representations of systems on various levels. Using the VSM, lower level systems, which inevitably appear as 'black boxes' when the organisation as a whole is being observed, can become the focus of interest in their own right with only a slight adjustment.

2.5.1.3 The proper functioning of information systems

Earlier in this chapter mention was made of the importance (according to the VSM) of proper functioning of information flows (through the use of information systems designed to highlight variances and deviations from identified goals). It is argued throughout this thesis that the poor retention phenomenon has much to do with the poor utilization of information systems. Implementing some of the diagnostic capabilities of integrated information systems can therefore serve as early warning or highlight imbalances in the retention and talent management process.

2.5.1.4 Balance between centralisation and decentralisation

Another key issue being addressed by the VSM is the balance between centralisation and decentralisation. With centralisation management tries to control operations and variety in order to reach agreed upon goals, but if this control is restrictive in a sense that the operations do not have a measure of autonomy, it will be incapable of adapting to a changing environment. Decentralisation, on the other hand can lead to too little control over variety causing the organisation to drift and be incapable of achieving goals. The Viable Systems Model seeks to create a healthy balance between these two extremes and in the process helps to maintain cybernetic principles. In the organisation under discussion this balance has often been disturbed due to reasons mainly related to the so-called *proliferation of structures* (see 2.3.3 of the previous chapter).

2.5.1.5 Beer's evaluation of the performance of an organisation

Another reason why Beer's VSM is chosen as suitable framework for looking at the staff-loss phenomenon is the alternative (non-monetary) way in which the performance of organisations is suggested to be measured. In Chapter 1 (para. 1.9) of this thesis the so-called *reconciling function of profit* was discussed. It was argued that the performance of public sector organisations cannot be measured easily due to the absence of clear performance indicators such as "bottom line" etc. In this regard Beer has an interesting alternative measurement that he proposes can be used instead of the usual criterion of money. Only looking at money-indicators is, according to Beer, short-sighted and places too little emphasis on important issues such as employee morale or research and development - issues which have a profound impact on the future sustainability of the organisation.

Beer's alternative consists of a combination of three factors that he calls *productivity, latency and performance*.¹¹³ These three factors are each individually also constituted by levels of achievement which he calls *actuality*, (what is achieved at present, with existing resources, under existing constraints), *capability* (what could be achieved if existing resources are used in a more focused way, despite existing constraints) and *potentiality* (possible improvement through development of resources and elimination of constraints).¹¹⁴

2.5.1.6 The VSM as method of diagnosis

The VSM can be used either to design plans for new organisations along the lines of cybernetic principles or as a tool for diagnosis.

In diagnosis mode it acts as an "*exemplar of good organisation against which the structures and processes of an actually existing system can be checked. In this mode, the organisational physician can 'X-ray' the actual system and judge what is going wrong on the basis of his or her knowledge of what a healthy organisation should look like.*"¹¹⁵

¹¹³ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 163.

¹¹⁴ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 163.

¹¹⁵ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 88.

In this thesis the emphasis will be on the diagnostic capabilities of the VSM and some methods in this regard will be mentioned (in 5.3) after a brief explanation of each of the five systems. These explanations should be understood from the viewpoint that (according to the idea of recursion) each system may appear on any level of recursion. The three levels of recursion (for the organisation under discussion) will be:

Level 0: (the supra system): government departments in South Africa.

Level 1: (the system in focus) The Government department under discussion

Level 2: (the primary activities of the organisation) Talent management as currently a function of HR recruitment.

2.5.2 The five systems of the VSM

Mention was made of the five systems that, according to Beer, appear in any organisation. As mentioned before, Beer refers to the human body and the functions of the nervous system as analogous to the systems in any organisation. Strong emphasis is placed on the constant two-way communications between the brain and the various organs and muscles. Messages to the brain are called sensory and those from the brain are called motor or leading to action. In the same way Beer argues that the systems in an organisation interact with each other in a two-way messaging relay system. The sensory channels convey messages about the status quo or possible changes while the channels conveying motor messages lead to action in response to the sensory messages.¹¹⁶ The key to the organisation of these systems, according to Flood, “*is a set of laws of interconnection in the form of a complex of information and control loops*”.¹¹⁷

In short, these systems focus on Policy (system 5); Development (system 4); Operational control (system 3); Coordination (system 2); and Implementation (system 1).

¹¹⁶ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 64.

¹¹⁷ Flood, R.L. 2002. *Rethinking the Fifth Discipline*. Routledge, p. 38.

Beer proposes that these systems are represented diagrammatically in a way that the layout places emphasis on System 1 as the most important and the rest (Systems 2 - 5) as metasystems. It is for that reason that System 1 is placed at the bottom (as basis) in the table below

System	Dealing with		
5	Policy	So-called "meta-systems"	""Autonomic"" systems
4	Development		
3	Operational Control		
2	Coordination		
1	Purposes and Implementation		

2.5.2.1 *Systems 1 - 3 as "autonomic systems"*

Of the five systems, Beer refers to systems one to three consisting of implementation, coordination and control as autonomic. The term is derived from Greek and actually means *a law unto itself*.¹¹⁸ The autonomic systems can maintain internal stability and optimize performance, within an established framework, without reference to higher management. These autonomic systems are responsible for ensuring the internal stability of the organism. In his comparison with the systems in the human body Beer describes the concept of autonomy by referring to heartbeat or breathing.¹¹⁹ These functions continue without the brain actively controlling it. In the same way, Beer argues, autonomic systems in an organisation can continue functioning without top management actively controlling it.

2.5.2.1.1 *System 1: Purposes and implementation*

This system firstly represents the various parts of the organisation concerned with implementation, in other words with carrying out the tasks directly related to purpose and is the operational arm of the organisation's identity.

Each of these parts has its own localized management 1A, 1B, 1C and 1D, and its own relations with the relevant part of the outside world. In the organisation under discussion, System 1 elements appear in head-office as well as in sub-structures

¹¹⁸ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 105.

¹¹⁹ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 113.

called chief directorates and provincial offices. Provincial offices, for example, have greater liaison and interaction with their immediate environment (being the provincial clients). According to the VSM, the autonomy of the System 1 elements is best protected, if management control is exercised by co-ordination and audit rather than via hierarchical authority.¹²⁰ The parts of System 1 therefore need to be as free as possible to deal with their environments and they too, to achieve this end, must be designed according to the VSM, with their own policy, development, operational control, coordination and implementation.

When separating various employee groupings (at the organisation being discussed) later in this thesis, a group called “Core Knowledge workers” is argued to fall under System 1 of the VSM because they perform tasks directly related to the so-called “core business” of the organisation. In government department terms the concept *mandate* is seen as synonymous to these core functions. It will also be argued that loss of employees from this core group affects the organisation more severely (in terms of its overall output) than loss of employees involved with other systems.

2.5.2.1.2 *System 2: Coordination*

The coordination function of this system uses rules and regulations to govern the smooth functioning of System 1 and also focus on quality issues.

In the human body analogy system 2 would be the spinal cord.¹²¹ Therefore, in the same way in which the spinal cord serves as a two-way communication link to the various parts of the body, system 2 serves as a link between the various System 1 elements as well as a link between system 1, through systems 3 and 4 all the way up to system 5. Productions schedules in a manufacturing firm or timetables in an academic institution are given as typical system 2 elements.

In the case of a government department (like the organisation under discussion) these rules are called policies and directives that cover operational or core issues but also provide clear guidelines for Financial, Logistics, Technical Support and Human Resource issues. The most refined versions of these guidelines are known

¹²⁰ Jackson, M.C. 2003. *Systems Thinking*, p. 93.

¹²¹ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 125.

as standard operating procedures. An interesting example given in Jackson's description of System 2 refers to the reverberating effects throughout an organisation when these rules are not applied consistently.¹²² It will be argued later in this thesis that the phenomena of disparate recruitment processes within the same organisation and non-adherence to job level determination guidelines are some of the factors leading to dissatisfaction and subsequent staff loss.

2.5.2.1.3 *System 3: Operational control*

A distinction is made between System 3 (also known as system 3 proper) and a sub-system of system three that performs an auditing function within system three.

System 3 (proper) is responsible for operational control in line with the purposes and implementation (as determined by System 1). It also controls the functions of services like Human Resources and Finance. The daily running of the enterprise is the responsibility of System 3 that also tries to ensure the appropriate implementation of policy. In its position on the vertical command axis it passes its co-ordinated plan to System 1. It also strives to strike the optimal balance between targets and resources with the parts of System 1. Although System 3 normally operates indirectly through co-ordination and audit, it sometimes uses hierarchical control measures based on cues received from other systems like System 2 (Coordination) and System 4 (Development).

The sub-system of system three (as mentioned above) has a self-auditing capability in the sense that it ensures adherence to agreed targets, rules and regulations. System 3 uses this feature to check on operational elements such as performance, quality, maintenance, and conformance to financial regulations etc. Beer¹²³ uses the human body and central nervous system analogy in this sense by referring to, on the one hand the sympathetic loop that monitors functioning of organs and on the other hand the para-sympathetic loop responsible for the sensing of strain. In an organisation linear and dynamic programming techniques would perform a similar function.

¹²² Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 94.

¹²³ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 132.

In the organisation under discussion versions of System 3 appear under names such as “operational coordination unit” and “policy and procedures framework coordinating committee”.

2.5.2.2 System 4: Development

Normally, activities such as Marketing, Corporate Planning, Public Relations and Research and Development will resort under this system. In System 4, Internal Information from System 3 (coordination) is brought together with information from the total environment outside the organisation. These combined sets of information facilitate decision-making and provides a model of the variety that needs to be dealt with through, either variety reduction, or adaptation to the environment.

According to Beer, System 4 is the real operations room of the enterprise and the hub of decision-making. “[T]he available information arriving from the exteroceptors and the interoceptors through System Four, where the staff work is done. It is System Four which will also re-sort the top-level decision, and relay its consequential commands down the vertical and along the lateral axes”.¹²⁴

Once again, elements of this system appear in the organisation under discussion under structures that, over the years were alternatively called “executive services” and “management services”. In chapter 4 of this thesis the effects of external influences on the organisation will be discussed in more detail.

2.5.2.3 System 5: Policy

Here information as received from system 4 (Development) is used for the formulation of policy that eventually steers the direction of the organisation. These policies are made available for system 3 (Coordination) for implementation by the various divisions. “An essential task is balancing the often conflicting internal and external demands placed on the organisation. Here it needs to adjudicate between System 3, representing the commitment of autonomic management to ongoing operations, and System 4, that, with its links to the environment tends to be outward

¹²⁴ Beer, S. 1981. *Brain of the Firm*. Wiley, p. 133.

and future-oriented. System 5 has to ensure that the organisation adapts to the external environment as and when necessary, but still maintains the benefits to be gained from internal stability."¹²⁵ This is also referred to the characteristic of System 5 to maintain the balance between the "inside and now" and the "outside and then".

The effective functioning of information systems will assist System 5 to (using negative feed-back) to only indicate deviations from planned performance. In this way managers are empowered to deal with variety. On occasion managers may also employ external consultants to strengthen their capacity.

In the organisation under discussion, direction-changing decisions have only been on ministerial level. It is therefore argued that System 5 in the case of a government department would be influenced significantly by the direction given by the minister responsible for the Department, as informed by the government of the day.

2.6 CONCLUSION

In this chapter of the thesis a context was created within which the development and role of various organisational theories were portrayed as an indispensable component when attempting to address organisational dilemmas. The merging and application of the chosen theoretical framework (that of Organisational Cybernetics and specifically the elements of Beer's Viable Systems Model) will be attempted in a later chapter. In the next chapter, however, the methodological approach and the findings of the specific empirical research project will first be discussed and some questions emerging from the findings will be raised.

¹²⁵ Jackson, M.C. 2003. *Systems Thinking*. Wiley, p. 65.

CHAPTER 3

RESEARCH APPROACH

3.1 METHODS USED TO GATHER INFORMATION

This chapter will report on efforts to obtain data and information on staff-loss related trends in the organisation in focus. The chapter will be broadly subdivided into three sections because the three-pronged triangulation¹²⁶ approach was followed. These sections will be:

- * Step 1: An analysis of the total target population (being all former employees who resigned over a ten year period). The available data consist of valuable indicators like years of service, age at resignation, job category and other biographical details. This step will have a purely quantitative basis.
- * Step 2: Analysis of responses from a 26 item quantitative questionnaire, which was sent out to 100 persons of whom email addresses could be secured. Of this population a 70% response rate was achieved.
- * Step 3: Further enrichment of trends and indicators picked up in steps 1 and 2 by analysis of qualitative Interviews as conducted with 9 persons.

These three sets of data sources are discussed in detail below:

3.1.1 Analysis of the target population

The population used for the analysis consists of all employees who left the organisation between 1998 and 2008 as a result of the termination type called resignation. Termination is used here as a synonym for what is also known as labour turnover that is described by Busson¹²⁷ as follows:

¹²⁶ Leedy, P.D. 2005. *Practical Research*. Pearson Education, p. 261.

¹²⁷ Bussin, M. 2009. What does it cost to lose. *HR Future*, 12:12.

“Labour turnover could be analysed by five categories: dismissal, voluntary separation, retrenchment, retirement and other.”

In the case of the organisation in focus, however, there were seven types of termination namely Resignation, Retirement and Early Retirement, Transfer to other Government Departments, Being declared Medically Unfit, Dismissal and being offered a severance package.

This data was retrieved from the HR module of the organisation’s ES using a query designed to generate lists containing terminations. The resulting data included not only Surnames and initials but also appointment numbers, occupation held, occupational level, age of employee at resignation, appointment dates and resignation dates. It also contained race and gender classification as well as a column indicating the type of termination as referred to above.

3.1.1.1 Refining of target population dataset

This dataset had to be refined further to firstly eliminate so-called contract workers. These were employees contracted for a maximum of four years and whose termination or resignation was due to finalisation of the contract and not because they left the organisation for one of the other voluntary reasons.

The second set of names, which had to be removed were actually duplicates related to employees who had two appointment numbers because they worked for the organisation at one stage, resigned and then joined later with a new appointment number. In such cases only the last period of tenure was considered.

As mentioned above, the dataset contained records for staff loss in general but for the purposes of the study resignations had to be filtered out from the other types of terminations. From all seven types of terminations, resignations accounted for the highest single percentage of staff loss (39.5%) as can be seen from the table with totals ranked in descending order below.

TYPE OF TERMINATION

Resignation	39.5%
Retirement & Early Retirement	14.1%
Death	12.1%
Severance Package	9.9%
Transfer to other Government Department	9.6%
Medically Unfit	8.2%
Dismissal	6.6%

3.1.1.2 Rationale for excluding voluntary termination types other than resignation

From the above-mentioned table three types of termination (apart from resignation) can be considered as voluntary. These are Early Retirement, Accepting a Severance Package and Transfer to Another Department. It is, however, argued that including these types of terminations in an enquiry into reasons for leaving may cloud the issue because factors other than purely lack of career progression may have an influence on the termination decision. Also, for the sake of the triangulation approach, it is argued that, if all methods used for the inquiry focus on the same segment of termination type, the basis for identifying any pointers for further inquiry will be more robust.

In the sections below, therefore, the focus will only be on actual resignation cases for identifying pointers and trends. Fortunately, due to the richness of the data, trends can be approached from various angles such as average age at resignation, types of occupations etc. The first analysis, then, would be a probing into the broad categories of occupations and the importance of each category to the organisation.

3.1.1.3 Contextualising occupational categories

Each occupation appearing in the resignation list was categorised into one of three broad categories according to generally accepted principles based on the job content and relative value of the job category for the organisation.

3.1.1.3.1 Core knowledge workers

This occupational category is mentioned first because of its higher importance, relative to other categories. Examples of such occupations would be Analysts, Researchers and Information Officers. This category would fit into System 1 (Purposes and implementation) of the Organisational Cybernetics five systems model (see 5.2.1.1 of the previous Chapter). This is the occupational category of which the incumbents are exposed most to internal courses and groomed over a long period. A significant investment is made in internal training, coaching and learning of tradecraft. Losing employees from this category touches the essence of the core business and negatively affects production capacity. Core knowledge workers are also the most difficult to replace because, due to the unique requirements of the occupations, there are not many other organisations from where they can be recruited.

The sub-structures or departments, in which the highest percentage of core knowledge workers can be found, are also referred to as operations.

3.1.1.3.2 Support occupational category

This occupational category can be found in any structure of the organisation but has a higher percentage in the so-called *corporate support* structures such as Finance, HR and Corporate IT. Although some of these employees may form part of System 1 (as discussed above) the majority would form part of System 2 (Coordination) of the VSM. Examples of such occupations are Secretaries, Administrative Officers, Financial Officers and also some technical support staff such as Computer Technicians, Programmers and Engineers.

The availability of these types of employees (for the purposes of the organisation concerned) is higher than *core knowledge workers* and workers from the support category tend to have a higher turnover due to the demand for their skills outside of the organisation. Investment in internal training for these occupations are also not

as high as with core knowledge workers because there are enough outside training providers who offer generic programmes in these fields.

3.1.1.3.3 The occupational category of Management

Most management employees in the target population appear on the lower and middle management levels of Unit Heads (which are the equivalent of Assistant Directors in other government departments) and Component Heads, which are equivalent to Directors. Although some management employees in the corporate support environment also have a high turnover, it seems as if management employees in the operational structures where mostly core knowledge workers are managed, tend to be less outwardly mobile. There are many cases where such management employees (especially on Unit Head level) worked their way up through the ranks and have a thorough grasp of the operational environment. It is therefore argued that, from the viewpoint of Beer's five system model, these employees play key roles in the so-called autonomic systems (systems 1 – 3) of the model.

3.1.1.4 Analysing the total resignation population from an occupational category point of view

With the above overview of the occupational categories, the first analysis of the population of resignations will be done according to years of service at time of resignation and then by age at resignation.

3.1.1.4.1 Years of service in organisation at time of resignation

The years of service at time of resignation were clustered in intervals of 5 years (accept for the first five years where a high resignation rate appears within the first two years). The reason why this first five-year interval was subdivided was to indicate that the first two years seem to be a critical period during which new employees assessed their future in the organisation. After five years the intervals appear in five-year segments up to 30. This is shown in the table below:

OCCUPATIONAL CATEGORIES AND YEARS OF SERVICE

		total	<2	2 - 5	5 - 10	10-15	15-20	20-25	25-30
Core knowledge workers	41.4%	208	44	49	25	36	30	17	7
Management	12.4%	62	9	5	11	7	12	16	2
Support Admin Fin & HR	36.3%	182	25	38	37	39	31	5	7
Support: Technical / computer	10.0%	50	4	21	9	7	4	5	0
			8.0%	42.0%	18.0%	14.0%	8.0%	10.0%	0.0%
			< 2	2-5	5-10	10-15	15-20	20-25	25-30
		502	82	113	82	89	77	45	14
			16.3%	22.5%	16.3%	17.7%	15.3%	9.0%	2.8%

When reviewing the percentages as shown in the table, the following is noted:

- * The time-line and percentages on the last row of the table the rate of resignations seem to be inversely proportional to the duration of service. As an example it can be noted that more than a third (38.8%) of all resignations (during the period 1998-2008) were employees who served less than 5 years. On the other side of the continuum it can be seen that only 2% of resignations consisted of employees who served for more than 25 years.
- * The percentages in the first column on the left of the table it can be seen that 41.4% of all resignations were employees in core knowledge worker occupational groups, 12.4% from management occupational groups, and 46.3% from support occupational groups. (The latter group has been subdivided as 36.3% Financial and HR and 10% from technical/computer support occupational groups).
- * Of the 195 (82 + 113) employees who resigned during their first five years of employment, 95 (or 45.96%) were from the core knowledge worker category. This points to a proportionally higher resignation rate for the first five years of service than any of the other categories.

3.1.1.4.2 Average age of employees at time of resignation

The ages were categorised in four groups namely 20-30, 30-40, 40-50 and 50 upwards. As shown in the table below:

OCCUPATIONAL CATEGORIES AND AGE AT RESIGNATION

		total	20-30	30-40	40-50	50>	
Core knowledge workers	41.4%	208	41	112	52	3	
			19.7%	53.8%	25.0%	1.4%	
Management	12.4%	62		31	27	4	
				50.0%	43.5%	6.5%	
Support Admin Fin & HR	36.3%	182	26	105	46	5	
			14.3%	57.7%	25.3%	2.7%	
Support: Technical / / computer	10.0%	50	25	16	9		
			50.0%	32.0%	18.0%		
			20-30	30-40	40-50	50>	
		502	93	263	134	12	
			18.5%	52.4%	26.7%	2.4%	
		502	92	264	134	12	502

When looking at the percentages appearing on the bottom line of the table it is clear that:

- * In all categories the age range with the highest percentage of terminations (52%) is between 30 and 40.
- * The overall resignation rate of employees between 20 and 30 is 19% and that of employees between 40 and 50 about 27%. It can therefore also be noted that the most employees (about 77%) resigned when they were between 30 and 50 years of age.
- * No resignations from the management category appear in the age group between 20 and 30. The reason for this is an overall tendency not to appoint employees in management who are under their 30's.
- * When the support category is subdivided into general support and technical support the latter shows three times as many resignations (between their 20's and 30's) than their general support counterparts. This is probably due to a higher demand in the labour market for the technical support occupational category.
- * The majority of core knowledge workers resignations (53.8%) occurred when they were between 30 and 40 years of age.

3.1.1.4.3 Race and Gender distribution

The following table gives an indication of the race and gender distribution of all resignations according to the occupational groups core knowledge workers, management and support. The racial classification is African, Coloured, Asian and White.

	MALES					FEMALES					TOT
	AF	COL	AS	WH	TOTAL	AF	COL	AS	WH	TOTAL	
CKW	16.7%	1.4%		7.4%	25.5%	8.6%	1.0%	0.4%	6.0%	15.9%	41.4%
MAN	6.2%	0.2%	0.4%	2.0%	8.8%	1.8%		0.2%	1.6%	3.6%	12.4%
SUP	9.8%	0.6%		12.0%	22.3%	11.2%	0.8%	0.4%	11.6%	23.9%	46.2%
	32.7%	2.2%	0.4%	21.3%	56.6%	21.5%	1.8%	1.0%	19.1%	43.4%	100.0%

Females represented 43.4% of overall resignations. The majority of these resignations occurred in the support category (23.9%) followed by 15.9% in the core knowledge worker category. Only 3.6% of overall resignations were females in management positions.

The following table summarises the racial breakdown of overall resignations per occupational category:

	AF	COL	AS	WH	
CKW	25.3%	2.4%	0.4%	13.3%	41.4%
MAN	8.0%	0.2%	0.6%	3.6%	12.4%
SUP	20.9%	1.4%	0.4%	23.5%	46.2%
	54.2%	4.0%	1.4%	40.4%	100.0%

This table shows that employees from the African classification constituted most of the resignations 54.2% followed by those in the White category (40.4%).

The combined resignations from the Coloured and Asian categories constituted less than 6% of total resignations.

3.1.1.5 Summary of insights gained from target population analysis.

The following pointers are noted:

- * Of all the forms of staff loss, resignations constituted the highest single percentage (39.5%)
- * A steep rise in resignations occurred during the first two years of tenure and again at five years. It can safely be assumed that these resignations constituted employees appointed after the democratisation (1994).
- * The age range with the highest percentage of terminations (52%) is between 30 and 40. This gives rise to questions around possible affects of mid-life issues as quoted below in an article from Strenger and Ruttenberg:¹²⁸ “[M]idlife can be a time when people move from what psychologist Abraham Maslow called deficiency motivations to growth motivations. Growth motivations are fed not by a deficiency but by the human need to realize our full potential.”
- * A significant percentage (41.4%) of all resignations were employees in core knowledge worker occupations. This gives rise to questions around possible loss of production, transfer of skills and time lapses associated with replacement recruitment. If Beer’s model is applied, this points to deficiencies in System 3 (operational control and its auditing capability). It is argued that, if better feed-back loops were in place, measures could be implemented to minimise these resignations.* The low percentage of female resignations in management positions (3.6%) as well as the low percentage of resignations from Coloured and Asian employees may be an indication that not many positions were held by these designated groups in the first place.
- * The fact that more employees of the African classification than that of the white classification resigned gives rise to an assumption that the reasons for resignation has little or no racial connotation and are probably related to other factors.

All the factors mentioned above should be viewed against the particular time in South Africa’s history (1998-2008) when these resignations took place. This was almost at the beginning of the new democratic dispensation that was marked by significant changes including the replacement of employees in senior management

¹²⁸ Strenger, C. and Ruttenberg, A. 2008. The Existential Necessity of Midlife Change. *Harvard Business Review* 1 February 2008, p. 86.

positions throughout the civil service.¹²⁹ The period also coincides with the last few months of the administration of President Mandela and the two terms of President Mbeki which started in 1999.¹³⁰ This period was characterised by many policy changes, introduction of new legislation affecting the workplace and also internal restructuring of the organisation in focus. It is therefore argued that these factors may have had a significant influence on resignation trends. Responses from a questionnaire (as discussed next) will highlight some answers pointing to the reason why employees left the organisation.

3.1.2 Securing of quantitative data via questionnaires

A 26-item questionnaire was drafted and submitted to the study leader who, after suggesting minor changes, recommended that the questionnaire first be administered to a small pilot population.

3.1.2.1 Pilot questionnaire

This questionnaire was first designed in pilot format¹³¹ and sent out to five persons who fitted the requirements of the target population. On receipt the pilot questionnaire was changed based on the feedback given by some of the pilot respondents. These changes improved the final questionnaire from a clarity and simplicity point of view.

3.1.2.2 Actual questionnaire

In designing the questionnaire, care was taken to ensure simplicity, adherence to ethical issues and ease of completion. A brief explanation for the reason for the study was given and care was taken not to influence respondents in any way. This was to eliminate the *demand effect* as described below:

¹²⁹ Booyesen, S. 2001. Transitions And Trends In Policy Making In Democratic South Africa. *Journal of Public Administration*, 36(2):129.

¹³⁰ Booyesen, S. 2001. Transitions And Trends In Policy Making In Democratic South Africa. *Journal of Public Administration*, 36(2):127.

¹³¹ Maree, K. 2005. *First steps in research*. van Schaik, p. 155.

“The participants may come to know what the experiment is all about and they may then change their behaviour to what they think is demanded from them.”¹³²

Potential respondents were given the assurance that the questionnaire will take little time to complete. An average time of completion could be given based on the feedback given by participants in the pilot questionnaire.

Contact details of only about one hundred of the target population of 502 as discussed above could be obtained and most of them were contacted via phone to obtain email addresses. The resulting list of about eighty email addresses was then used as basis for sending out individual email messages. The practise of sending out one bulk email to all recipients was not used in a further effort to adhere to principles of privacy and ethical standards. Individual emails thanking respondents were sent after receipt of the completed questionnaire. Following up of slow respondents continued over a three-month period and eventually culminated in a response pool of 71.

There were only two cases where responses were received in hard copy. These were subsequently captured electronically. There were also two cases where respondents indicated that they prefer not to participate at all and another two cases where respondents were asked to resend the response due to some fields that were not properly completed.

Respondents that did not return the questionnaire at all were later approached for participation in an interview.

3.1.2.3 Profile of response population

As mentioned above, the participants were chosen purely on the availability of contact details. There was therefore not the satisfaction of compiling a sample that was representative in all aspects of the target population. The response population made up 14% of the target population.

3.1.2.4 Questionnaire construction

¹³² Maree, K. 2005. *First steps in research*. van Schaik, p. 152.

An electronic questionnaire was designed in a Microsoft Word (Version 2003) forms template and sent out via email to respondents. It consisted of a total of 26 items¹³³ in the following parts:

- Part A was a five point Likert¹³⁴ scale consisting of 15 positive statements to which responses had to be chosen in the form of strongly disagree, disagree, not sure, agree and strongly agree. These responses were later converted into number values ranging from 5 (strongly agree) to 1 (strongly disagree). This section tested perceptions on issues such as the performance management system, transparency and fairness in the recruitment / promotion process, and the effectiveness of talent retention.
- Part B consisted of seven items of which the last allowed an open-ended response. This section attempted to establish what led respondents to initially consider resignation. Due to the open-ended nature of the responses, more than one type of motivation for resignation could arise from one answer.
- Part C consisted of six items of which the last was open ended. This section tried to establish what the outcome or final reason was of the eventual resignation.
- Part D consisted of five items and tried to ascertain whether the organisation attempted to retain the employee by means of a counter-offer.

3.1.2.5 Synthesis of received data

On receipt each response was saved using the *save data only for forms* option of Microsoft Word. This resulted in a text file containing only the delimited data that was then imported into a spreadsheet. This action eliminates any errors associated with retyping or manual data capturing. It eventually appears in a spreadsheet in the form of a record or line item for each response received.

¹³³ Maree, K. *First steps in research*, p. 129.

¹³⁴ Leedy, P.D. *Practical Research*, p. 199.

The conversion of responses like “agree” etc. into number values (as discussed above) was performed in this spreadsheet. Average scores per item being tested were then calculated and copied into the tables below.

In cases where *tick boxes* were used a marked tick box reflected as the digit 1. This was used to calculate percentages. Responses to the open-ended question were pulled through to the spreadsheet verbatim.

3.1.2.6 Combined responses from Part A

The table below reflects the overall responses to each question in the form of average values between 1 and 5:

PART A: Talent Management / career progression

1.	I believe the performance management system was applied fairly in the sense that the same assessment standards were applied across the board.	2.24
2.	In most cases, all efforts were made to identify possible existing / internal candidates to fill a vacancy before advertising externally.	2.54
3.	All my qualifications, skills and experience were regularly updated on a database for career planning purposes.	2.44
4.	There was a clear progression path for me which indicated the type of qualifications and experience I should have / obtain.	2.25
5.	All appointments / promotions made were according to official recruitment policies.	2.38
6.	The process of appointment / promotion was fair and transparent.	2.08
7.	In cases where I applied for an internally advertised vacancy, I could track the progress of my application with ease.	2.31
8.	An internal database of possible candidates from the existing (active) employee pool was always consulted before advertising externally.	2.35
9.	I was officially approached on occasion to apply for an internal vacancy because my profile fitted the requirements.	2.01
10.	I had easy access to monitor my qualifications and skills profile which was loaded onto the internal information system.	2.11
11.	In cases where I attended courses, seminars or training, I was approached to be part of a team who needed the expertise that I gained as a result of my exposure.	2.46
12.	The organisation managed to maximize the retention of valuable employees.	1.62
13.	The organisation had an efficient talent management / career planning system.	1.86
14.	Most new appointments in or promotions to managerial positions contributed to the efficiency of the organisation.	1.82
15.	In most cases where I applied for an internally advertised vacancy I was invited for an interview.	3.10

3.1.2.7 Observations around responses to Part A

For purposes of discussing broad themes, the 15 questions in Part A have been grouped into five topics as follows:

3.1.2.7.1 Use of information sources pointing to internal candidates

Statements 1, 2, 3, 4 and 8 deal with potential sources that can assist in identifying suitable internal candidates. These are performance assessment results, identification of potential internal candidates, skills inventory, progression path and use of an internal talent pool. This is also referred to in some literature as a talent inventory as quoted below from Rothwell:¹³⁵

“How can the organization keep track of the knowledge, skills, and competencies of Existing staff? That is the question answered by talent or skill inventories. Organisations possessing no means by which to inventory talent will have a difficult time locating qualified people in the organisation when vacancies occur in key positions. Every organisation should have some way to inventory its talent.”

Statement 1: Fair and consistent application of the performance management system. (PMS): 71.8% of respondents either disagreed or strongly disagreed to the statement that the PMS was applied fairly. Only 21% agreed while the rest was unsure. More in-depth responses on this topic will be entertained when responses to open-ended questions posed during the interviews are discussed.

Statement 2: 55% respondents either disagreed or strongly disagreed to the statement that, all efforts were made to identify possible existing / internal candidates to fill a vacancy before advertising externally. Only 30% Agreed to the statement while the rest was not sure.

Statement 3: 58% respondents either disagreed or strongly disagreed to the statement that qualifications, skills and experience were regularly updated on a database for career planning purposes. Only 20% agreed while the rest was unsure.

¹³⁵ Rothwell, W.J. 2001. *Effective Succession Planning*. Amacom, p. 26.

Statement 4: 72% of respondents either disagreed or strongly disagreed to the statement that there was a clear progression path which indicated the type of qualifications and experience to be obtained.

Statement 8: 52% of respondents either disagreed or strongly disagreed to the statement that an internal database of possible candidates from the existing (active) employee pool was always consulted before advertising externally. 41%, however was unsure while only 7% agreed to the statement.

In summary it is pointed out that Joubert¹³⁶ also identified the issues as discussed above: *“Creating a talent database for the organisation is a key talent management practice. Ideally, the organisation should be able to search for employees whose talent aligns with that required by the vacant (or new) position or campaign. Most organisations have no information on the talent profiles of their employees beyond their qualifications and employment records. Imagine the strategic talent profile you can generate for planning and deployment purposes when you have a process that develops talent profiles and a database that captures, stores, categorises and classifies individual talent in terms of truest interest, potency, and skill and virtue intelligences.”*

3.1.2.7.2 Adherence to approved recruitment procedures

Statements 5 and 6 tested perceptions around adherence to recruitment policy and transparency of the process. The statements were included because it is suspected that internal applicants doubt the fairness of the process and subsequently do not even bother to react when vacancies are advertised internally and have little faith in the process. Responses to these statements were:

Statement 5: 58% of respondents either disagreed or strongly disagreed to the statement that appointments/ promotions made were according to official recruitment policies. Only 14% agreed and 28% was unsure.

¹³⁶ Joubert, D. 2007. *Talent Management*. Knowres, p. 21.

Statement 6: An overwhelming 70% of respondents either disagreed or strongly disagreed that the process of appointment / promotion was fair and transparent. Only 7% agreed while 23% were not sure.

3.1.2.7.3 Assuring internal candidates of their value as members of a significant talent pool

Statements 7, 9 and 15 tested perceptions around the way in which internal applicants were treated as valued members of an internal talent pool. These statements were included because it is suspected that poor communication to applicants, lack of updating concerning the recruitment stages and subjective shortlisting decisions, contribute further to loss of faith in the process.

Statement 7: 62% of respondents either disagreed or strongly disagreed to the statement that they could track the process after application with ease. Only 8% agreed while 30% was unsure. This statement was included because it is suspected better communication and updating around internal applications will go a long way in encouraging internal applicants to register their candidature.

Concerning statement 9 that tests whether internal applicants were officially approached to apply for vacancies 86% either disagreed or strongly disagreed while only 14% indicated that they were approached on occasion to apply.

Beer warns against an organisation's inability to effectively identify resident talent as follows: *"I have known several firms reduced to inanition as a result of a failure to metabolize creative talent already available within the organisation. Such a firm may exist for a long time in the crisis mode, and imperceptibly but definitely switch into the self-destructive mode as its sense of inadequacy overwhelms it."*¹³⁷

Statement 15 tries to establish to what extent internal applicants who presented their candidature was indeed invited for an interview. Here 46% agreed or strongly agreed that they were invited for an interview while 34% disagreed or strongly disagreed. It is suspected that the 20% who responded unsure to this statement never applied for internally advertised vacancies.

¹³⁷ Beer, S. 1981. *Brain of the Firm*. John Wiley & Sons Ltd., p. 235.

3.1.2.7.4 Transparent updating of qualifications, skills and experience

Statements 10 and 11 deal with the transparent updating of skills and experience. It is argued that, if employees have access to the entries on their qualifications, experience and skills profile, they could not only rectify omissions or mistakes, but that it serves as a strong indication that the organisation is serious about the updating thereof. It is furthermore argued that new skills acquired should be operationalised. This contributes to employees' dedication and enthusiasm in the sense that they feel valued.

Concerning statement 10, then, 62% either disagreed or strongly disagreed that they could view their qualifications and skills profile with ease. While 15% agreed, 23% were unsure.

64% of respondents to statement 11 either disagreed or strongly disagreed that they were given the opportunity to use new skills acquired while 31% agreed.

On this statement a very low (only 5%) unsure response rate was recorded.

3.1.2.7.5 Retention, TM and management appointments

Of the whole of Part A of the questionnaire, the three statements with the lowest scores (in other words the most disagree or strongly disagree) were statement 12 (maximisation of retention of valuable employees), statement 13 (talent management / career management system) and statement 14 (appointment of employees in management positions).

Statement 12: 90% of responses either disagreed or strongly disagreed to the statement that there was maximisation of retention of valuable employees. Only 4% agreed while 6% were not sure.

Statement 13 testing perceptions around the existence of an efficient TM / career planning system yielded 83% of respondents either disagreeing or strongly disagreeing and only 3% agreeing. A very low 14% was unsure.

Statement 14 82% either strongly disagreed or disagreed that management appointments contributed to the efficiency of the organisation while only 5% agreed. A very low 13% was unsure.

This perception around poor management appointments is re-enforced by certain responses to an open-ended question in the next section.

3.1.2.8 Responses to Part B: Initial personal reasons to consider resignation

In Part B initial reasons that led to the consideration of resignation is discussed while the actual resignation reason will be discussed in Part C.

In column three of the table below an indication is given of the percentage of respondents to whom the various reasons for considering resignation were applicable.

Open responses under “other” are captured at the end of the table.

PART B: Initial Personal Reasoning For Considering Resignation

1	I felt my career became stagnant and there was little or no scope for advancement.	79% 138
2.	I was not comfortable with the ethics / value system of the organisation.	46%
3	The organisation structure and Management style left little room for innovation and creativity.	56%
4	One was often expected to focus on priorities, which had little relevance to the core business of the organisation.	25%
5.	I had a personally uncomfortable relationship with a co-worker or supervisor.	28%
6.	Other: Felt victimized. No recognition for work well done or hardworking I had no control over my future and I was unsure about my own position Did not see a meaningful, long-term career for myself. Appointed as a Secretary and potential was not recognised or explored I was VERY frustrated and bored out of my mind. Felt that employment equity was applied to the detriment of the organisation So-called leadership had absolutely no strategic direction My then boss (DDG) ensured I was not promoted Manager said I'd never get a performance bonus, promotion again because I'm white Organisation appoints people that does not have a clue what is required Proposal from management to retain IT staff was ignored by HR Spouse resigned and relocated. I felt I had no safe future in the country I resigned for new opportunities and career growth I needed to go back to my calling - Clinical Psychology Needed to spend more time with my children - started business.	

Lack of advancement was marked by the highest percentage of respondents (79) as reason for considering a resignation decision. The other reasons all had in one way or another to do with management-related issues.

¹³⁸ Percentages do not add up to 100 as these are the results of open-ended questions.

When looking at the open responses, only the last four responses pointed to *unavoidable* reasons. “*Unavoidable turnover results from life decisions that extend beyond an employee’s control, such as a decision to move to a new area or a job transfer for a spouse. The majority of staff turnover can be avoided if companies have carefully planned retention strategies in place.*”¹³⁹

3.1.2.9 Actual reason for resignation

The purpose of this section is to determine to what extent good retention strategies would have prevented resignations.

PART C: Decision To Resign (Reasons)

1.	I was very happy as an employee at the organisation. I resigned for personal reasons.	21%
2.	I resigned to start my own business / become self-employed.	30%
3.	I resigned because I was made an offer I could not refuse by another organisation (I did not approach them, they approached / “headhunted” me)	15%
4.	I resigned because I was made an offer I could not refuse by another organisation (was not approached or “headhunted” by them, I simply became aware of the advertised vacancy and applied)	20%
5.	Other: “I resigned because it became psychologically impossible to remain in the organisation”	

The 20% employees who indicated that they applied for an advertised vacancy raise questions around the effectivity of retention efforts. It is argued that (in most cases) employees who are looked after will not find it necessary to look elsewhere for employment.

3.1.2.10 Counter offers

¹³⁹ Mengel, D. 2001. Top ten ways to retain high performance employees. *HR Future*, Aug., p. 9.

On receipt of a resignation letter, it is common practise for employers to try and retain employees by making a counter offer, most commonly in the way of higher remuneration. In the next section of the questionnaire incidents of counter offers and employees' reactions around it is tested.

PART D: Counter Offers

1.	On receipt of my resignation form, the organisation made me a counter-offer but I did not accept it because it did not match the offer of the new employer	4%
2.	I was made a counter offer which matched the offer of the new employer but turned it down	None
3.	I would not have considered any counter-offer. It was too late. They should have looked after me during the years I worked there.	63%

From the low percentage (only 4%) of responses it is clear that the practise of counter offers was followed in limited cases. This shows that, at least, there are cases where the organisation would try (even if it is somewhat belated) to retain employees and avoid resignations. There are, however cases where employees cannot be convinced and that they have psychologically moved beyond the point of no return. *"If companies do not look after their talented employees and they resign, counter offers are far too late to rectify the damage already done."*¹⁴⁰

3.1.2.11 Exploratory statistical analysis and concluding remarks on responses to questionnaire

In this second stage of the research the broad indicators as pointed out during the first stage can now be enriched by illumination of trends and issues leading to resignations.

In PART A of the questionnaire the five broad themes were highlighted as:

- Poor use of internal data sources
- Poor adherence to recruitment policies

¹⁴⁰ Bakos, B. 2007. Get the Big Fish in the Talent Pool. *HR Futures*, 8:33.

- No or little assurance to employees around their worth
- Lack of transparency around the updating of qualifications and skills
- A poorly functioning career management system and no TM system

In Part B reference was again made to factors like non-standardised performance management, lack of direction, questionable management appointments and loss of faith in the way career management was executed.

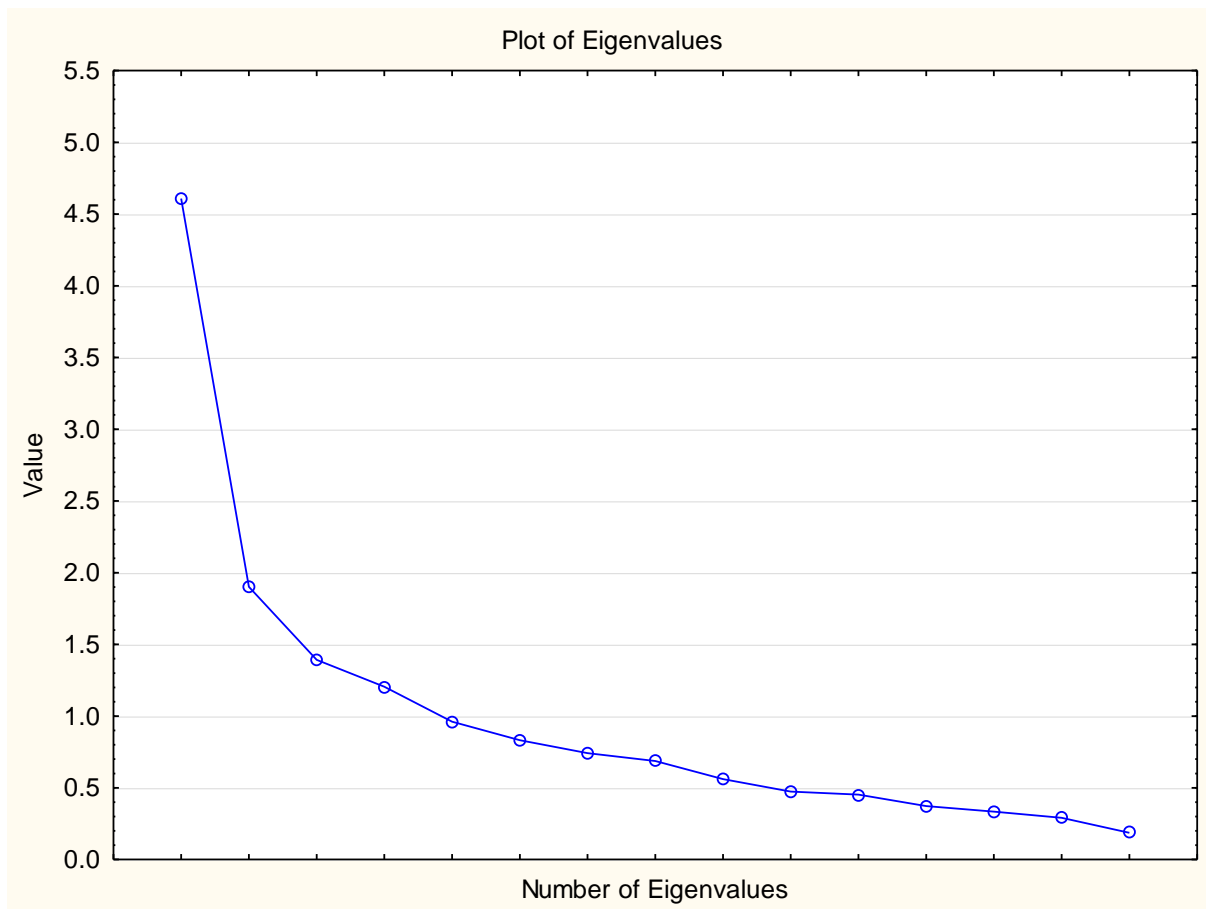
In Part C it was also shown that at least 20% of the respondents resigned resulting from active and self-driven efforts to secure other employment while Part D pointed to very little effort by the organisation to retain employees through counter offers.

However, an exploratory statistical analysis was done with a view to establishing possible alternative ways of grouping and thus reducing the data in terms of latent factors that might underlie the thematic categories and contrast with these. The results are interesting as the groupings in the 4 factors that emerge are very different from a thematic reading of the data.

We performed an exploratory factor analysis¹⁴¹ using the principal components extraction method and found that, based on the *eigenvalues* and scree plot (below), all indications are that there are 4 underlying or latent factors in the data. After using varimax rotation to try and highlight the different factors more clearly than the unrotated solution, the results tend to indicate the following:

- Questions 1, 5, 6, 12, 13 and 14 seem to group together to form a single factor (i.e. they're similar in nature and perhaps because of an underlying factor).
- Questions 3, 4 and 10 tend to group to form another factor.
- Questions 2, 7, 8 and 11 seem to form another factor.
- Questions 9 and 15 form the last factor.

¹⁴¹ Kim, J and Mueller, C.W. 1978. *Introduction to factor analysis*. Sage: London.
Thompson, B 2004. *Exploratory and confirmatory factor analysis*. American Psychological Association: Washington, DC

Plot of Eigenvalues (4 factors above 1.0)**Eigenvalues – Extraction: Principal components**

Value	Eigenvalue	% Total - variance	Cumulative - Eigenvalue	Cumulative - %
1	4.608248	30.72166	4.608248	30.72166
2	1.901258	12.67506	6.509507	43.39671
3	1.392137	9.28092	7.901644	52.67763
4	1.204989	8.03326	9.106634	60.71089

Factor Loadings (Varimax raw) – Extraction: Principal components

(Marked loadings are >.500000)

Variable	Factor - 1	Factor - 2	Factor - 3	Factor - 4
1 IPMS	0.568497	0.128204	0.470210	0.068382
2 ID Int.	0.262270	0.163289	0.630424	0.184911
3 Qual.Exp	-0.019086	0.777694	0.117869	0.081184

4 Prog.Path	0.146661	0.822885	-0.036630	0.015614
5 Policy	0.751054	0.017928	0.173095	0.267771
6 Prom F T	0.834965	-0.088509	-0.008174	0.179292
7 Track Appl	0.171792	-0.014738	0.528368	0.322485
8 Int. D.Base	0.138840	0.112957	0.784087	0.155450
9 Approached	0.241387	-0.028685	0.170874	0.768526
10 Monitor Qual	0.024163	0.760245	0.227884	0.029611
11 Share skills	-0.023215	0.141090	0.659169	-0.101693
12 Max. Ret	0.777107	0.201323	0.034049	0.015660
13 TM Syst.	0.555328	0.462572	0.278074	-0.031840
14 Man. Pos	0.608254	0.116315	0.393904	-0.163893
15 Invited	0.027658	0.138183	0.024163	0.770082
Expl.Var	3.066298	2.232007	2.307620	1.500708
Prp.Totl	0.204420	0.148800	0.153841	0.100047

It is argued that the underlying factor influencing responses to questions 1, 5, 6, 12, 13 and 14 is indeed poor adherence to overall recruitment and promotion policies. The official recruitment and promotion policies address the importance of fairness in the application of performance management and promotion (question 1, 5 and 6) and the priority status of internal candidates for the filling of vacancies (questions 12 and 13). The poor application of these policies, however, led to questionable external appointments (Question 14). These new appointees in turn, due to a lack of experience, contributed to a continuing downward spiral of poor adherence to policies.

Concerning the underlying factor influencing responses to questions 3, 4 and 10 it is argued that the factor relates directly to poor career management efforts (questions 3 and 4), the lack of a TM system and no transparency concerning the monitoring or verification of own qualifications (question 10).

No or little assurance to employees around their value to the organisation is argued to be the factor underlying responses to questions 2 (identification of internal candidates), 7 (ability to track stages of applications), 8 (existence of a database/talent pool) and 11 (application of new skills acquired).

Lastly it is argued that poor utilisation of existing data sources is the underlying factor in relation to questions 9 (being approached to present candidature) and 15 (being invited for an interview).

It is clear that the results can be interpreted in different ways. The thematic analysis is more intuitive but not necessarily holds when one applies a more clinical statistical approach without preconceived ideas. However, the factor analysis used here does not produce results that will necessarily be supported by theoretical arguments. In the specific case, it was possible to make interesting sense of the results and this proves the value of multiple approaches.

3.1.3 Telephone interviews

This is the third step of the triangulation approach. This phase will further enrich insights as gained through analysis of the target population (step 1), and identifying themes and clusters from the questionnaire responses (step 2).

As explained in 3.1.2.3 contact numbers of only one hundred persons of the total population of about five hundred could be obtained. Of these about eighty were contacted to obtain email addresses.

Telephone interviews were held with respondents who received a questionnaire via email but did not find the time to respond. When they were approached again to participate in a telephone interview, they were already aware of the research and in-depth explanation as to the reason for the research was not needed.

In all cases except one (where the respondent asked to be called at a more convenient time), participants were available to be interviewed straight away.

3.1.3.1 Information about participants

The table below aggregates the participants in terms of gender, race, and age at resignation, occupational category and years of service. The column on the right condenses the description for each participant in coded format in an effort to simplify the process of relating a response to a participant further down in the text.

no	Gen	Race	Age	Area	Years	Code
1	Female	African	30	Support Technical	2-5	F Af 30 Sup 2-5
2	Male	African	29	Support Technical	5-10	M Af 29 Sup 5-10
3	Male	African	27	Support Technical	2-5	M Af 27 Sup 2-5
4	Female	African	30	Support Technical (Rare)	5-10	F Af 30 Sup 5-10
5	Female	White	37	Core knowledge worker	5-10	F Wh 37 CKW 5-10
6	Male	White	29	Core knowledge worker	2-5	M Wh 29 CKW 2-5
7	Female	White	41	Support Technical	10-15	F Wh 36 Sup 10-15
8	Female	White	36	Support	<2	F Wh 36 Sup <2
9	Male	White	46	Core knowledge worker	15-20	M Wh 46 CKW 15-20

3.1.3.2 Questions asked to interviewees

The following seven questions were posed to respondents during telephone interviews. The questions were all open-ended so as to limit the phenomenon of “*interviewer bias*”.¹⁴²

- A: What is your opinion of the performance management system, which was in use while you worked at the organisation?
- B: How did you perceive your career progression prospects in the organisation?
- C: What, in your opinion, can be done to improve career management in the organisation?
- D: Is there anything in particular that you would like to mention about internal promotions?
- E: What is your opinion of the exposure you had to training opportunities and further study?

¹⁴² Maree, K. 2007. *First steps in research*, p. 158.

F: What was your main reason for leaving the organisation?

G: What could have prevented your resignation?

Responses to these questions are captured in the pages that follow. They are numbered from 1-9 and each start with the code reflecting biographical details, years of service etc. as mentioned in the table 1.3.1.

QUESTION A: What is your opinion of the performance management system that was in use while you worked at the organisation?

1. F Af 30 Sup 2-5: Seen as favouritism tool. Did not reflect actual performance.
2. M Af 29 Sup 5-10: Not a good system. Used by management for victimization.
3. M Af 27 Sup 2-5: Inadequate and out of touch with job specifications Low correspondence between final score and actual job done. Perception-driven. No objectivity.
4. F Af 30 Sup 5-10: Did not like it. I should not rate myself. Supervisor should rate me. Because he is supposed to know how I performed.
5. F Wh 37 CKW 5-10: Application was not fair in all cases. Too many different standards
6. M Wh 29 CKW 2-5: Good system but not applied correctly. Human factor makes it subjective. Physical work environment and circumstances of operational occupations renders system inappropriate and to the detriment of operational groups. Support related occupations are usually scored higher.
7. F Wh 36 Sup 10-15: Inconsistency in standards, individuals differ. One is strict, another lenient.
8. F Wh 36 Sup <2: No problem whatsoever.
9. M Wh 46 CKW 15-20: Not designed for a technical / operational environment. Low understanding by management of full implications and scope of technical jobs could therefore not measure appropriately. And was open to manipulation from either side.

QUESTION B: How did you perceive your career progression prospects in the organisation?

1. F Af 30 Sup 2-5; Still, stagnant, had to look elsewhere.
2. M Af 29 Sup 5-10: No progression.
3. M Af 27 Sup 2-5: Very limited. No real growth. Growth could only achieved through leaving.
4. F Af 30 Sup 5-10: Very good but IT is a bit backward in the organisation.
5. F Wh 37 CKW 5-10: Very slow. Only moved up a few notches during my tenure of 15 years.
6. M Wh 29 CKW 2-5: Not very positive. The reason why I left. I applied for various higher-level posts but nothing ever happened. Stayed on same level for five years, no prospects.
7. F Wh 36 Sup 10-15: Possible post for me but management unwilling to release me. Own level never reviewed despite high (including managerial) responsibilities normally associated with higher levels.
8. F Wh 36 Sup <2: I do not know. Too short there.
9. M Wh 46 CKW 15-20: It was fine up to a point, then I was simply side-stepped and my expertise were not recognized at all.

QUESTION C: What, in your opinion, can be done to improve career management in the organisation?

1. F Af 30 Sup 2-5: Organisation should look past one's current occupation and consider further career prospects through proper career planning in line with personal growth needs.
2. M Af 29 Sup 5-10: No career plan. Performance management did not facilitate any career plan.
3. M Af 27 Sup 2-5: Replace incompetent managers with properly skilled ones.
4. F Af 30 Sup 5-10: Nothing strange noticed during tenure.
5. F Wh 37 CKW 5-10: Better updating of qualifications and experience and identification of suitable internal employees for promotion.
6. M Wh 29 CKW 2-5: Proper assessments and career management Stop filling vacancies through crisis management.

7. F Wh 36 Sup 10-15: More market research in terms of job requirements. Too many inappropriately qualified appointments.
8. F Wh 36 Sup <2: No comment. Tenure too short.
9. M Wh 46 CKW 15-20: Stop crisis management. Appoint full-time career management specialist Consider technical careers. Clearly communicate norms and guidelines.

QUESTION D: Is there anything in particular that you would like to mention about internal promotions?

1. F Af 30 Sup 2-5: Others received performance bonuses but not myself - favouritism - poor relationship with supervisor. Performance agreement and assessment not in line with what person was actually doing. I am now growing in my current job.
2. M Af 29 Sup 5-10: It was done via favouritism. Not performance based. Nothing to do with skills or hard work.
3. M Af 27 Sup 2-5: Lost faith in process. I saw many move into many positions and various departments without knowing how it worked.
4. F Af 30 Sup 5-10: Nothing to mention.
5. F Wh 37 CKW 5-10: Little attention on promotion of long-serving employees. Rapid promotion of newcomers.
6. M Wh 29 CKW 2-5: Some promotions took place without the posts even being internally advertised.
7. F Wh 36 Sup 10-15: Depended almost entirely on management.
8. F Wh 36 Sup <2: If you do not die or resign you will not get promotion. This is general, not peculiar to this organisation.
9. M Wh 46 CKW 15-20: It was just a case of putting someone in a post, not necessarily the best person. Management used promotion to bolster their own image. How bigger and more highly paid the people in my component the higher my profile. Typical "ivory towers".

QUESTION E: What is your opinion on the exposure you had to training opportunities and further study?

1. F Af 30 Sup 2-5: Limited. Courses suggested were of lower standard than my current qualification. I had to approach HR directly and nominate myself for transformational leadership course at UP. This helped me - gave me confidence to apply for advertised vacancy. I was interviewed but application was unsuccessful.
2. M Af 29 Sup 5-10: Not exposed to training. Not allowed to study what is in your field of interest. Could not get a bursary because my field of interest was not directly related to my current job.
3. M Af 27 Sup 2-5: No problem. The organisation is good with that.
4. F Af 30 Sup 5-10: Very good. I was allowed to go on relevant courses and they paid.
5. F Wh 37 CKW 5-10: I had training opportunities but was seldom placed in a position to use the skills acquired.
6. M Wh 29 CKW 2-5: Yes I attended certain courses but not further in depth training in Management etc. - was only allowed to apply about 10% of what I learnt.
7. F Wh 36 Sup 10-15: Many opportunities but often not possible due to staff shortages. I performed certain managerial functions but with low confidence because of lack of training.
8. F Wh 36 Sup <2 Attended courses. Positive about this.
9. M Wh 46 CKW 15-20: Insufficient staff. Could not go for training unless absolutely essential. Have to be available at short notice in operational environment. Many overlapping fields of study and everyone want to specialise. Youngsters (below 30) were already on a highly paid level and had no scope for promotion - overpaid in my opinion.

QUESTION F: What was your main reason for leaving the organisation?

1. F Af 30 Sup 2-5: No career progression. For my personal career development.

2. M Af 29 Sup 5-10: There was no progress in my career. I felt the management that was coming in was not going to change the status quo.
3. M Af 27 Sup 2-5: Did not see any career progression. They give you training but they do not apply you. It is better to leave after you have received the training.
4. F Af 30 Sup 5-10: I had an artistic craving within me. I wanted to start this wedding cake business.
5. F Wh 37 CKW 5-10: I could not see eye to eye with my supervisor. Very difficult person.
6. M Wh 29 CKW 2-5: I realized the only way to progress was to start a career in another organisation.
7. F Wh 36 Sup 10-15: Personal matters married someone in Durban. Transfer not possible.
8. F Wh 36 Sup <2: Personal, wanted to be with children.
9. M Wh 46 CKW 15-20: I had enough - felt organisation became redundant. People I could help WERE not interested in my services. External benchmarking was marred by red tape Motivations to attend relevant shows / conferences were used to send someone else. I could have added value in some decisions but was not consulted. 80% of management is incompetent. I should have left earlier. Now working at far lower income but I am happy.

QUESTION G: What could have prevented your resignation?

1. F Af 30 Sup 2-5: I miss the environment but could not progress. If only there was more recognition I would have stayed motivated. This is worth more than money. It is a good organisation but it has bad leadership in terms of retaining people.
2. M Af 29 Sup 5-10: I would have stayed if there was a clear career path. If I knew I was working towards a particular career progression.
3. M Af 27 Sup 2-5: I would have stayed if there was enough opportunities inside. But the opportunities were very limited.
4. F Af 30 Sup 5-10: Nothing, I had to do this thing of my own.

5. F Wh 37 CKW 5-10: If I did not have to work with this difficult supervisor.
6. M Wh 29 CKW 2-5: If I had a clear plan on my career progression and some indication of rise in income.
7. F Wh 36 Sup 10-15: If the organisation could allow me to do my job from Durban. I administered many offices and there was no reason why I could not do the same job from Durban. I would have stayed, promises were made for transfer to Durban but organisation dragged feet.
8. F Wh 36 Sup <2: Nothing. Resignation of personal nature.
9. M Wh 46 CKW 15-20: I would have stayed if I was recognised. If there was a radical change in management. Not arrive every Friday at a meeting and hand in a report at the end of the month.

3.1.3.2.1 Summary of responses to Question a: Performance Management

The overwhelming negative quantitative results as reflected in 1.2.7.1 (where 71.8% of respondents disapproved of the PMS (see statement 1) is confirmed through the interview responses as summarised below.

Although one interviewee indicated that the Performance Management System (PMS) was, in principle good, most commented that it was unfair and that poor application thereof (mostly due to subjectivity, varying interpretations and a myriad of standards) lead to it. Not reflecting actual performance (in the sense that there was little correspondence between final scores and actual objectives achieved).

It was also felt that misuse of the system took place on the one hand by management as favouritism or victimisation tool and on the other by some subordinates manipulating it to their advantage.

It was furthermore felt that the system was inadequate, out of touch with job specifications and in particular inappropriate for operational occupational groups because managers responsible for ratings do not fully comprehend the complexity of technical and operational occupations. Support occupational groups were therefore perceived to have generally received higher ratings.

Tendencies in a South-African local government context that corresponds with questionable management appointments and incorrect use of performance management systems have been observed by Kroukamp¹⁴³ as follows: *“This deals with inadequate or irrelevant training of managers; minimal usage of competency testing in the recruitment of managers; payment of rewards and notch increases that are not performance related.”*

According to Joubert¹⁴⁴ *“The bottom line from the State of Performance Management study is that, for most organisations, performance management remains a poorly executed and less-than-effective process.”*

3.1.3.2.2 Summary of responses to Question B: career progression prospects

Quantitative results as discussed under 1.2.7 where 83% of respondents disagreed to the existence of an efficient TM system (statement 13) is confirmed when looking at the responses from interviewees commenting on their career progression by using terms such as:

“no progression, still, stagnant, had to look elsewhere, very limited, very slow, no real growth, Growth could only be achieved through leaving, only moved up a few notches during my tenure of 15 years, Not very positive, fine up to a point, stayed on same level for five years.”

Only one interviewee was more positive but noted slow developments in the field of IT.

3.1.3.2.3 Summary of interviewee’s opinions on ways to improve career management (Question C)

This summary confirms quantitative findings from statements 2 (poor identification of internal candidates, statement 3 (poor updating of qualifications / skills) and statement 4 (unclear progression path) as discussed under 1.2.7.1.

¹⁴³ Kroukamp, H. 2007. South African local government performance: Paper presented at Working Group IV of IIAS-conference Abu Dhabi, 9–14 July 2007, p. 4.

¹⁴⁴ Joubert, D. 2007. *Talent Management*. Knowres Publishing, p. 129.

One suggestion was that an employee's career prospects should not be seen as limited to the current occupation held because individual growth needs may be satisfied by facilitating growth in other careers within the organisation through proper career planning. This could be done through improvement in communicating of guidelines, better updating of qualifications and experience resulting in improved identification of suitable internal candidates.

Other suggestions were that the appointment of a career management specialist and more market research in terms of job requirements could lead to more informed appointments. Technical career should receive special attention in this regard.

Reversing the process of poor management appointments was also suggested.

3.1.3.2.4 Comments on internal promotions (Question d)

Quantitative results as discussed under: 1.2.7.2 low adherence to official recruitment policies (statement 5), and unfair and non-transparent appointments and promotions (statement 6) are confirmed through interview responses as summarised below:

Lack of transparency led to loss of faith in the process and perceptions that promotions were favouritism-based (not performance-based) and had nothing to do with skills or hard work. Furthermore promotions took place seemingly through arbitrary management decisions without posts having been internally advertised. More new employees were promoted than long-serving employees.

3.1.3.2.5 Summary of interviewee's opinions on their exposure to training and development and further study (Question E)

The quantitative indicator to statement 11 (showing that the majority of respondents felt that they were not given the opportunity to apply new skill acquired through training interventions) is confirmed in this section through mentioning of low operationalising of new skills.

Averweg¹⁴⁵ also refers to this phenomenon as follows: “*Finally, make sure new skills are applied on the job. This is where organisations need to put most of their effort, but where many just let things slide.*”

Where some respondents indicated that their exposure to training and development opportunities were very good, others (notably in both support, as well as in the core knowledge worker category) mentioned that work commitments did not always accommodate it. Mention was also made of an inability to obtain bursaries for fields of study outside the current desk responsibilities. (This was also discussed above in the responses to Question C).

3.1.3.2.6 Summary of reasons for resignation (Question f)

Quantitative indicators from the questionnaire were once again confirmed as shown below:

Low operationalising of training acquired (as mentioned above) was one of the reasons given for resignation with the added comment that the benefits of the training could at least be applied elsewhere. Respondents felt they had no career progression and that (based on the calibre of new management) they did not see the situation changing soon. One response pointed to feelings of redundancy, being sidelined and not being appreciated for contributions.

The resignation of the respondent who mentioned resignation due to a spouse transfer could be avoided since her willingness to continue her work from an office close to their new location was not followed through, despite the fact that she was a star performer and still in her mid-thirties.

Only two responses related to personal reasons that point to unavoidable resignation and confirms the discussion as mentioned towards the end of 1.2.8.

3.1.3.2.7 Summary of conditions that could have prevented resignation

(Question G)

¹⁴⁵ Averweg, U.R. 2011. The role of an intranet. *People Dynamics*, 1:11.

In most cases, resignations could have been prevented if the following conditions were present: A clear career path, career progression, rise in income and sustained motivation through recognition.

In some cases better management was mentioned, including more determined efforts to accommodate a relocating employee. Unbearable relationships with supervisors were also mentioned. Aikins¹⁴⁶ refers to this phenomenon as follows: *“Different managers can stress out employees in different ways sometimes by being too controlling, too suspicious, too pushy, too critical, but the underlying error is that managers forget that employees are essentially volunteers. Talented employees will vote with their feet and leave.”*

3.1.4 Conclusion and summary of main areas of concern

This chapter dealt with three sources of data. In the first place an overview was given of the first dataset namely all resignations over a ten-year period. Some observations were made around the unique circumstances in South Africa that may have influenced resignations as reflected in the particular dataset.

The second dataset discussed was the questionnaire containing three categories of questions as responded to by 70 participants. Quantitative and qualitative indicators from this dataset assisted in highlighting the main areas of concern.

The last dataset contains open responses (responses to certain questions asked during a telephone interview). These responses were similar, to a large extent to those from the questionnaire and it is now possible to summarise the main areas of concern. The sequence given below can be seen as a chain-reaction as the effects of one phenomenon leads to the next.

3.1.4.1 Poor adherence to policies

This factor is mentioned first, not only because it has a bearing on the other factors that follow, but also because it is argued to be the point of their origin. Moreover, well-formulated policies exist in the organisation but in many cases the requirements thereof are simply ignored or there seems to be a lack of awareness of

¹⁴⁶ Aikins, D. 2010. The modern workforce. *People Dynamics*, 2:16.

the intension and philosophy behind them. This results, for example, in unstandardised application of the performance management system while clear guidelines on these standards exist. Policies such as the recruitment policy, policies on job grading and remuneration are also given as examples.

It is argued that non-adherence to these policies has a negative impact on transparency¹⁴⁷ resulting in de-motivation and loss of faith in the fairness of the system among employees.

3.1.4.2 Negative effects after poor management appointments

There were questionable procedures followed in the appointment of management positions (in some cases purely arbitrary) leading to a drop in the overall experienced and suitably equipped management cadre. This led, in turn, to poor management styles that caused resentment and loss of motivation among subordinates. This issue will be dealt with in more detail in chapter 4.

3.1.4.3 Little appreciation for the value of intellectual capital

Responses from the questionnaire as well as from telephone interviews raise serious questions around attempts by the organisation to optimally harness the intellectual capital embedded in existing employees. Factors leading to this conclusion are:

- * There are little or no signs of a talent management system, neither manual nor automated. There is also no sign of any talent pool or talent inventory being maintained.
- * Uncoordinated maintenance and updating of possible sources pointing to potential internal candidates rendered such sources of little value from a data-mining¹⁴⁸ point of view. This, in turn, led to reliance only on internal advertising, generating paper-based lists of internal applicants that are not only labour-intensive to process, but also yields a high percentage of low-matching applications from unrealistic opportunists.

¹⁴⁷ Van Zelm, E. 2008. Job evaluation beyond the pay factor. *People Dynamics*, 26(8):24.

¹⁴⁸ Davenport, T.S. and Harris, J.C. 2007. *Competing on Analytics*. Harvard Business School Press, p 170.

- * No attempt is made to re-assure internal applicants that they are regarded as part of a valuable talent pool. Tracking by applicants of the stages of the application process is not encouraged or simplified. This strengthens perceptions that internal advertising is in many cases just a form of window-dressing.¹⁴⁹

3.1.4.4 Poor leveraging of training and development

Although mention was made of cases where employees (due to work commitments) were not released for training purposes, in the majority of cases this was possible. Application of new skills acquired, however, seems to have been limited. The allocation of bursaries was also limited to the scope of an employee's current responsibilities instead of considering broader organisational goals.

3.1.5. Some concluding observations based on Beer's VSM

When looking at Beer's model, it is argued that poor adherence to policies as well as the other factors as mentioned in the preceding paragraphs, can be traced to malfunctioning feedback loops affecting System 5 (policies) and operational control (System 3). It can also be argued that, if the strategic direction set by top management (System 5) could be timeously warned by System 4 (development) and its links to the outside world, some high-level decisions could have been taken in favour of better retention policies.

The systems view taken here provided an effective framework for the development of questions and the analysis of the results on a thematic as well as clustered view.

¹⁴⁹ Human, L. 1991. *Educating and developing managers for a changing South Africa*. Juta, p. 226.

CHAPTER 4

INTERPRETATION

4.1 FORMULATION OF THE QUESTION

In the previous few chapters the problem was stated, the organisation in which the problem occurs was described and the choice of a model for enquiry from systems theory was motivated. Evidence is also now available on areas of probable improvement that, if addressed, can possibly lead to better staff retention and less avoidable resignations.

The question still remains, however, how is it possible that the organisation seems to be blind and deaf to this phenomenon. What causes the system to continue in a direction that clearly is to its own detriment? Furthermore, what can be done to address this state of affairs? These questions will be matched to what was learnt from organisational theory with the emphasis on the type of organisation as well as the effects of external factors from the environment in which the organisation functions.

4.2 DISCUSSION OF CONTRIBUTING FACTORS

4.2.1 The organisation as a bureaucracy

As mentioned before, the organisation is a bureaucracy and a bureaucracy is typically machine-like. In effect this means that people are seen as numbers and cogs¹⁵⁰ and due to ignorance about what are inside these cogs they are perceived to be replaceable.

Traces of classical management theory (such as functional specialization) can be found in the recruitment process itself in the sense that each recruitment consultant is dedicated to and responsible for a particular area in the organisation. This

¹⁵⁰ Morgan, G. 1986. *Images of organization*. Sage, p. 29.

particular area is as structured (in terms of hierarchy, span of control etc.) as the HR structure to which the recruitment consultant reports.

This machine-like characteristic of bureaucracies also leave little room for the principles of knowledge management that, as argued in the introduction of this thesis, should be seen as the underlying discipline in support of talent management. Nonaka¹⁵¹ refers to the top-down hierarchical nature of bureaucracies and its effects on KM by arguing that this type of structure is not conducive to the process of creating knowledge within an organisation, as only top management have the power and ability to create information which they use as a mere tool instead of a tangible product.

Sadler and Milner¹⁵² refers to the strong emphasis on seniority and hierarchy of bureaucracies as talent-stifling. Furthermore the inherent avoidance of risk and bureaucratic mediocrity negatively impacts on creativity and talent development.

The tendency to operate within silos also limits the sharing of talent among various business units and is seen as one of the main challenges in talent management according to Cillie-Schmidt.¹⁵³

4.2.2 Recent external factors impacting on the organisation

When looking at external factors it becomes appropriate to bring in what was shared about Beer's Viable Systems Model (VSM) in Chapter 2. It was stated that System 4 (Development) has as one of its responsibilities the balancing of priorities inside the organisation with cues it receives from the environment. The idea is to inform system 5 (Policy) about any environmental changes that should be responded to.

In the discussion that follows it will be argued that the Systems 4 and 5 of most Government Departments were faced with such a multitude of environmental changes that the way in which they dealt with these changes negatively impacted on

¹⁵¹ Nonaka, I. 1994. A dynamic theory of organizational knowledge creation. *Organization Science*, 5(1):29.

¹⁵² Sadler, P. and Milner, K. 2001. *The Talent-Intensive Organization*, p. 52.

¹⁵³ Cillie-Schmidt, L. 2008. An integrated approach to HR capacity building. *Management Today*, Oct, p. 54.

talent retention. Certain decisions were taken at a high level that eventually directly affected day-to-day operations (on a System 1 level). Some of these external factors will now be mentioned:

4.2.2.1 Changes in the political landscape

The February 1990 announcements that initiated a range of political changes eventually lead to many pieces of legislation that were passed in an attempt to rectify imbalances and injustices of the previous dispensation. Most of these pieces of legislation (such as the Labour Relations Act no 66 of 1998¹⁵⁴) generally affected most organisations but directly affected organisations in the public sector. The Employment Equity (EE) Act of 1998,¹⁵⁵ as well as the Broad Based Black Economic Empowerment (BBBEE) Act of 2003¹⁵⁶ for example was significant driving forces behind attempts to change workforce representivity in the public sector. Enforcement of these pieces of legislation had an extra-ordinary effect on the work force.

It should also be noted that many employees (especially those who had personal reservation in serving under a new government) made use of so-called severance package offerings. This was not only very costly to the government but also (at least as far as the loss of skilled and experienced officials is concerned¹⁵⁷) constituted a significant loss of human capital and institutional knowledge that, if efforts were made to formalise some knowledge transfer, could have contributed positively to the new dispensation.

4.2.2.1.1 Effects of changes in labour legislation

It is argued that improper applications of some of the attempts at redressing the imbalances of the past are probably the biggest single reason for appointments

¹⁵⁴ Proudlock, T. 2010. Human capital an organization's only real asset. *People Dynamics*, 10:17.

¹⁵⁵ Day, G and Kgate, S. 2010. Employment Equity a new era of compliance. *People Dynamics*, 9:14.

¹⁵⁶ Bussin, M. and Nzukuma, K. 2011. Mobility of top black talent. *HR Future*, 8:18.

¹⁵⁷ Maphunye, K.J. 2001. The South African Senior Public Service. *Journal of Public Administration*, 36(4):319.

based on race rather than business efficacy. Hatting¹⁵⁸ reports on this phenomenon as follows: *“Over time, the history of Equity Employment has produced an unnecessary number of casualties. These have been a result of token appointments, being promoted or appointed into positions beyond their current level of experience and capacity and individuals moving jobs too frequently given the current level of demand and thereby not developing the depth and breadth of experience which will equip them for increased portfolios.”*

This state of affairs led to numerous court cases that resulted in judgements against government institutions. Cameron and Thornhill¹⁵⁹ allude to these cases and cite factors leading to litigation as follows: *“Apparently, it was quite widespread in the public service not to fill vacancies if there were no suitable black candidates, even if more qualified white staff were available.”*

Another phenomenon that adversely affected the optimal integration of black employees is the so-called cadre deployment. Cadre deployment meant that political appointments were made that, in the long run, lead to poor management and eventual poor service delivery.¹⁶⁰ Hoffman refers to cadre deployment as follows: *“ANC cadre deployment committees at national, provincial and local level covertly attend to the business of cadre deployment, but they do not confine their activities to party structures. Rather like the Broederbond of old, their tentacles are spread into the public service, the state owned enterprises, regulatory bodies avid business activities of strategic value to the ANC.”*¹⁶¹

Nepotism is also briefly mentioned as a factor contributing to inappropriate management appointments. *“A case in point on allegations of nepotism is that of a senior public servant who was appointed to a managerial post of a provincial department allegedly because he was a relative of the MEC who was subsequently dismissed.”*¹⁶²

¹⁵⁸ Hatting, B. 2010. BEE a contradiction in terms. *HR Future*, 10:37.

¹⁵⁹ Cameron, R. and Thornhill, C. 2009. Public service reform in South-Africa. *Journal of Public Administration*, 44(41):14.

¹⁶⁰ Rossouw, M. 2011. *Report castigates cadre deployment in municipalities*. Mail & Guardian Online, Johannesburg South Africa Apr 21 2011.

¹⁶¹ Hoffman, P. 2010. Cadre Deployment accessed on 20110816.

¹⁶² Maphunye, K.J. 2001. The South African Senior Public Service. *Journal of Public Administration*, 36(4):314.

In the interest of giving a balanced view on the questionable black management phenomenon, however, the other side of the continuum should also be considered. In this regard mention is made of race-based and often prejudiced behaviour from white colleagues who viewed black managers as inherently incapable and not having *what it takes*. Human refers to this as “negative expectancy communications”.¹⁶³

The behaviour resulting from this belief created an unnatural environment that was not conducive to support of the new black managers. The effects of this phenomenon should not be underestimated as a factor contributing to poor performance of black managers. Human refers to the “*tendency to place the blame for failure solely at the door of Blacks when the environment in which they work and the way in which they are managed can seriously impede both performance and motivation*”¹⁶⁴

Human also argued that the deeper meaning of good management practice has to be that “[d]evelopment thus also depends on the values and attitudes of the manager towards the person being developed and the extent to which the latter is provided with support and developmental opportunities.”¹⁶⁵ According to Vermeulen¹⁶⁶ a lack of support in this regard may also inhibit advice-seeking by a new incumbent, since the perception may be created that, the seeking of advice or assistance is an admission of uncertainty or dependency, mistakenly viewed by others as incompetence.

It is furthermore argued that a Eurocentric¹⁶⁷ and individualist approach that still prevails in many environments further compounds the negative eventualities as described above.

4.2.2.1.2 *Effects of legislation dealing with qualifications*

The National Qualifications framework that includes the South African Qualifications authority Act and the Skills Development Act should also be mentioned for their effects on changes in qualification verification and qualification capturing processes. One of the consequences of the SAQA Act was hesitation by

¹⁶³ Human, L. 1996. *Contemporary Conversations*. The Goree Institute Senegal, p. 36.

¹⁶⁴ Human, L. 1991. *Educating and Developing managers for a changing South Africa*. Juta., p. 15.

¹⁶⁵ Human, L. 1991. *Educating and Developing managers for a changing South Africa*. Juta, p. 2.

¹⁶⁶ Vermeulen, F. 2011. Clicks and clones in the boardroom. *HR Future*, 1:10.

¹⁶⁷ Bussin, M. and Nzukuma, K. 2011. Mobility of top black talent. *HR Future*, 8:18.

HR practitioners to capture qualifications from less-known training institutions due to suspicion around their authenticity and standards. Efforts to verify qualifications had a delaying effect on the updating of employee qualifications on ES's. The myriad of new qualifications and the different naming conventions also created a unique new dilemma in terms of standardisation of training catalogues. Training catalogues also had to be aligned to the unit standards applicable to industry-specific qualifications.¹⁶⁸

A further result of the skills Development Act was the creation of the Sectoral Education and Training Authorities (SETA's) to which contributions have to be made. Exposing employees to accredited training interventions as an act of compliance to these new requirements is often for purely statistical reasons.

It is argued that the emphasis on reporting on the number of trainees (with detailed highlighting of the percentage of designated groups), rather than on the operationalising of new insights gained¹⁶⁹ is the main reason for the disillusionment among employees around training and development. Not being given the opportunity to apply new skills or insights is not only demoralising but it boils down to a poor return on investment due to the insights becoming irrelevant over time. With each passing day subsequent to graduating, in both under- and postgraduate situations, the value of the qualification diminishes. For example, having completed a BComm or a BSc becomes less and less relevant with each passing year.¹⁷⁰

It is argued that the factors as described above generated priorities that were less employee-centred and not concerned with maintaining sound career management and retention practises. Maphunye refers to this as the "*mismatch between the original ideals governing the office and political context that works against these ideals.*"¹⁷¹

¹⁶⁸ Sturgess, G. 2004. Implementing Unit Standard-based competency profiles in the workplace. *HR Future*, Oct, p. 21.

¹⁶⁹ Burger, L.A. and Burger, D.R. 2004. *Talent management handbook*. McGraw-Hill, p. 202.

¹⁷⁰ Hattingh, B. 2011. Live your learning. *HR Future*, 1:36.

¹⁷¹ Maphunye, K.J. 2001. The South African Senior Public Service. *Journal of Public Administration*, 36(4):314.

4.2.3 Restructuring and disparate enterprise systems

It can be argued that a decision to restructure an organisation may originate from the top, i.e. Management (or System 5 according to Beer's VSM model). Any restructuring decision, however, has a direct effect on System 2 (Coordination) in the sense that policies and ways of doing work are altered.

A few years after the first major restructuring of the organisation under discussion, a decision was taken to introduce two individual ES's for the two branches. A third ES was also in use but mainly for financial purposes. In subsequent years **more** subdivision took place and smaller versions of ES's were purchased to serve the new entities individually. This had the unfortunate effect that no centralised ES was available that could have been the backbone for all relevant modules needed in a talent management system.

Instead, parallel HR departments formed, each (serving a particular entity) with their own recruitment unit. This not only lead to an estrangement between former colleagues and proliferating compartmentalisation, but also increasing deviations from uniform standards on issues such as job levels, application of performance management and recruitment policies in general. This made the effective optimisation of organisation-wide information processing impossible. Parallel information systems seem to be a characteristic of many bureaucracies as commented on by Laudon: *"The kind of information systems you find in a business firm - and the nature of problems with these systems - often reflects the type of organisation. For instance, in a professional bureaucracy such as a hospital it is not unusual to find parallel patient record systems operated by the administration, another by doctors, and another by other professional staff such as nurses and social workers."*¹⁷²

The importance of true integration is summed up by Bothma¹⁷³ as follows: *"There needs to be a single point of capture for any data item, which can then be seamlessly accessed and updated throughout an integrated set of applications."*

¹⁷² Laudon, K.C. Management information systems, p. 76.

¹⁷³ Bothma, R. 2010. Data integrations essential in HR. *HR Future*, 9:28.

Davenport¹⁷⁴ refers to this single point of capture *as being critical when he argues that “[h]aving common applications and data across the enterprise is critical because it helps yield a consistent version of the truth.”*

4.2.4 The effects of ES upgrades

Another factor that negatively impacts on the full utilisation of ES's (especially in the government sector) is the disruption that accompanies an ES upgrade. According to Thomas and Jajodia¹⁷⁵ the unique characteristic of government institutions (namely complexity of structure, competing organisational goals and many managers) is different to implementations in the private sector.

In an effort to carve out a manageable scope in the implementation of an ES upgrade some valuable modules can be excluded. A common trend during upgrades is to focus primarily on modules for payroll, finance and assets. Modules designed for recruitment are usually not considered for the first phase of an upgrade.

In the organisation under discussion a recent ES upgrade saw the exclusion of a standard ES module designed to streamline recruitment processes. This had the unfortunate effect that valuable candidate data, meticulously captured when the previous version of the ES was used, was rendered dormant and not available for mining¹⁷⁶ after the upgrade.

Another example of an ES module that fell victim to an ES upgrade was a customised bursary and qualifications module. Although this module yielded excellent reporting capabilities it was simply too customised to be included in the scope for phase I of the ES upgrade.

According to Haines¹⁷⁷ as well as Davenport¹⁷⁸ however, in many cases customisations can be avoided if business processes can change in line with

¹⁷⁴ Davenport, T.S. and Harris, J.C. 2007. *Competing on Analytics*. Harvard Business School Press, p. 161.

¹⁷⁵ Thomas, G.A. and Jajodia, S. 2004. Commercial off-the-Shelf Enterprise Resources Planning Software Implementations in the Public Sector: Practical Approaches for Improving Project Success. *The Journal of Government Financial Management*, 53(2):14.

¹⁷⁶ Kalakota, R. and Robinson, M. 2001. *E-Business 2.0 TT*. Addison-Wesley, p. 363.

¹⁷⁷ Haines, M.N. 2009. Understanding Enterprise System Customization. *Information Systems Management*, 26(2):182-198.

¹⁷⁸ Davenport, T.M. 2000. *Mission Critical*. Harvard Business School Press, p. 129.

standard modules. The key here is effective running of the implementation project governance including organisational change management. Haines argues that a lack of willingness to change and communicate business processes in line with industry standard modules is the most significant reason for unnecessary customizations. According to Finney and Corbett¹⁷⁹ the ability to manage change throughout an ES implementation is a critical success factor, not only to ensure leadership commitment but also to facilitate team dynamics.

Customisations are also sometimes embarked upon without proper benchmarking and can originate from a single instruction to an in-house ES programmer. Such customisations need overhauling when the ES version is upgraded. This happens about every five years. During such upgrades customisations can only be considered as within the scope of the project if the services of the in-house programmers (who designed the customisation) are still available. Alternatively the contracting of external consultants¹⁸⁰ (at significant extra expense) can be the only way to establish compatibility of the customisation with the later version of the ES. It is therefore argued that customisations should be avoided. In this regard Al-Mashari et al.¹⁸¹ mentions that many references in literature share the view that minimizing of customisations is a significant indicator for the success of an ES implementation.

The negative impact of upgrades is usually compounded by frequent management changes (in particular management responsible for ES's). This leaves a gap and disrupts the little coherence left by former upgrades in terms of lessons learnt and costly mistakes not to be repeated.

The negative impact of the phenomenon of questionable decisions around ICT implementations, particularly in bureaucratic and governmental settings (where rules and structure influence perceptions and actions), is clearly highlighted by

¹⁷⁹ Finney, S. and Corbett, M. 2007. ERP Implementation: A compilation and Analysis of Critical Success Factors. *Business Process Management Journal*, 13(3):32.

¹⁸⁰ Mahomed, Y. 2008. All systems go. *HR Future*, 10:5.

¹⁸¹ Al-Mashari, M., Zairi, M. and Okazawa, K. 2006. Enterprise Resource Planning (ERP) Implementation: a useful road map. *International Journal of Management and Enterprise Development*, 3(1-2):170.

Cordella and Iannacci,¹⁸² who also refer to the role of political agendas in such decisions.

It is therefore argued that a serious rethinking around the policies that govern information technology decisions (as operationally controlled and audited by system 3 and coordinated by system 2 according to the VSM) is needed. It is furthermore argued that, if TM and staff retention enjoyed the prominence it deserves, ES modules for recruitment would have been prioritised as equally important as an integral part of the initial upgrade scope. According to Hattingh¹⁸³ the organisational will and values should reflect a retention-minded attitude that should permeate through to ICT decisions. According to the VSM this means ideally a system 5 appreciation of the importance of TM and resulting updating of system 3 and 2.

4.2.5 Little means of identifying suitable internal candidates

As stated throughout this thesis, lack of advancement is a significant factor contributing to a resignation decision. This is confirmed in a recent South-African study by Nienaber et al.¹⁸⁴ that found that recognition and career management formed part of six reward categories that should be included in a total reward package.

In an effort to illustrate where the organisation under discussion is lacking in terms of identifying suitable internal candidates, the recruitment process is briefly outlined. The discussion is started with a reminder of what was stated in Chapter 3 about a low adherence to policies (including the recruitment policy). This leads to poor and sometimes token attempts at identifying suitable internal candidates.

Except in a few rare cases where a manager subjectively identifies a potential candidate, (and the employee is approached directly with an invitation to apply), an advertisement on the organisations intranet is generally relied upon as sufficient attempt to elicit reaction from potential internal candidates. This process often runs

¹⁸² Cordella, A. and Iannacci, F. 2010. Information systems in the public sector. *Science Direct*, 19(1):52-66.

¹⁸³ Hattingh, B. 2011. Don't sacrifice your talent management on the altar of technology. *HR Future*, 7:33.

¹⁸⁴ Nienaber, R., Bussin, M. and Henn, C. 2010. Attract retain and motivate talent. *HR Future*, 7:20.

concurrently with external advertising. It is argued that, advertising only on the organisation's intranet is unfair in itself because potential candidates who may not have access to the intranet (due to external assignments etc.) are excluded from the process.

Apart from the internet advertisement, there is no imperative or driven attempt to first consult potential internal sources such as portfolios of evidence, recently updated CV's or recently qualified employees (as appearing on the bursary and training catalogue). Other valuable sources such as recent interview data and development plans (appearing on performance agreements) are also not considered.

4.2.5.1 The absence of a structured talent pool

In the previous section some repositories of knowledge were mentioned that could be used in compiling a talent pool or talent inventory. According to Schweyer¹⁸⁵ *"Talent pools house the profiles of promising candidates that have been screened in as qualified by the system and/or recruiters. Employers can nurture relationships with these individuals in much the same manner as they might with customers or potential customers, through the use of personalized and automated e-mail, for example. The database must include, in addition to external candidates, current employees, candidates that current employees refer and select alumni - past employees that the organisation would like to bring back."*

According to Guarino¹⁸⁶ the advantages of introducing a robust talent growth engine in the organisation is as important as bringing in new talent. It is argued that the development of existing employees can only be effectively executed if talent pools are properly maintained. This is one of the ways in which *"The ability to retrieve meaningful data"* according to Dychtwald et al.¹⁸⁷ could be established. Another opinion in this regard is that of Kirsten¹⁸⁸ who suggests that the maintenance and reviewing of an agreed talent pool should be an integrative task of Exco and not just of HR.

¹⁸⁵ Schweier, A. 2004. *Talent Management Systems*, p. 42.

¹⁸⁶ Guarino, A.C. 2007. *Smart is not enough*. Wiley, p. 107.

¹⁸⁷ Dychtwald, K., Erickson, T.J. and Morison, R. 2006. *Workforce Crisis*. Harvard Business School Press, p. 94.

¹⁸⁸ Kirsten, K. 2009. High performance companies: what are the other drivers? *Management Today*, March, p. 28.

4.2.5.2 *Poor feed-back to internal applicants*

In the organisation under discussion the applications of internal candidates are first matched (according to qualifications and experience) against the minimum requirements as stipulated in the advert. The next step is to discuss the remaining applications with the management in the relevant area, where after a short list is compiled. From this short-list interviews are scheduled and the only applicants that are contacted or given feedback to are the interviewees who are notified via phone about the interview date.

Although a disclaimer below each advert states that only shortlisted applicants will be given feedback, no attempt is made to update the status of an advertised vacancy on the intranet for the benefit of all applicants. Hopeful internal candidates therefore need to try and update themselves, in most cases as an attempt to timeously ensure they are available on a possible interview date.

It is argued that this lack of feed-back to all internal candidates (at least at every stage of the process) leaves existing employees with a feeling of not being valued and that their contribution is not appreciated. According to Shaku¹⁸⁹ this is one of the main reasons why employees leave an organisation. The situation can, however, be addressed if the role of ICT in staff retention can enjoy a higher priority. If top management (System 5) could instruct System 2 (corporate support responsible for ICT and HR) to fully implement the recruitment module of the organisation's ESS, letters to all applicants would be generated at each applicable stage of the process.

4.2.5.3 *Recruitment practises not fair and transparent*

It is argued that, once the perception is established among existing employees that there is a lack of transparency, it leads to a loss of faith in the fairness of the process and a further reluctance to apply for advertised vacancies. Duffey¹⁹⁰ argues that, where trust and transparency issues contributed to a resignation decision, the resigning employee will probably not even mention it during a face-to-face exit

¹⁸⁹ Shaku, T. 2008. Selfless talent development. *HR Future*, 11:35.

¹⁹⁰ Duffy, A. 2011. Extract value from departing talent. *HR Future*, 7:36.

interview. Cillie-Schmidt¹⁹¹ argues that, if the company culture does not clearly value transparency, it will directly impact on feedback processes as well as on the talent framework. A fair recruitment process (according to Bessinger¹⁹² is one of the most basic HR interventions.

In the organisation under discussion fairness around the recruitment process is questionable for the following reasons:

4.2.5.3.1 If existing employees are not considered in the filling of vacancies

If only external media are used for advertisements, existing employees feel that the letter and spirit of the recruitment policy is not honoured. This policy clearly states that preference should be given to internal candidates before recruiting outside the organisation. It is argued that, even if a vacancy for a rare skill should be filled and there is no one in the organisation with the appropriate qualification or experience, that the vacancy should still be advertised internally. The advantages are two-fold: firstly the value of the networks of existing employees will be acknowledged. Secondly external candidates with potential (who are not necessarily in the job market and will therefore not see the advert) can be reached in this way. Wendover¹⁹³ argues that some of the most reliable employees can be appointed as a result of referrals. According to Billsberry¹⁹⁴ some companies even reward employees for successful referrals. In another publication, Brounstein and Visconti¹⁹⁵ devote a full chapter on tips for referral programmes.

4.2.5.3.2 Arbitrary appointments without following the normal recruitment process

This can happen as a result of a recommendation by a manager who may have a particular subjective preference for a certain individual. It can also happen that more than one vacancy arose after the publishing of the initial advertisement and

¹⁹¹ Cillie-Schmidt, L. 2009. Talent Management: an integrated framework for implementation. *Management Today*, Feb, p. 61.

¹⁹² Bessinger, R. 2008. Motivation for performance and retention. *HR Future*, 12:27.

¹⁹³ Wendover, R.W. 1991. *High performance Hiring*. Reid, p. 30.

¹⁹⁴ Billsberry, J. 1996. *Finding and Keeping the Right People*. Pitman, p. 106.

¹⁹⁵ Brounstein, B. and Visconti, R. 1992. *Effective recruiting strategies*. Crisp, p. 46.

the runners-up in the selection process are appointed without re-advertising. This is seen as unfair because employees present their candidature based on the number of vacancies advertised for a particular post. Slotting in runners-up (when new vacancies arise during the process) without re-advertising is therefore seen as unfair.

4.2.5.3.3 Disregarding recommendations and choosing a preferred candidate

This can take the form of either choosing someone who did not score highest during the interview panel or disregarding the recommendations after psychometric evaluations. As mentioned in previous sections this practice is not unique to the organisation under discussion and many such cases in government institutions can be listed purely by researching recent court judgements. Although most recent judgements of this nature centered on unfair appointments based on representivity or affirmative action decisions, it is quite common that applicants with disabilities are subjectively excluded from the recruitment process. This happens because the concept of reasonable accommodation for employees with disabilities has up to now receive little attention. It is argued that the reason for this phenomenon is lack of knowledge (among recruitment staff) about the ways of reasonable accommodation as stipulated in the Technical Assistance Guidelines (TAG)¹⁹⁶ for employees with disabilities (as launched by the Department of Labour in 2002).

4.3 POOR CAREER MANAGEMENT

The role of a job profile list, development plans and the matching thereof with the qualifications and experience of employees, form the basis of career development. Moreover, performance management can be a powerful tool towards this end.

Below follows a short discussion on each of these components.

4.3.1 Occupation profiles

¹⁹⁶ <http://www.labour.gov.za/documents/useful-documents/employment-equity/technical-assistance-guidelines-on-the-employment-of-people-with-disabilities> (accessed 18 June 2012).

It is argued that the departure point for any effort to do career management is the existence of a well-documented occupation profile list.¹⁹⁷ Each occupation should have a range within an occupational band as benchmarked and evaluated by means of generally accepted job evaluation instruments. According to van Zelm¹⁹⁸ this contributes (especially in organisations in the public sector) towards transparency and is crucial for the linking or identification of competencies and output associated with an occupation.

The job profile for every level (within the occupational band) of each occupation should include a description of the job content as well as the qualifications and experience needed to perform the job.

It is argued that career management should include continuous matching of arising vacancies (based on the job profile) with a list of possible internal candidates whose experience and qualifications match the requirements of the vacancy. According to Strack et al.¹⁹⁹ this can also eliminate possible future labour shortfalls in certain jobs and help to schedule training in time for job changes.

Proper career management should also include frequent career management counselling sessions that highlight possible avenues of development to employees and suggest relevant qualifications or types of job exposure that will yield the experience needed in case such vacancies arise.

In the organisation under discussion the job profile list is reasonably well maintained. What is lacking, however, is structured career counselling sessions and a way of matching what is available (in terms of the qualifications and experience of existing employees) with what is needed or will be needed shortly as informed by the HR plan. Lahti²⁰⁰ refers to this as talent decisions and argues that it is all about aligning the potential of employees with the needs of the organisation.

4.3.2 Unstructured data sources for matching candidates

¹⁹⁷ Tonsing, T. 2002. Establishing a strategy for development. *HR Future*, 11:23.

¹⁹⁸ Van Zelm, E. 2008. Job evaluation beyond the pay factor. *People Dynamics*, 26(8):24.

¹⁹⁹ Strack, R., Baier, J. and Fahlander, A. 2009. *Managing Demographic Risk*. Harvard Business Review, March, p. 84.

²⁰⁰ Lahti, K. 2011. Taylor-made tests for talent. *HR Future*, 7:30.

Although many sources exist from which potential internal candidates can be identified, these sources are not structured in a format that lends itself to easy retrieval through searches or data mining. Portfolio of Evidence (POE) data, for example are requested frequently but are stored, either in hard copy, or in an electronic format with no interface to other source data. Another example is data about development plans appearing on performance agreements. In this case, the development plans are captured for training needs purposes only.

The ES module for performance management, however, is only used to keep track of ratings, notch increases and bonus payouts.

Concerning the module designed for qualifications, the capturing of qualifications from less-known training providers (especially those abroad) using unfamiliar naming conventions made it difficult to ascertain the content and areas covered during the years of study, and its practical application. Most of these qualifications have been obtained before the introduction of the standardised NQF levels. Due to uncertainty around the authenticity of such qualifications they are often not captured up to such time as their authenticity can be established. For quite a number of years, this led to a situation where the qualifications module could not be considered as updated and it was therefore not used as a reliable source for identification of potential internal candidates. More recent qualifications, however, especially qualifications obtained through the bursary scheme are captured without delay.

Apart from tertiary qualifications employees also submit certificates for ad hoc courses (such as seminars, workshops etc.) to be captured on the ES module. Here the module is also used only for statistical and compliance purposes (to the requirements of the SAQA legislation) and not as a potential source towards the maintenance of a talent pool.

The ideal would be if employees could monitor and verify their qualifications via a qualifications link on the enterprise portal, but sadly this is one of the many functionalities of the enterprise portal that were not prioritised during recent ES upgrades. It is argued that, if employees and management has easy access to updated qualifications and course records, improved utilisation of new skills will

take place by assigning employees to projects and tasks where new skills could be applied.

A positive sign that needs to be mentioned is a recent change in bursary policy that makes it possible for employees to develop in areas not necessarily directly related to the objectives of their current job. This is in line with what Turner²⁰¹ refers to as the establishment of a “new type of contract” that leads to increased loyalty towards the organisation.

4.3.3 Inconsistencies in managing performance

One of the most important functions of a performance management system is to assist in the development process of employees. An important question to be answered in this regard, however, is how the improvement in performance as a result of development can be measured. In organisations where the overall success can be measured in indicators such as sales, profit, customer loyalty and brand value, a clear link can be made between the contribution or performance of employees and the success of the organisation as a whole. According to Morrison²⁰² the frequent communication of how the efforts of employees contributed towards the success of an organisation is a powerful motivator.

In government, however, it often happens that employees do not have a sense of how the client (other government entities or the tax-payer) perceive the organisation in terms of the relevance of its services. For this reason the contracting part of performance management (in government) often tend to focus on measurable job deliverables (such as number of reports / files processed) and not on the impact on, or contribution to the overall mandate of the government entity. A further complicating factor is the linking of performance to financial rewards, especially if the funds for such rewards are not linked to the overall better performance or higher earnings of the organisation.

It is argued that, where a fixed amount is available to be distributed for performance rewards, fairness will only be found in the stated philosophy of the

²⁰¹ Turner, P. 2002. *HR Forecasting and planning*. Cromwell Press, p. 216.

²⁰² Morrison, L. 2010. So what is a talent manager to do? *People Dynamics*, February, p. 16.

performance management policy. In practice, there are too many cases of subjectivity and different interpretations of the system to administer it fairly.

Earlier in this document reasons were given for loss of faith in the fairness of the recruitment process in the organisation under discussion. Similarly, many reasons can be given for loss of faith in the fairness of the performance management system. It is furthermore argued that the performance management system is for this reason seen by many employees as nothing more than an irritating administrative burden that should be dealt with as quickly as possible so as not to waste actual working time.

For this reason many such employees settle for an average rating because they simply do not find it worth their while to waste time in a fruitless performance rating argument. Arguing for a high performance rating is seen as fruitless because, in all probability, an above-average rating will be marked down by the moderation committee who need to ensure that (through a number-crunching exercise) overall ratings will fit within the allotted budget for rewards purposes.

On the other hand there are opportunistic employees who try their utmost to use the system to present themselves in the most positive light. Such employees will insist on the highest rating possible and would spare no effort and time in arguing their point and preparing accompanying documentation as evidence. Often such evidence is self-generated in the sense that they would ask an appreciative client to write a thank-you letter in this regard.

Another reason why the performance management system is seen as unfair is the awarding of average or even low performance ratings by a manager who does not understand the complexity and unique circumstances of some specialised occupations.

In this regard it is noted that a common issue raised during job satisfaction surveys is that the performance management system is perceived to favour support-related occupations and is not suited for measuring the performance of employees in specialised core occupation groupings.

It is therefore argued that the performance management system is not seen as a fair tool for purposes of career management and therefore contributes to the perception that career management is not actively driven.

4.4 SOME OBSERVATIONS BASED ON SYSTEMS THEORY

In the section that follows, the factors as discussed up to now will be matched and illustrated by means of the VSM and some organisational metaphors.

4.4.1 Applying the Viable Systems Model (VSM)

In an effort to apply the VSM and its five systems to the issues as discussed in this chapter, one of these issues (the poor management phenomenon) will be used as illustration.

System 1 (Operations) was dealt with in all cases where reference was made to employees (especially those in core business) who are affected as a result of flaws in one or more of the other four systems.

The poor management phenomenon, for example, affected these System 1 elements directly in the sense that it impacted on the motivation and overall output of operational / core business employees.

Systems contributing to this particular system 1 dilemma are listed as:

System 5 (policy) as informed by system 4 (development)

Here external factors (a change in legislation) lead to a change of focus in recruitment in terms of representivity based on colour.

System 3 (operational control) played its role in ensuring that the new policies (according to EE legislation) were followed. Concerning system 3 it can also be argued that a proper audit within system 3 was lacking because, if the true spirit and

philosophy behind some of the legislation was fully understood and adhered to,²⁰³ less deviations would have occurred.

System 2 (coordination) continued with the task of coordination and support. Things went wrong, however, when (as a result of duplication of structures) various versions of system 2 started losing the common interpretation of issues such as competencies needed for managers etc. It is argued that this subdivision of structures can be described as a form of variety engineering.

System 1 itself can also not be excluded for the role it played in the poor management phenomenon since the atmosphere in the workplace could have been tainted by prejudice (as discussed above under negative expectancy communication).

4.5 REFERENCE TO SOME ORGANISATIONAL METAPHORS

As mentioned earlier in this thesis, examples of certain metaphors appear in organisational literature. Reference will now be made of how these metaphors appear in the phenomena as discussed in this chapter.

- **Organismic metaphor**

In the beginning of this thesis, various types of organisations were discussed with the organismic metaphor as point of departure. In this chapter the relationship of a government department as organisational entity and its links with the legislative framework portrays it as an open hierarchical organism or open system.

- **Brain metaphor**

In previous sections many illustrations were given of the analogy between the VSM and the human brain. Reference was made to the autonomic functioning of systems

²⁰³ The Employment Equity Act, for example clearly stipulates that a thorough EE plan needs to be drawn up after extensive consultation with all role players and business units. The idea is that, through such consultation, issues such as unique work environments and reasonable deviation from representivity targets could be agreed upon and included in the plan. This was, however not done. It is therefore argued that the auditing feature of system 3 failed in this regard.

1 - 3 and it was compared to the autonomic functioning of bodily functions such as breathing, temperature regulation and blood circulation.

It was argued that systems 1 - 3 could carry on with their functions without direct daily control from systems 4 and 5. As discussed above, recruitment processes, although influenced at some stage by decisions on a system 4 and 5 level, continue on their own (representing systems 1 - 3) without frequent interaction with systems 4 and 5. When Morgan discusses this metaphor he also refers to holographic characteristics of the brain. This is a type of cross-connection and an ability for self-organising.²⁰⁴ It is argued that this is synonymous with the idea of recursion and is illustrated by decisions taken at lower level in various units without the need to consult upwards.

- **Machine metaphor**

In the discussion the machine-like characteristics were also referred to, especially in the context of the organisation being a bureaucracy and the consequent treatment of employees as cogs in a “machine”.

- **Culture metaphor**

In the discussion around the performance management system two types of employees were referred to. It is argued that a cultural perspective governs the thought processes of each group. Employees who do not want to spend too much time on their performance ratings has a longer view of their commitment with the employer, similar to the illustration that Morgan²⁰⁵ gives in his example of the Japanese work culture. It is also strongly suspected that these employees are longer serving and generally part of the older generation (generation X). On the other hand the type of employee who uses the performance rating system as a means to quick career advancement may support a more egocentric cultural view.

- **Political system metaphor**

²⁰⁴ Morgan, G. 1986. *Images of Organization*. Sage, p. 103.

²⁰⁵ Morgan, G. 1986. *Images of Organization*. Sage, p. 116.

It is argued that the phenomenon of cadre deployment as well as the phenomenon of ignoring/overruling recruitment policies are examples of this metaphor because it has to do with power or influence that can be wielded in an autocratic way, similar to the example that Morgan²⁰⁶ gives of the way Henry Ford used to run his company. It is also argued that the positioning of expertise and decisions made around the implementations of ES's can serve agendas related to power and not necessarily the greater good of the organisation.²⁰⁷

- **Psychic prison metaphor**

Earlier in this thesis mention was made of a particular type of employee that places a high premium on job-security, a stable work environment and reasonable career enhancement. It is argued that the psychic prison metaphor can be mentioned in the same breath when discussing such employees in the sense that the type of security and job tenure they find in a government department is a reflection of their own needs and a type of self-imposed imprisonment. Anything outside this comfortable environment is viewed as potentially dangerous. It is argued that the possible resentment towards the performance management systems among certain employees can be related to a personal belief-system. It is therefore argued that, labelling the performance management system as unfair can be a manifestation of what is referred to by Morgan as Displacement. This is "the shifting of impulses aroused by one person or situation to a safer target."²⁰⁸

4.6 SUMMARY AND CONCLUSION

In this chapter an attempt was made to link contributing factors as possible explanation for the perceived phenomenon of poor staff retention. Many references to literature on the topic were made and in conclusion an attempt was made to illuminate the phenomenon from a systems theory perspective. It is once again argued that the phenomenon of poor staff retention (now that the system characteristics have been pointed out) is not unique to the organisation under discussion. It is also clear that addressing the phenomenon would need

²⁰⁶ Morgan, G. 1986. *Images of Organization*. Sage, p. 145.

²⁰⁷ Morgan, G. 1986. *Images of Organization*. Sage, p. 169.

²⁰⁸ Morgan, G. 1986. *Images of Organization*. Sage, p. 106.

interventions on a higher level in a higher system of which the organisation under discussion is just a sub-system. In the chapter that follows, some ideas will, however, be shared on the feasibility of attempts in this regard.

CHAPTER 5

CONCLUSION

5.1 IN RETROSPECT

The journey through the literature on organisational theory, systems theory and talent management / staff retention gradually opened up a new perspective to the writer of this thesis. Perhaps the most important impression with which the writer is left at this point is that a solution for the question at hand is not as simple as thought when commencing this study. When initially embarking on the literature research the focus was on publications covering topics around systems and modules designed for TM. At the time it was believed that a dedicated system that was well implemented could address the question.

After departing on the journey through organisational theory, however, the notion of more deep-rooted issues peculiar to organisations in general and bureaucracies or government departments in particular opened new thought horizons.

The writer also realised that Enterprise Systems (ES's) as a concept has a relatively short history and only started winning field after the year 2000. One of the reasons for this was attempts to counter the possible effects of the two-digit dating convention that did not make provision for the year 2000 or Y2K.²⁰⁹ In subsequent years ES's were mainly used for Payroll, Logistics and Financial modules. Modules for recruitment only came on the scene later. It was therefore unrealistic to expect that the ES's in use in the organisation could yield the type of information needed for proper TM. Moreover, it is appreciated that (over the last decade or so) the advent of new global trends, emerging technologies and changes in the job market gave rise to the increased urgency for new ways of looking at staff retention.

It is also now understood that, if it was possible to implement a dedicated TM system (whether as part of an ES or a stand-alone module) the implementation

²⁰⁹ Davenport, T.M. 2000. *Mission Critical*. Harvard Business School, p. 11.

challenges and risks would have been as tainted with organisational dilemmas as the current ES's in use in the organisation.

Another realisation is that the implementation of any ES runs over a few years and even if a decision is taken to fully implement modules for knowledge management (KM), TM or recruitment, the advantages will only start showing a few years down the line.

When probing ways in which the study could have been approached differently, the idea of knowledge transfer seems to beckon for attention. It is therefore felt that the questionnaire should perhaps have included some questions to test to what extent the transfer of knowledge took place during the periods leading up to a resignation date. Evidence to this effect could have pointed to a more realistic picture of the negative impact of loss of human capital and the accompanying loss of *organisational internal memory*. This is referred to by Donate and Guadamillas²¹⁰ as "*knowledge stocks which are instilled in individuals or groups of individuals in the organisation - individual skills, routines, and culture*". Evidence on knowledge transfer could have also confirmed what Gaffoor and Cloete²¹¹ argues around the effects of high staff turnover on knowledge management and the loss of vital organisational knowledge. The writers argue in the same publication that "*organisations should implement people-centred KM strategies that foster learning, encourage sharing through motivation and teamwork and allow employees ample time to learn and reflect*".

5.2 KNOWLEDGE MANAGEMENT AS BASIS FOR TALENT MANAGEMENT

It is argued that, before trying to address TM, efforts should first be made to explore the role of KM in the organisation because some KM concepts will already go a long way in improving TM and staff retention-related information flows. As an example, the concepts of knowledge repository) and corporate yellow pages will be covered in brief.

²¹⁰ Donate, M. J. and Guadamillas, F. 2010. The Effect of Organizational Culture on Knowledge Management Practices and Innovation. *Knowledge and Process Management*, 17(2):82–94.

²¹¹ Gaffoor, S. and Cloete, G. F. 2010. Knowledge management in local government: The case of Stellenbosch Municipality. *SA Journal of Information Management*, 12(1):422.

According to Lehaney et al²¹² a knowledge repository is the electronic centralisation or pooling of all documents and reports of an organisation in such a way that it can be accessed from a single point for the purposes of extracting information about best practice and lessons learnt.

Corporate yellow pages (also known as knowledge maps) guide knowledge-seekers to locate people who possess the needed expert knowledge required. This can be a single page on the organisation's intranet and is (according to Davenport and Prusak²¹³) a summary of an employee's unique skills and role in the organisation.

In addition to these concepts, a few suggestions will be made (in the section that follows) on how practical interventions can be implemented to enhance recruitment and staff retention efforts.

5.2.1 Enhancement of the recruitment website on the intranet

A simple and practical way of establishing some sort of feed-back to internal applicants is to include a column indicating the status of each advertised vacancy on a recruitment website. Examples of a status can be:

Open: Meaning the cut-off date for applications has not been reached yet

Closed: meaning applications have closed

Short list: meaning the applications that will not be considered have been filtered out

Interview date: providing the date on which the interviews will take place

Status indications such as filled, cancelled/withdrawn etc. can also be included.

A simple instruction via e-mail to the webmaster is all it takes from a recruitment consultant to reflect the change in status. In the absence of automated letters this would be at least some sort of indication to internal applicants of the progress and

²¹² Lehaney, B., Clarke, S., Coakes, E. and Jack, G. 2004. *Beyond KM*. Idea Group Publishing, Hershey, p. 238.

²¹³ Davenport, T.H. and Prusak, L. 2000. *Working knowledge. How organisations manage what they know*. Boston: Harvard Business School, p. 17.

the probability of their inclusion. It can also contribute towards better time-management of recruitment consultants in the sense that it can lead to fewer interruptions through *walk-ins* and telephonic enquiries.

5.2.2 Creating a culture of frequent CV updating

By instilling a culture of regular on-line CV updating a climate of employee ownership around the relevance of their personal data will be enhanced.

A normal narrative CV compiled in rich text format or any other work-processing format lends itself to elementary searches much faster than paper-based CV's. A culture of frequent CV updating is more effective than the uncoordinated frequent appeals to re-submit CV's because, especially if CV updates are requested in hard copy employees realise that further processing will probably not happen. If, on the other hand, employees can have access to a soft copy of the last CV they submitted, and know it is kept in a central folder used for talent management searches it would convey a positive message that the organisation and HR in particular is serious in maintaining up to date employee records. On some ES HR modules an electronic version of the personal file is already available. It has been in use at Swiss Rail for some time now and not only saves hard copy storage space but also allows for easy retrieval.²¹⁴

A possible next step is to obtain software, which converts narrative CV's into pre-arranged CV formats according to which fields such as qualifications and experience can be populated automatically.

Using corporate yellow pages is not only a good idea for identification of individuals for redeployment or promotion purposes but also as a means of identifying individuals with knowledge and experience on certain topics. As an example, it would greatly assist someone struggling with (let's say a spreadsheet formula) if a quick search on the corporate yellow pages can be done on all employees with advanced spreadsheet experience.

5.2.3 Better coordination and knowledge sharing within HR

²¹⁴ Fink, A. 2010. *HR Transformation: The Value of a Digital Personnel File*. Saphila Conference, Sun City, 9 November 2010.

Better coordination within HR itself can lead to improved utilisation of survey data.

It often happens that various HR streams conduct surveys without sharing the findings in the interest of identifying common trends. As an example the HR structure responsible for Employee Assistance Programmes (EAP) can run a wellness survey while another HR structure administers a job satisfaction survey. (JSS). If the results from the EAP survey were not interpreted in conjunction with the results from the JSS, valuable pointers, which should have been registered on a central organisational climate indicator, would be lost or only known to certain individuals in the HR function.

Often issues such as management incompetence, poor career mapping, inappropriate or absent training programmes, dissatisfaction with the performance management system, insufficient operational resources (to name but a few) are mentioned during such interventions. The value of sharing knowledge around survey results can be directly related to retention in the sense that, if proper action is taken on such trends, possible frustration-driven resignations can be avoided. The same holds true for exit interview data

It is also argued that, if impressions from normal recruitment interviews could be documented in a way that facilitates knowledge sharing, it can be another valuable source of identifying suitable candidates for future vacancies.

5.3 THE FEASIBILITY OF A DEDICATED TALENT MANAGEMENT SYSTEM

Literature on the topic of TM is rich with examples of dedicated Talent Management systems (TMS's) such as Recruit soft, IQNavigator and Recruitmax. Most of these TMS's are so-called off the shelf modules and some can be linked to ES's such as SAP, Oracle and PeopleSoft. These ES vendors can, however, only run interfaces with such products by means of full web interface technology.²¹⁵

In the organisation under discussion the use of web interface technology is still in a very early stage and therefore not ready for the inclusion of a TMS.

²¹⁵ Schweier, A. 2004. *Talent Management Systems*, p. 5.

Moreover, it is argued that a firm foundation should first be in place in terms of KM practises, ICT governance and executive ownership of ES's, (especially concerning ES modules that can address TM issues) before dedicated TMS's could be seen as viable for the particular organisation under discussion.

5.4 CONCLUSION

Governments and their institutions are under increasing pressure to improve transparency and to adopt internationally accepted norms and standards. The World Bank and the IMF, for example insist on ever-stricter adherence to generally accepted accounting practices, financial transparency and the elimination of corruption.²¹⁶ Many South-African government institutions are already in a process to implement systems to help them in their quest to satisfy audit requirements and receive clean audit reports. The total wage-bill of the public service, however, is currently a cause for concern. The percentage of government budgets set aside for staff remuneration is in some cases disproportional to funds allocated for other expenses such as capital and operational expenditure.

It is therefore argued that government institutions will in future be under mounting pressure to improve their return on investment as far as it concerns total remuneration of staff.

To take the argument further, there is therefore a growing need for government institutions to improve HR practices with the aim of providing better value to the taxpayer in terms of improved service delivery. Implementing KM strategies (as supported by the Department of Public Service and Administration²¹⁷) will contribute positively to the better utilisation of staff. KM strategies will also have a positive influence on TM practises.

In conclusion, the recommendations as quoted below (with special emphasis on the last bullet point) highlight the importance of optimal TM practises:

²¹⁶ Friedman, T.L. 2000. *The Lexus and the olive tree*. p. 169.

²¹⁷ Matomela, B. 2008. Public service wide KM programme SA Cities Network / SALGA KM Workshop. East London, 7 February 2008.

“What is important to note is that public sector reform needs to be underpinned by the Constitution, Section 195(1) states that: Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

- *A high standard of professional ethics must be promoted and maintained.*
- *Efficient, economic and effective use of resources must be promoted and maintained.*
- *Public Administration must be development-oriented.*
- *Services must be provided impartially, fairly, equitably and without bias.*
- *People’s needs must be responded to, and the public must be encouraged to participate in policy-making.*
- *Public Administration must be accountable.*
- *Transparency must be fostered by providing the public with timely, accessible and accurate information.*
- *Good human resource management and career-development practices, to maximise human potential, must be cultivated.*

Government will play a strong role here, as it is being challenged to optimise technology for positive results, create mission success for its entities, and provide value for all citizens.”²¹⁸

5.5 VALUE OF THE STUDY FOR THE STUDENT

The research and literature study for this thesis took place over a period of five years while the writer was involved in various projects that included organisational restructuring, organisational diagnosis, as well as ES and ICT upgrades. In the latter two projects the involvement centered on organisational change management (the value of which cannot be under-estimated). The writer was often in situations where he could directly influence decisions based on the insights gained through his

²¹⁸ Cameron, R. and Thornhill, C. 2009. Public Service Reform in South Africa. *Journal of Public Administration*, 44(41):22.

studies. Often direction was needed in various forums and the writer could give informed opinions with confidence. This is seen as the most significant value of the study and leaves him with an intense sense of gratitude.

*"The self is empowered through trust, communication, and participation, which, in turn, bring about commitment (to people, institutions, projects, experiences). And commitment, in turn, connects the individual with others and with a sense of personal worth that brings a sense of self-fulfilment."*²¹⁹

²¹⁹ Vogt, J.F. and Murrell, K.L. 1990. *Empowerment in Organizations*. University Associates, p. 70.

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