INVESTIGATING FACTORS INFLUENCING EMPLOYEE RETENTION IN THE FINANCIAL SERVICES INDUSTRY

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AND

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DEPARTMENT OF BUSINESS MANAGEMENT

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Date submitted	: 16 November 2018
Place	: Port Elizabeth

DECLARATION

I **Selaelo Leshaba**, declare that this treatise entitled “investigating factors influencing employee retention in the financial services industry” is my own work, that all sources used or quoted have been indicated and acknowledged by means of completed reference, and that this treatise was not previously submitted by me for a degree at another university.

20 October 2018

Selaelo Leshaba DATE

I **Tembelihle Yase**, declare that this treatise entitled “investigating factors influencing employee retention in the financial services industry” is my own work, that all sources used or quoted have been indicated and acknowledged by means of completed reference, and that this treatise was not previously submitted by me for a degree at another university.

20 October 2018

Tembelihle Yase DATE

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EXECUTIVE SUMMARY

The financial services industry is important to the South African economy because it provides credit provision, employment and contributes to the gross domestic product (GDP) of South Africa. Through the roles employees play in their firms, they ensure the competitiveness of the financial services industry. Based on these roles, employee retention is important.

The primary objective of this study is to investigate the influence of predetermined variables on employee retention in the financial services industry. A quantitative paradigm was followed in this study to test the hypotheses. Researchers developed a self-administered questionnaire to collect primary data for this study. The sample of this study consisted of employees working in the financial services industry in Nelson Mandela Bay. The sample size for the study was 125 respondents from the financial services industry in Nelson Mandela Bay. Only 109 questionnaires were deemed usable due to incompletion of items related to the variables investigated in the study.

Researchers provided an extensive literature review focusing on the financial services industry and the factors that influence employee retention. The financial services industry is a place where clients and firms converge to exchange financial services. Clients and firms exchange their financial services through the banking sector, insurance sector and financial planning sector. The importance of employees working in firms competing in the financial services was also discussed.

Employee retention refers to the occurrence of employees remaining in their employment. A discussion of the factors that influence employee retention followed. This discussion identified several possible factors that influence employee retention, however, only four of these factors were utilised for further statistical testing. These factors included employee training, employee empowerment, employee appraisal systems and employee compensation.

The demographic statistics in the study included the gender of the respondents, followed by the age and the education level of the respondents. To attain more information from the respondents, information on their employment status and employment sector was also collected. This section concluded with the respondents length of time employed in the financial services industry and length of time employed in their current employment.

The main results from the empirical investigation indicated that respondents believe employee training, employee empowerment, employee appraisal systems and employee compensation have significant relationships with employee retention. The strongest relationship exists between employee compensation and employee retention. The weakest relationship is between employee empowerment and employee retention.

The results from the empirical investigation further allowed researchers to make recommendations. Firstly, for managers of firms competing in the financial services industry to increase their levels of employee retention they must benchmark salaries and rewards of employment positions with their competitors to ensure employees are satisfied and not underpaid. Secondly managers must ensure that employees attend regular workshops every time new financial solutions are launched by firms competing in the industry. Thirdly, employee appraisal systems should be conducted fairly and through the usage of technology to track and analyse the performance of employees. Fourthly, managers should deliver feedback to employees based on the results of the employee appraisal systems. Lastly, managers of firms in the financial services industry must make employees feel valued for their work efforts. A picture of the top performing employee in a firm should be displayed on a notice board for employee of the month.

To conclude, the study adds to current literature on employee retention by identifying factors that influence employee retention in the financial services industry. Furthermore, recommendations based on the factors are provided to assist managers in the financial services industry to retain their employees. The more employees are retained by firms the more competitive the financial services industry will be.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1. 1 INTRODUCTION AND BACKGROUND TO THE STUDY

The financial services industry is very important to the South African economy because it contributes to the Gross Domestic Product (GDP), employment levels and consumers' standards of living. The development of the financial services industry in South Africa will assist in the creation of economic growth and in the long run reduce poverty (Chikanda & Kupangwa 2013:1). The firms within the financial services industry add value to the industry. Van Rensburg (2014:167) explain that a firm may be considered competitive if it can compete successfully against its competitors. Firms need to be competitive in the financial services industry to continue contributing economically.

As stated by Hong, Kumar, Ramendran and Kadiresan (2012:60) employees are important and ensure the smooth running of firms. The quantity of products and services produced by employees directly influence the performance of firms and success in the industry (Mankiw & Taylor 2014:811). Firms will not be able to reach their goals and objectives without the productivity of their employees. Employees who are loyal to a firm form the foundation of a firm. Thus, employees play a crucial role in the success of firms (Gabancanova 2011:1) also in the financial services industry.

Thus, employees' outlook on their employment is critical and affects employee retention within the firm. Sinha (2012:146) explains that employee retention refers to how long employees stay in the firm. When employees of firms resign from their employment prematurely, their resignation negatively affect the firms' productivity, sales, products and services and profitability (Kwenin, Muathe & Nzulwa 2013:13). Firms also find it costly and time consuming to seek and train employees continuously (Kwenin *et al.* 2013:13).

Through retaining and refining the skills of employees, firms boost sales, productivity and profits and in the long run achieve a sustainable competitive advantage in the financial services industry (Van Rensburg 2014:168). It is therefore necessary to uncover variables that influence employee retention. To explain variables that lead to employee retention, Hong et al. (2012:61) suggests the consideration of motivational theories, because employees who are motivated stay longer at firms. Firms usually offer their employees guidance through employee training, employee empowerment, employee appraisal systems and employee compensation to motivate their employees to carry out their jobs (Hong *et al.* 2012:61).

1.2 PROBLEM STATEMENT

Employees within firms are dynamic and vital for a firm's success. Firms within the financial services industry are technologically driven, however employees are still required to run the technology (Chhabra & Sharma 2014:48). Within the financial services industry, employees face many opportunities to work for other firms. Opportunities of employment elsewhere present many difficulties for firms (AlBattat & Som 2013:62). One of the biggest difficulties facing firms is retaining skilled employees (Sinha 2012:146; Das & Baruah 2013:1). Research conducted by Pietersen and Oni (2014:371) indicates the South African financial services industry is characterised by high employee turnover. In support of this view, employee turnover statistics provided by the Barclays Africa Group Limited annual intergraded report (2016:32) reveals an upward trend of employee turnover from (11.7%) 2013 to (12%) 2015. Further on Capitec Bank Holdings Limited in 2013 had an employee turnover of (13.2%) (Capitec Bank Holdings Limited report 2013:14).

Retaining employees within firms is crucial because employees play an important role in driving client interactions and client service (Bowen 2015:4). Employees' knowledge and skills impact on a firm's ability to compete in the industry and contribute towards the economy, moreover employee retention in firms leads to increased sales and satisfied employees (Das & Baruah 2013:1).

Encouraging employees to stay within their firms for a long period of time is vital for the long-term health and success of firms in the financial services industry (Sinha 2012:146). Therefore, for firms in the financial services industry to realise their goals, variables that lead to employee retention must be investigated to ensure firms remain competitive within the financial services industry.

There are various variables which have been researched to assist firms in the retention of their employees such as employee training, employee empowerment, appraisal systems and employee compensation (Hong *et al.* 2014:66). The next section will seek to explore the influence of the above-mentioned variables on employee retention.

1.3 RESEARCH OBJECTIVES

The following primary and secondary research objectives have been formulated to address the research problem highlighted in the current study.

1.3.1 Primary objective

To help address the problem statement, the primary objective of this study is to investigate the influence of the predetermined variables on employee retention in the financial services industry.

1.3.2 Secondary objectives

The following secondary objectives have been formulated to help address the main objective of this study:

- To conduct a literature review on the South African financial services industry;
- To conduct an empirical investigation to determine the influence of the predetermined variables on employee retention in the financial services industry; and
- To provide conclusions and recommendations based on the results to managers of firms in the financial services industry on how to retain employees.

1.3.3 Methodological objectives

The following methodological objectives have been formulated to help achieve the above-mentioned primary and secondary objectives:

- Undertake a theoretical investigation into the nature and importance of the retention of employees within the financial services industry;
- Propose a theoretical framework that reflects the relationship between the independent variables (employee training, employee empowerment, employee appraisal systems, and employee compensation) and the dependent variable (employee retention);
- Develop an appropriate measuring instrument that will be used to empirically test the influence of the independent variables on the dependent variable;
- Source primary data from a predetermined sample of employees in the financial services industry in the Nelson Mandela Bay and to statistically analyse the data, as well as test the proposed hypotheses; and

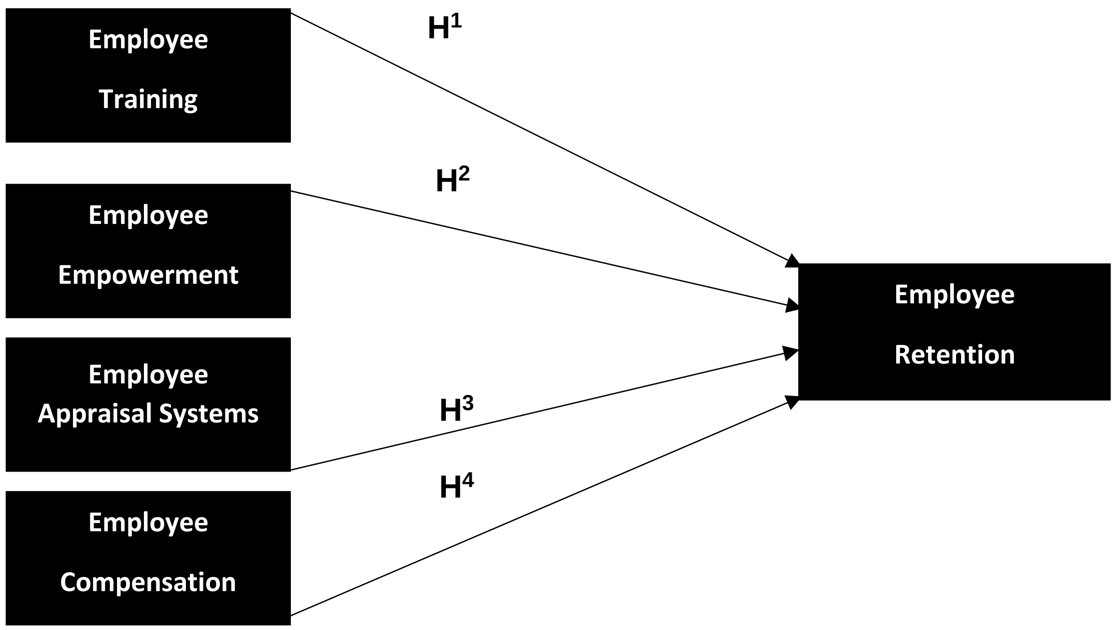
- Provide conclusions and recommendations based on the results of the current research, which will assist managers in the financial services industry to retain their employees for a long period of time.

1.3.4 Research question and hypotheses

The research question and hypotheses for the current study are as follows:

What are the variables within the financial services industry in the Nelson Mandela Bay that influence employees to remain in their employment?

Figure 1.1: Proposed hypothesised model – The predetermined variables that influence employee retention.



Source: Adapted from Hong et al. (2012:66).

The following research hypotheses are obtained from (Hong *et al.* 2012:62) and will be employed in the current study in context of employees in the financial services industry.

H^1: There is a significant relationship between employee training and employee retention.

H^2: There is a significant relationship between employee empowerment and employee retention.

H^3: There is a significant relationship between employee appraisal systems and employee retention.

H^4: There is a significant relationship between employee compensation and employee retention.

1.4 BRIEF LITERATURE REVIEW

Research by Hong et al. (2012:60) focused on employee retention factors within the educational industry. In the study, Hong et al. (2012:60) found that training and development, appraisal systems and compensation are significant to employee retention, employee empowerment was the least fundamental in their study.

Employee retention is the occurrence that employees remain in their employment at their firms (Cloutier, Felusiak, Hill & Pemberton-Jones 2015:120). Firms that do not retain their employees often have to incur recruiting costs, experience high employee turnover and this process also consumes time (Cloutier *et al.* 2015:119). Hong et al. (2012:63), and Sinha (2012:147) further suggest the following factors to influence employee retention in firms:

Employee training refers to the programmes provided by firms to enhance employee performance (Tracey, Hinkin, Tran, Emigh, Kingra, Taylor & Thorek 2015:346). Employee programmes are designed to create and sustain employee engagement and performance (Tracey *et al*. 2015:345). Training programmes are offered by firms to their employees through an organised method of learning and development to increase the employees and firms' productivity (Jehanzeb & Bashir 2013:243). Furthermore, research reveals that offering employees learning opportunities increases firm's potential to retain employees (Jehanzeb & Bashir 2013:248).

Employee empowerment refers to the power given to employees by their managers to share in the decision-making process and to enhance employee performance in their firms (Sok & O'Cass 2015:140; Yin, Wang & Lu 2018:1). According to Hong et al. (2012:64) employees that are involved in the decision-making process within their firms usually feel empowered and confident which creates a feeling of obligation to stay in the firm. Employee participation also increase the potential of retaining employees in firms in the financial services industry (Chikanda & Kupangwa 2013:

XII). More importantly employee empowerment assists firms to gain competitiveness and performance in the financial services industry (Yin, Wang & Lu 2018:1).

Employee appraisal systems also referred to as performance appraisal assists in assessing the employees' contribution to the firms through investigating employees' internal characteristics and working performance (Hong *et al*. 2012:65). Deepa, Palaniswamy and Kuppusamy (2014:72) support the above view in saying that performance appraisals are a structured system used to measure employees' job-related behaviour and provide information that may be used to improve the performance of employees in firms. In the study by Chikanda and kupangwa (2013: XII) the researchers discovered that to satisfy employees, managers need to recognise employee performance as well as to provide employees with feedback on how they can improve their performance within firms. Therefore, performance appraisals play a fundamental role in the retention of employees in firms (Hong *et al*. 2012:65).

Employee compensation according to Hong et al. (2012:64) exists both in monetary form and benefits, meaning that employees receive compensation in the form of salary and employee benefits. Most importantly compensation influences the quality of employees who stay within the firms in the financial service industry (Gupta & Shaw 2014:1). Chikanda and Kupangwa (2013: XII) propose that employees consider rewards as a form of satisfaction or a motivational factor in their employment. Furthermore, compensation affects the behaviour of employees and their pain tolerance, therefore employees that are fairly compensated are likely to remain in their firms (Gupta & Shaw 2014:1). If employees are not compensated fairly for their working efforts, employees will most likely leave the firms. Thus, compensation is an important factor that influences employee retention (Hong *et al.* 2012:64; Gupta & Shaw 2014:1).

Researchers of the current study will shift the attention from the educational industry to employees within the financial services industry of the Nelson Mandela Bay. The reason for the shift is to uncover variables that influences employee retention within the financial services industry of the Nelson Mandela Bay.

1.5 RESEARCH DESIGN AND METHODOLOGY

The research design allows the researchers to obtain information and responses to the research question guiding the study (Ntsane 2014:6). In support of this statement, Struwig and Stead (2013:63) explain that a research design is a brief outline of the gathering and analysis of the data collected in a research study. Furthermore, Struwig and Stead (2013:63) encourage researchers to make sure the proposal and methodology chapter correspond.

In this section the following topics will be discussed to achieve the objectives of the research study namely, secondary research; primary research; research design paradigm and methodology; population sampling and data collection; design of measuring instrument and data analysis.

1.5.1 Secondary research

Secondary data collection refers to data that has been already collected and made readily available to be used as a source of information (Clark 2013:57). According to Struwig and Stead (2013:82), there are three types of secondary data, namely, raw data which is data already collected; summaries of numbers, for example data supplied by South African Statistics; and written books and research documents supplying data, including treatises, dissertations, theses and journals.

In this study secondary data will be conducted on the importance of the financial services industry; the significance of retaining employees and the variables that influence employee retention. The secondary data will be obtained from textbooks, newspaper articles, and journal articles obtained from the Nelson Mandela University Library database, Google Scholar and Digital Commons.

1.5.2 Primary research

Wrenn, Stevens, and Loudon (2013) explain that primary data refers to information that is collected for the first time, specifically to serve the purpose of conducting research. The two methods of primary research are: observing people and asking questions (Struwig & Stead 2013:89). For the purposes of this study, primary data will be collected using self-administered questionnaires.

1.5.2.1 Research design, paradigm and methodology

A research design refers to the procedure or method that outlines how a study will be conducted (Hong *et al.* 2012:66). A research design consists of a research paradigm, which can either be qualitative, quantitative or both. Lewis (2015:473) explains that qualitative research is a process that utilises inductive data analysis to uncover new information about the meaning held by participants in a research problem. This type of research is suitable for understanding the context of a problem.

Quantitative research is a philosophy that focuses on facts and reality rather than subjective beliefs. Quantitative data is collected, quantified and analysed using statistical methods (Collis & Hussey 2013:5). On the other hand, Lewis (2015:474) explains that qualitative research is concerned with understanding the social situation around the participants' experiences. Qualitative research aims to clarify the changes in social facts through subjective measurements (Collis & Hussey 2013:5). In the current study, a quantitative research design has been selected. The study will be consistent of hypotheses that will be tested through an empirical investigation and this approach can only be achieved if a quantitative research is conducted (Struwig & Stead 2013:4).

Struwig and Stead (2013: 6) explain that there are various research methods that are adopted however the most common used to conduct quantitative research are exploratory research, which is useful for research projects that require addressing matters with high levels of uncertainty (Nardi 2018:11;Van Wyk 2012:8) experimental research or evaluation research addresses matters concerning causality (Nardi 2018:11; Struwig & Stead 2013:8) and descriptive research, which aims to provide accurate and valid representation of the research question (Van Wyk 2012:9).

Descriptive research aims to provide a real and correct description of a situation (Struwig & Stead 2013:7). This type of research focuses on the demographic traits of the selected respondents which will assist the researchers of the current study to identify the traits of a large number of respondents in a less difficult manner. Descriptive research consists of the use of a statistical method, which will assist the researchers of this study to investigate a few variables from a large number of respondents (Nardi 2018:11), making descriptive research an appropriate method for this study, (Struwig & Stead 2013:7). Therefore, descriptive research has been selected as the research method for the current study.

1.5.2.2 Population, sampling and data collection

The collection of primary data calls for decisions to be made on the target population, sample frame and sample.

The target population as explained by Hong et al*.* (2012:67) refers to the specified group of people selected to respond to the questions posed in the questionnaires provided by the researchers. As a rule of thumb to attain the sample size for a study, the following formula may be used and applied by researchers: 5 x number of variables multiplied by 5 x items multiplied by 5 x respondents = sample size (Sibanda 2017). After applying this formula for this study, a sample of a hundred and twenty-five (125) respondents who are employees in the financial services industry in the Nelson Mandela Bay has been selected.

A sample frame is also referred to as a source list, this consist of all the members of the target population, and the source list must be representative of the population selected as much as possible (Parfitt 2013:96). For this study a sample frame is unavailable.

Sampling methods are used to select the target population of the study. There are two main sampling methods, namely, probability sampling and non-probability sampling (Singh & Mangat 2013:7). Probability sampling indicates that everyone in the population has a chance to be included in the sample (Parfitt 2013:97). Non-probability sampling entails that the researchers purposefully select the respondents for the sample based on their personal judgement (Parfitt 2013:97). Further on, non-probability is the type of sampling method where samples are selected in a way that not everyone is included in the sample frame (Etikan, Musa & Alkassim 2016:1). For the current study, a non-probability sampling method has been chosen. This sampling method has been chosen because it is convenience and affordability for the researchers.

There are various techniques used to conduct non-probability sampling, including, convenience sampling which refers to a sample selected solely on the availability of respondents, the selection is made on respondents that are accessible and cooperative (Struwig & Stead 2013:116); Judgement sampling also referred to as purposive sampling, entails researchers of the study deciding on what the study requires then setting out to find respondents based on expert judgement (Etikan *et al*. 2016:2); Furthermore, Quota sampling basis the selection of a sample on certain characteristics, this type of sample requires the respondents to comply with the criteria set by the researchers (Acharya, Prakash, Saxena & Nigam 2013:332); and lastly Snowball sampling involves the selection of additional respondents through the information provided by initial respondents chosen previously through another sampling method (Acharya *et al.* 2013:333).

In this study, a convenience sampling technique has been chosen to conduct non-probability sampling. The target population of this study is the employees in the financial services industry in Nelson Mandela Bay, thus it will be simple for the researchers to conduct a convenience sampling technique to obtain information from respondents who are accessible and available.

1.5.2.3 Design of measuring instrument

The research instrument used by the researchers of this study is a self-administered questionnaire survey (Struwig & Stead 2013:90). The structure of the employee retention questionnaire will be simple. The questionnaire will include a cover letter from the researchers which provides details about the purpose of the study and provide the respondents with the instructions on how to complete the questionnaire. Most importantly, the cover letter will inform the respondents what will happen to the information once it has been collected and ensure the respondents of their anonymity.

The questionnaire will comprise of three sections:

- Cover letter
- Section A (focuses on the factors that influence employee retention); and
- Section B (focuses on the demographics of each respondent).

The format and structure of the questionnaire will now be discussed. There are various types of responses to questions posed in a questionnaire (Rowley 2014:314; Struwig & Stead 2013:95) namely:

- Open-ended questions where the respondents are required to answer questions freely using their own words and communicating their thoughts;

- Multiple-choice questions where the respondents are given clear options to choose from, for their responses;
- Checklist questions which refers to a set of points given to respondents to rate according to a set criterion;
- Dichotomous questions which allows the respondents to choose between two options, the options are clear, and the data compilation is easier;
- Scaled-response questions which assists in collecting information that is based on the respondents' attitude and perception; and
- Ranking questions, which are the questions provided as a list of items given to respondents to rank according to a scale from the least important to the most important.

To carry out this study Likert-type scale statements and multiple-choice questions were deemed the most appropriate. The researchers will employ a five-point scale that ranges from strongly disagree to strongly agree in section A of the questionnaire. Furthermore, the researchers have chosen to employ multiple choice questions in section B of the questionnaire to capture the demographic data of each respondent.

1.5.2.4 Data analysis

This section focuses on converting the primary data collected into information that can be functional to the study (Blumberg, Cooper & Schindler 2014). In support of this view Amoah (2016:132) encourages researchers to sort the data through organising and coding. This initial step will make the research analysis process a lot smoother.

Once the primary data has been collected, the data will be analysed (Plooy-Cilliers, Davis & Buzuidenhout 2014:210) using the following steps. Firstly, the researchers will manually capture the data on Microsoft Excel and thereafter use Statistica to draw descriptive and inferential statistics. Statistica is an interactive software program that allows its users to easily perform statistical analysis using a spreadsheet-based philosophy to manipulate the data (Marques de Sa 2007:21).

Secondly, descriptive statistics will be calculated. Descriptive statistics is when collected data is organised and summarised in a manner that is easy to understand (Zikmund, Bain, Carr & Grifffin 2013:458). Descriptive analysis involves the calculation of frequencies, central points, averages and ranges. The central points of the data collected may be expressed through the mean. The mean is a sum off the data points divided by the number of data points (Plooy-Cilliers *et al.* 2014:210). Means will be calculated to on the independent variables of the study.

Thirdly, it is important to test the validity of the measuring instrument. This refers to the extent to which the measuring instrument measures what it is intended to measure. To help test the validity, researchers have selected face validity and criterion-related validity. According to Struwig and Stead (2013:146) respondents in the research may question completing the questionnaire if the items of the tests do not measure their intended purpose. Face validity according to Chikanda and Kupangwa (2013:12) entails asking experts in the area on how well the measure fits in the investigation. Criterion-related validity is used to test the relatedness of two or more variables that seem to correspond (Struwig & Stead 2013:147). For the purposes of the study, validity will be measured using exploratory factor analysis (EFA). Struwig and Stead (2013:148) explain that EFA is used to find out which variables are correlated with each other and which variables are independent of each other. Furthermore, Pearson product correlations will be adopted as a correlation approach that will help to determine the criterion-related validity that tests the correlation between variables (McCormack & Smyth 2016:46).

Fourthly, it is also important to measure the reliability of the measuring instrument. To help measure the reliability of the measuring instrument, researchers have selected a Cronbach-alpha coefficient. The Cronbach-alpha coefficient is particularly useful when the respondents respond to items on multiple levels such as in Likert type scales where responses range from “strongly agree” to “strongly disagree” (Struwig & Stead 2013:141).

Lastly, measuring the relationship between the independent variables and dependent variable. Researchers have selected multiple regression analysis as method to carry out the hypotheses test. Multiple regression analysis as explained by (Gaurav 2011:3) is a statistical technique that helps researchers assess the statistical significance the estimated relationships. Multiple regression involves a single dependent variable and several independent variables (Gaurav 2011:3).

1.6 SCOPE AND DEMARCATION OF THE STUDY

The current study had to be limited geographically to the Eastern Cape, in Nelson Mandela Bay. The focus of the research is the financial services industry in the Nelson Mandela Bay. The research study is limited geographically in order for the researchers to have the ability to manage the workload of the study successfully. The following section presents the detailed structure of the study.

Chapter one presents an introduction and orientation to the current study followed by the purpose, objectives and hypotheses of the research. Chapter one also provides a background of the factors that lead to employee retention within the financial service industry. The chapter further introduces the primary and secondary sources used in the completion of the study and also an introduction to the research methodology. Thereafter, the definition of the most important terms used in the current study.

Chapter two focuses mainly on employee retention. The factors possibly leading to employee retention will be discussed. The factors to be discussed include employee training, employee empowerment, appraisal systems and employee compensation. At the end of this chapter, the need and importance of employee retention within firms operating in the financial services industry will be highlighted.

Chapter three, will present a discussion on the financial services industry linking it with employee retention. A discussion of the role players (banks, insurance and financial planning) in the financial services industry. The importance of the financial services industry in the South African economy will also be highlighted in the discussion.

Chapter four presents a discussion of the research methodology used in the empirical investigation of the study focusing on the research design, paradigm, data collection methods and techniques. The chapter will also explain how the data will be analysed statistically.

Chapter five will present the empirical results of the study. The outcome of the study will be given according to the influence of the predetermined variables on employee retention within the financial services industry in Nelson Mandela Bay.

Chapter six will include a summary and conclusion of the study which will be followed by recommendations to the financial services industry based on the outcome of the empirical investigation.

1.7 CONTRIBUTION OF THE STUDY

The study will contribute to the efficiency of firms in the financial services industry retaining their employees for a long period of time. When firms retain employees for a long period of time, it will increase the productivity, service quality, sales and profit of the firm. Firms within the financial services industry will be more competitive and contribute greatly to the economy of South Africa. The study will also contribute to the knowledge of managers in the financial service industry on how to treat their employees in order to retain their employees for a long period of time.

1.8 DEFINITION OF KEY CONCEPTS

Table 1.1 reveals the definition of key concepts.

Table 1.1 Definition of key concepts

Concept	Sources
Employee retention Refer to how long employees stay employed at a firm.	Goldstein, Pulakos, Goldstein, Passmore and Semedo (2017:10); Sinha (2012:146); Terera and Ngirande (2014:481).
Employee training Refers to the programs offered by a firm to ensure its employees are confident enough to execute their daily tasks because of their gained skills and knowledge.	Meng and Arunkumar (2018:1) (Tracey *et al.* 2015:346); Zhang, Yu & Lv (2017:1).
Employee empowerment Refers to the power given to employees in a firm to determine how they execute a task.	Elnaga and Imran (2014:14); Fernandez and Moldogaziev (2015:376); Sok and O'Cass (2015:140); Yin, Wang & Lu (2018:1).
Employee appraisal systems Refer to the evaluation of employees' efforts to contribute to the firm through assessment of characteristics and working performance.	Bednall and Sanders (2014:46). Hong et al. (2012:65); Kim and Holzer (2016:1).
Employee compensation Compensation is money received by an employee from an employer in the form cash and other benefits such as pension and life insurance.	Gupta and Shaw (2014:1); Hong et al. (2012:64); Suri (2016:99).
Financial services industry The financial industry is an arrangement where lenders and borrowers convey in the aim of exchanging financial services through banks, insurance, and financial planning firms.	Armstrong, Guay, Mehran and Weber (2015:32); Chikanda and Kupangwa (2013:1).

1.9 STRUCTURE OF THE STUDY

Table 1.2 reveals the structure of the study.

Table 1.2: Structure of the study

Chapter	Heading
Chapter 1	Introduction to the study
Chapter 2	Financial services industry
Chapter 3	Employee retention
Chapter 4	Research methodology
Chapter 5	Empirical results
Chapter 6	Summary, conclusions and recommendations

1.10 STUDY TIME FRAME

Table 1.3 reveals the study time frame.

Table 1.3: Research study time frame

Date	Submission
19 Feb – 11 Mar	Preparing a research proposal Submit: first draft research proposal 12 March 2018
12 Mar – 18 Mar **EBML410 A01**	**Topic, Research problem, objectives and research design** **Submit: 19 March 2018**
   4 April – 15 April **EBML410 A02**	After receiving feedback on first draft Submit: second draft research proposal 4 April 2018 **Proposal** **Submit: 16 April 2018**
16 April – 1 May After feedback **14 May – 20 May** **EBML410 A03**	Preparing a literature review: chapter 2 and 3 Submit: first draft literature review 2 May 2018 Submit: second draft literature review 14 May 2018 **Literature review and turnitin report** **Submit: 21 May 2018**

TABLE 1.3: Research study time frame (cont.)

Date	Submission
22 May – 6 Jun After feedback	Methodology chapter and questionnaire draft Submit: first draft methodology and questionnaire 7 June 2018 Submit: second draft methodology and questionnaire 18 June 2018
18 Jun – 15 Jul After feedback	Submit: first draft empirical results chapter 16 July 2018 Submit: second draft empirical results and draft final chapter 30 July 2018
After feedback 9 Aug – 26 Aug	Submit: final empirical results and second draft of final Chapter – 8 August 2018 Submit: first draft of full treatise
September October	Submit: final results chapter 10 September 2018 Submit: second draft of full treatise 8 October 2018 Submit: final ringbound treatise 26 October 2018
November	Submit: word and pdf copies of final treatise 5 November 2018

The study time frame was formulated through an agreement between the researchers and supervisor as well as the co-supervisor. This study time frame outlines what portion of the treatise should be completed and when it should be submitted.

CHAPTER TWO

THE FINANCIAL SERVICES INDUSTRY

2.1 INTRODUCTION

The previous chapter provided a background, problem statement, research objectives and a brief literature review. The main objective of this study is to investigate the predetermined factors that lead to employee retention to ensure that firms in the financial services industry remain competitive and continue to contribute to the economy of South Africa. Before measuring factors that lead to employee retention it is important to understand the financial services industry.

Chapter two presents a discussion of the financial services industry and the sectors present within the financial services industry. The main sectors that are discussed is the banking sector, insurance sector and financial planning sector. The abovementioned sectors cannot remain competitive and contribute economically without the retention of employees in the firms. The importance of the financial services industry follows, and the importance of employees working in firms in the financial services industry is also presented.

2.2 THE FINANCIAL SERVICES INDUSTRY

The financial services industry in South Africa is diverse with several sectors as contributors. The financial services industry is where lenders and borrowers interact with the aim of exchanging financial services through banks, insurance, and financial planning firms. This section will discuss the following sectors: banks, insurance and financial planning.

2.2.1 Banking sector

This sector is formed by banking firms that are vital institutions in the economy. Banks play a fundamental role in the economy through offering services for their clients to save and to get finance to either invest or expand their wealth (Pettinger 2017; Zenzem, Guesmi & Ftouhi 2017:785). According to Chikanda and Kupangwa (2013:32) banks are firms that bring together borrowers and lenders in a legal and safe environment. Banks interact with clients and offer the following services to their clients: access to money, money management and cash deposits.

When clients open bank accounts with their respective banks, clients gain the ability to access and manage their money at their own convenience. Clients access and manage their money through Automated Teller Machines (ATMs), bank branches, call centres and digital banking (Telkom 2015:4). Digital banking is growing in the banking sector because clients have a need to be continuously in touch with one another. Technology makes this possible. Their need of being in touch with one another has driven banks to provide mobile banking and online payment channels (Liveperson 2013:3). These channels have special features that allow clients to manage their own money, access all their accounts, create budgets, access debt management tools, receive regular updates on account activities through emails and text alerts and access to income statements (Liveperson 2013:3).

In the modern society clients no longer see the need to keep their money at home, clients rather use banks to deposit and to keep their money safe (Pettinger 2017). A deposit is an amount of money paid into a bank by a person or firms (Ministry of Corporate Affairs Notification 2014:2). As part of their function, banks accept and process deposits from their clients, and regulate the flow and usage of money in the economy (The Banks Act no.94 of 1990). Furthermore, banks use the deposits as a form of funds to issue loans to other clients at an agreed interest rate (Borst 2013:1).

The banking sector is regulated and controlled to ensure it runs smoothly and transparently in the financial services industry. Banks in South Africa are regulated and controlled by the Central Bank which is known as the South African Reserve Bank (SARB). SARB has 717 registered banks under its supervision, 3 mutual banks, 2 co-operative banks, 15 local branches under the ownership of foreign banks and 39 approved foreign banks (Bank SETA 2017:14).To ensure the good state of the economy, SARB has the following role in the banking sector: to issue and manage the country's currency, monitor and control the money supply, take deposits between financial institutions, supervise banking operations, monitor and manage the country's international reserves and act as the banker to the government. SARB supervises all the banks of South Africa.

These banks include the Amalgamated Banks of South Africa (ABSA), African Bank, Al Baraka Bank, Bidvest Bank, Barclays Africa Group, Capitec Bank Holdings, First National Bank, Grindrod Bank, HBZ Bank, Investec Bank, Nedbank Group, Sasfin

Bank, Standard Bank Group, and Ubank Ltd. The market share in the banking sector is held mainly by four banks, which are also known as the “big four”. The big four banks include ABSA, First National Bank, Standard Bank and Nedbank with a market share of 20%, 20 %, 25%, 17 % respectively (The Banking Association of South Africa 2014:3).

Alone the banking sector in South Africa employs over 160 000 employees. These employees are at the core of their firms and work as managers, clerks, administrators, technical associates and sales consultants (The Banking Association South Africa 2014:7). Standard Bank, ABSA, First National Bank and Nedbank are the biggest banking firms in the banking sector with 54 767, 30 739, 38 216 and 32 401 employees respectively (Writer 2017).

2.2.2 Insurance sector

The insurance sector focuses on allowing clients and firms to protect themselves against risks, damages and losses arising from an occurrence of an insured event. Clients and firms pay a premium on a regular basis as part of their agreement with their insurance firms (Lester 2009:1). Furthermore, insurance firms deal with the management of insurable risks and the compensation allocated to a loss transpired from an event (Hufeld, Koijen & Thimann 2016:6). Insurance firms through the usage of scientific and mathematical theories and calculations provide cover for a range of risks. These risks include natural disasters, environmental, hazard, life and disability, and standard property risks (Lester 2009:1).

In South Africa, the insurance sector is divided into two components: long-term and short-term insurance. Long-term insurance provides insurance cover for a period of over five years. Categories of long-term insurance includes life insurance, term insurance, medical insurance, fund insurance and disability insurance (Lai 2016:31). On the other hand, short-term insurance covers the costs of an insured person or firms in the event where their assets are stolen, damaged or lost. Categories of short-term insurance include property and casualty insurance, motor vehicle insurance, and events occurring from theft, flooding or fire (Gore & Swartzberg 2012:2).

As part of their function, insurance firms are required to manage risks efficiently, facilitate financial transactions, generate savings, ensure the reduction of loss implications and allocate capital efficiently (Ian, Martin & Harold 2017:5). However, insurance firms tend to be expensive as risks are rapidly increasing (Sadgrove 2016:21).

As an effort to promote smooth running of the insurance sector in the financial services industry, the Constitution of South Africa issued the Insurance Act in 2017 where a legal framework of the regulations and supervision of the sector was drafted and implemented. The act ensures that insurance firms adhere to stipulated regulations that activities performed by insurance firms are sound and safe, that policyholders are protected, ensures all South African clients and firms receive access to insurance, promote transformation in the insurance sector and ensure financial stability.

There are many insurance firms in South Africa. These firms are Discovery, Liberty, Old Mutual, Sanlam, Santam, Hollard, Mutual and Federal, Guardrisk, Outsurance, Amalgamated Banks of South Africa (ABSA), International group Inc (AIG), Escap, Zurich, Telesure, and others. The top four insurance firms in the short-term insurance sector are Santam, Hollard, Mutual and Federal and Outsurance with a market share of 24%, 11%, 9%, and 8% respectively (KPMG 2017).

2.2.3 Financial planning sector

The financial planning sector is concerned with the practice of providing safe and sound individual financial advice and services to clients and firms (Lai 2016:28). The role of financial firms is to perform intermediary functions for clients and firms with the purpose of aligning their products and services to the needs of clients and firms using their employees' knowledge and experiences (Lai 2016:31). To ensure the smooth running of the financial planning sector in South Africa, the financial planning sector is highly regulated by governmental laws and regulations such as the Financial Advisory and Intermediary Services Act (FAIS) (Tillery & Tillery 2017:20). There are three types of financial advisors, these advisors include: insurance agents that operate in insurance firms, wealth managers who are employed by banking firms and independent financial advisors who work with independent financial advisor firms (Lai 2016:31).

In performing their duties, financial planning firms are required to engage with their clients and develop trustworthy relationships (Tillery & Tillery 2017:3). During engagement, the financial planning firms inform the clients about the products and services that are ideal for the clients. Terms and conditions are explained to the clients.

Examples of these terms and conditions includes the length of the relationship between the financial planning firms and their clients, how the financial planning firms will be compensated, and who will compensate the financial planning firms for their services (Tillery & Tillery 2017:3).

Upon engaging with their clients, financial planning firms collect information pertaining to their clients and then use that information along with their professional expertise to determine the financial needs and goals of their clients (Tillery & Tillery 2017:4). Once financial planning firms collect information on their clients, the second step is to analyse the financial status of their clients. In the third step financial planning firms determine the steps to take to achieve the financial goals of their clients (CFP Board 2018). The fourth step is when financial planning firms offer recommendations based on the information obtained from their clients. In addition, financial planning firms inform the clients of the reasons behind the recommendations and attend to any queries the clients might have regarding the recommendations (CFP Board 2018).

Financial planning firms offer the following services to their clients, cash flow planning, risk management and insurance planning, retirement planning or financial independence, investment planning, estate, gifts and wealth transfer planning, elder planning, charitable planning, education planning and tax planning. There are many financial planning firms in South Africa. These firms include South City Financial Planners, Old Mutual Personal Financial Planning, Consolidated, Ambition Financial Services (Pty) Ltd, Advice Worx, Efficient Wealth, Investec, Pw Harvey& Co, Kevin Mills Financial Service, Fussell and Associates and South Wood Financial Planning.

2.3 IMPORTANCE OF THE FINANCIAL SERVICES INDUSTRY

The financial services industry plays several key roles within the South African economy. The financial services industry is important because of the roles that they play in facilitating credit provision, liquidity and risk management. These roles will now be explained.

The financial services industry is important because it facilitates credit provision within the economy (Baily & Elliot 2013:1). Credit provision is the activity where money is made available to clients and firms that need funds to cover their assets and potential obligations that have not been realised yet (Pariente, 2017). Clients sometimes need money to buy a house or a vehicle. Firms on the other hand may need money to fund their operational expenses and investments. Credit provision takes place through banks (Pariente, 2017). Firms can invest in other firms beyond the amount of investment that they currently hold, and households are able to purchase products and services without saving the entire cost (Baily & Elliot 2013:1). From 2007 to 2016 South Africa has seen an increase in the number of clients who have been granted credit provision. During 2007 there were 17 million credit active clients and in 2016 that number grew to 24 million credit active clients in South Africa (BusinessDay 2017). It is important for clients to have access to credit, so they can start their own businesses which in turn assist the growth of the economy (Botha 2014: viii). Despite the increased number of active credit clients in the country, many South African citizens due to the high level of unemployment are unable to access formal credit because they lack the security to be considered and granted credit (Botha 2014: viii).

The financial services industry is further important because it facilitates liquidity provision in the economy. Liquidity provision refers to the cost of time and expense of buying and selling an asset for cash (Dudley 2015). These costs include direct transaction such as fees, broker costs, price of conducting a transaction, the speed at which transactions are completed and cash is received (Dudley 2015).

The financial services industry also provides risk management services through insurance firms. The concept of risk refers to the likelihood of something unpleasant that occurs and damages an asset or investment creating a financial deficit (Central bank of Nigeria 2014:3). Risk management is the process of identifying an actual or potential risk before it occurs through continuous development of programmes aimed at reducing risk through control and assurance measures (Central bank of Nigeria 2014:3; Hough *et al*. 2011:341). There are many types of risks. These risks include human resource risk, technology risk, physical and operational risk, accidents and natural causes (Central bank of Nigeria 2014:3; Hough *et al.* 2011:341). Insurance is a technique that finances loss exposures and is a part of managing risks (Central bank of Nigeria 2014:4). Many firms and clients can insure their assets from risks that arise in the financial services industry through firms in the insurance sector (Baily & Elliot 2013:1). As a result, the insurance sector alone paid out R395 Billion in 2014 and R412 billion in life insurance benefits to their clients in South Africa (Hippo 2016).

The financial services industry is further important because of its contribution to the GDP, employment level and the standard of living in the country. In terms of contribution to GDP, the financial services industry contributed 0.4 % to GDP growth in 2016 despite overall GDP falling by 1.2% (The banking sector skills plan report 2018:14). The banking sector offers employment to 67% of the employees in the financial services industry (The banking sector skills plan report 2018:25). According to Reader (2017), high levels of employment are beneficial for a country because it means that unemployment levels are decreased. When unemployment levels are high in a country it causes social problems such as crime and stress (Reader 2017). Furthermore, the effects of poverty are decreased when there is employment (Reader 2017). Through employment, government receives an opportunity to increase income tax and reach the potential output of the economy (Reader 2017).

2.4 IMPORTANCE OF EMPLOYEES WORKING IN FIRMS IN THE FINANCIAL SERVICES INDUSTRY

Employees are the backbone to firms. The critical role played by employees working in firms in the financial services industry shows the importance of employees. In this section the roles played by employees in firms in the financial services industry will be discussed and presented.

Employees have a role to provide a service to their clients (Centre 2015:8). Within firms in the financial services industry employees provide services on behalf of their firms to clients to satisfy their clients' needs and wants. A service is explained by Surbhi (2015) as an act of performance for clients. Services have the following characteristics: services cannot be returned when they have been provided, cannot be separated from their service providers, cannot be stored, services are intangible, and ownership of services cannot be transferred (Surbhi 2015). Services offered by firms in the financial services industry provide clients the chance to obtain financial account information, conduct transactions and make payments for products and services (Consumer mobile financial services report 2014:4).

Employees have a role to represent their firms' brands to their clients (Centre 2015:8). A brand is a symbol, term, design or a combination of them (Maurya & Mishra 2012:123). A brand is not limited to just a term or design, it can also be any other feature or entity. Firms develop brands to differentiate their services from their competitors. Clients view employees as symbols or brand ambassadors that represent various firms in the industry. Brands are important because clients interpret brands as a personality which they form a relationship with. The relationships between employees (brand ambassadors) and clients impacts on the satisfaction of clients (Crawford & Riscinto-Kozub 2010:36). Satisfaction is an important element in the financial services industry, as it affects the likelihood of clients to return or not return to the same firms to conduct their business (Crawfird & Riscinto-Kozub 2010:36). To achieve client satisfaction, clients must be fully satisfied with the quality of the brand and their experience of the manner services are presented to them.

Employees have a role to market their firms during their interactions with their clients (Centre 2015:8). Iyamabo and Otubanjo (2013:17) explain marketing is concerned with establishing and maintaining relationships with clients and other stakeholder of firms with the intention of creating an increase in profits and assistance in achieving the objectives of a firm. Interestingly, Burnett (2008:4) explains employees within the financial services industry are considered as marketers because these employees are positioned at the helm of convincing clients that their firms' products or services comes closest to meeting their needs and wants at that time.

James M McCormick, president of First Manhattan Consulting Group commissioned several mystery shoppers to ask his financial employees as clients why they should choose this bank over other banks in the industry (competitors). James noticed that two out of three employees could not answer this question. His employees simply said nothing or made something up (Financial marketing limited 2016:3). Employees should always be able market their firms because it increases the confidence clients have for the firms. During employee and client interactions, employees have the opportunity to up sell their firms' services to their clients (Liveperson 2013:6). Employees should constantly provide that advantage to their respective firms until clients no longer consider alternatives financial firms, but instead purchase repeatedly at the same firms (Burnett 2008:4). Marketing is an important subject that is constantly changing and evolving, however it remains critical for the formation of relationships between firms and their stakeholders.

Employees have the role to trigger innovation in their firms (Bowen 2016:8). The financial services industry has experienced a digital face lift, but Bowen (2016:8) argues that employees working in firms remain non-substitutable because of their innovation and creativity capacity. Research by Rao (2016:1) suggests that there is a relationship between innovation and employee engagement. Innovation is when firms changes or develop because of the changes that take place in their internal and external environment (Sharma & Sharma 2018:160). Innovation is the gateway for firms to react to industry conditions to ensure their survival and competitiveness within the financial services industry. Innovation that takes place in firms is caused by the industry conditions, technology, entry of new products and services in the market, new procedures and systems (Sharma & Sharma 2018:160). Innovation is introduced to firms in the financial services industry through employees engaging with clients and recognising the needs of their clients.

Employee engagement is when employees apply themselves physically, cognitively and emotionally during their work time (Rao 2016:3). Innovation in firms takes place once employees are attentive to all the aspects of firms. Employees then pick up information and engage with other employees and begin to generate suggestions to improve their firms' products and services in the financial services industry (Rao 2016:1). As a result, firms in the financial services industry are encouraged to employ employees that can understand clients' needs. Those employees assist in the idea generation process used to create innovative solutions that improve customer service (Bowen 2016:9). Employees are important because they are the source behind the revolutionary ideas (Rao 2016:1).

Employees have a role to differentiate the services offered by their firms from other firms (Rao 2016:1). As stated by Financial marketing limited (2016:2) the financial services industry is diverse and complex, but firms within the financial services industry are still viewed as homogenous by clients in the industry. This happens because firms in the financial services industry provide homogenous services to clients. Bowen (2016:8) explains human touches in the form of client and employee interaction assist firms to differentiate their services in the industry. Furthermore, regular contact between employees and clients reinforces and strengthens the relationship clients have with their firms (Liveperson 2013:6). Differentiated services in the financial services industry implies that firms are not afraid to stand out by providing something that is different (Financial marketing limited 2016:1). Differentiation is a good choice for quality service. Bowen (2016:9) explains genuine employee and client interactions assist in creating long term relationships with clients. When firms have established long term relationships with client, it increases their clients' life time value. A life time value refers to all the money inflow that a firm receives from a single client (Hindawi 2015:7).

Employees have a role to ensure clients are kept up to date with the latest products and services (Rao 2016:8). Financial services are accessed through cell phones. Clients have begun to take financial decisions using their cell phones (Consumer mobile and financial services 2014:1). There is an increase in the adaption of technology by firms in the financial services industry. Employees assist clients in using the new technology (Bowen 2016:10). Technology is used by the firms in the financial services industry to create growth, development and sustainability for their firms (Telkom 2015:2).

The new technology allows clients to search their history, learn their spending patterns, and gain access to perform or view transactions and savings (Financial marketing limited 2016:4). The adoption of the new technology is driven by the increase in the usage of smart phone mobile devices in South Africa. There is an upward trend (5 million – 30 million) of ownership of mobile devices in South Africa from 2010 – 2015 (Telkom 2015:3). As more technology is introduced in the financial services industry the role played by employees will continue to grow because of their involvement in the selling of services to clients and involvement in the technology usage (Chikanda & Kupangwa 2013:32).

2. 5 SUMMARY

The financial services industry has three main sectors. These sectors are the banking sector, insurance sector and financial planning sector. The sectors are governed by SARB, Constitution of South Africa and the Government to ensure their smooth operation and contribution to the industry. Firms serving in the financial services industry experienced technological changes, but employees remain the most vital resource in their firms because of their roles. Their roles include providing services to their clients, representing their firms and brands, marketing their firms' products and services to their clients, triggering innovation within their firms, differentiating their firms' products and services and ensure clients are updated with the latest products and services.

Since this study is about investing the possible factors that lead to employee retention within the financial services industry, it is important to turn the discussion to employee retention within the financial services industry. Therefore, the following chapter provides a discussion on employee retention and the possible factors that lead to employee retention.

CHAPTER THREE

EMPLOYEE RETENTION

3.1 INTRODUCTION

The previous chapter provided an in-depth presentation of the financial services industry in South Africa. This was further followed by a discussion of the major sectors in the industry. The importance of the financial services industry along with the importance of employees in the industry was also highlighted.

Before the possible factors that lead to employee retention can be addressed, it is important to first define employee retention and develop a strong understanding of employee retention and its importance. In this chapter, a discussion of employee retention, its importance and possible factors that lead to employee retention are presented.

3.2 DEFINITION OF EMPLOYEE RETENTION

The financial services industry is growing and developing resulting in stiff competition in the industry. The biggest challenge facing firms is managing and retaining their employees. Employees remain a vital asset for firms to compete in the industry (Bowen 2016:8). This section will present the various definitions of employee retention

To gain competitiveness in the industry, firms are not only challenged to attract talented employees, but they are also challenged to retain them. Employee retention is the firms' ability to motivate and encourage their employees to stay within the firms (Kossivi, Xu & Kalgora 2016:262). Furthermore, employee retention means creating an environment that enhances employees to remain within their employment until the completion of their employment term. Das and Baruah (2013:8) also explain employee retention as encouraging employees to remain in their employment for a long period of time. Gharib, Kahwaji and Elrasheed (2017:202) explain employee retention as the commitment to continue to work for a firm or the employees' determination to continue trading their skills with firms for rewards and remuneration in return. Employee retention is also the ability to keep employees that are valuable to the firms and not losing them to the firms' competitors (Mohlala, Goldman & Goosen 2012:2). Employee retention is perceived to be the reduction of employee turnover (Mohlala *et al.* 2012:3).

For the purposes of this study, employee retention refers to the occurrence of employees remaining in the employment of their employer (Liang 2013:17)

3.3 IMPORTANCE OF EMPLOYEE RETENTION

It is important for firms to retain their employees because firms invest a large amount of resources in training and developing their employees into becoming valuable assets to the firms. In the first 90 days of employment, a new employee cost firms considerable amounts of money (Seber 2017; Nyanjom 2013:12). The 90 days of employment are costly because firms make an effort to ensure that employees receive training, skills and experience. (Okyere-Kwakye, Nor, Assampong & Awang 2018:350). Employees receive necessary training programs for the development of their skills in order execute their daily tasks efficiently in firms. However, some employees do still leave their firms despite the efforts and costs incurred by their firms in training the employees. Some of the costs and efforts incurred by firms include advertising costs, costs associated with conducting interviews, efforts associated with screening and hiring of new employees to replace the employees that left their firms (Merhar 2016). Newly hired employees take a long time to adapt and perform optimally compared to the existing employees in the firms (Merhar 2016).

Furthermore, employee retention is important because employees leaving firms impact on the services received by the firms' clients, as newly hired employees must learn the way in which employees at the firms are expected to service their clients. Employee retention is further important because existing employees disengage and lose productivity when other employees leave the firms. Existing employees find it hard to interact with the newly hired employees because shared culture and values are yet to be established amongst the existing and newly hired employees, which as a result affects the overall performance of firms (Merhar 2016).

Cloutier, Felusiak, Hill and Pemberton-Jones (2015:119) agree that employee retention is important because it makes firms competitive. Many authors (Cloutier *et al*. 2015:119; Umamaheswari & Krishnan 2017:329) explain when employees are retained by firms their skills, knowledge and expertise increases. This also increases the firms' performance. Employee retention is important because employees benefit from their commitment to firms. Employees are given opportunities to improve their level of competency and self-development through the training programs offered to them by their firms.

Terera and Ngirande (2014:481) suggest the growing competition in the industry encourages firms to want to retain their employees through recognising them as valuable contributors to the firms' success. Employees continue to be the most valuable asset in firms and without employees, firms cannot compete in the industry (Kossivi, Xu & Kalgora 2016:261). Quality of work, customer satisfaction, increased sales and image of firms all depend on the performance of employees (Mathimaran & Kumar 2017:2). Employees influence the performance of firms in the industry (Hough *et al.* 2011:255).

Employee retention is important because the task of implementing and executing a strategy in firms is based on the performance of employees (Hough *et al*. 2011:255). When firms retain their employees, it shows in the employees' ability to conduct their daily tasks in an effective and efficient manner (Hunjra, Raza & Munir 2014:452). In other words, when employees are retained by their firms, employees gain experience that allows them to perform their daily tasks more efficiently and effectively. Therefore, with retained employees, firms implement and execute their strategies more effectively (Hough *et al.* 2011:255).

3.4 POSSIBLE FACTORS INFLUENCING EMPLOYEE RETENTION

The following section presents a discussion of the possible factors that influence employee retention. Hong et al. (2012:66) found some of these factors to be employee training, employee empowerment, employee appraisal systems and compensation. Researchers have also identified other possible factors that influence employee retention such as work life balance, job security and leadership (Das & Baruah 2013:10; Esuh, Mohd & Hamzah 2013:65; Smith,Roebuck & Elhaddaoui 2016:55).

3.4.1 Employee training

The financial services industry is classified as a changing and turbulent industry (Hough *et al.* 2011:190). To survive in this type of industry firms must stay on the leading edge of technology. As a result, firms invest aggressively in research and development, to try to keep their financial products and services innovative, to stand out from their competitors and use their partnerships to generate new marketing solutions. Hough et al. (2011:262) and Nassazi (2013: II I) suggests that there is a need for employee training. Firstly, employee training is important when firms change their strategies to a different strategy that requires a different skill, competitive capability, managerial approach and operating approaches (Nyanjom 2016:19). Secondly, employee training is crucial when the industry is rapidly changing, changing so fast that firms lose their ability to compete unless their employees have the latest edge in knowledge and expertise (Hough *et al*. 2011:262).

Firms respond to the changing environment by providing employee training programs. Employee training is the learning programmes offered to employees entering new employment to build their confidence and skills (Hough *et al*. 2011:190). Employees learn soft and technical skills that are relevant to carry out their job (Jehanzeb & Bashir 2013:246). Firms help employees learn the skills required by their jobs through orientation and induction programs. The main purpose of an orientation is to convert new employees into effective and motivated employees in a short space of time. During orientations, employees learn rules, code of conduct and familiarise themselves with the work environment (Dragomiroiu, Hurloiu & Minao 2014:369). Induction program is when employees learn position specific work, uncover the tactical plans of the firms, and learn operating procedures and the layout of the firms (Hough *et al*. 2011:230).

Advantages to firms offering employees training programs is that employees feel important because the firms are investing in their future and at the same time employees' skills improve which increases their productivity at work (Berghoff 2016). Productivity of employees increases because employees have up to date training and knowledge on their work environment (Berghoff 2016). Employee training programs help employees to deal with the anxiety or frustration that originates during work (Elnaga & Imran 2013:139). Furthermore, regular training of employees ensures that employees are equipped with the ability to use the latest technology comfortably and to its full potential and sharpens the employees thinking and creativity which improves their decision-making abilities (Elnaga & Imran 2013:139; Gill 2014). Firms that train their employees internally save costs because they do not incur costs of employees during training (Findcourses 2018). Employees who gain knowledge through training programs show high levels of satisfaction and performance (Elnaga & Imran 2013:139).

Disadvantages faced by firms offering training programs are as follows. Firms that train their employees internally loose the opportunity of gaining insight into their competitors' day to day running's (Findcorses 2018). Despite firm's spending money to train employees, sometimes employees leave their employment and decide to use their skills for another firm (Gail 2016).

Firms that provide employee training benefit because their programs provide high levels of satisfaction amongst employees and low employee turnover (Dragomiroiu *et al.* 2014:370). More so, employees have a need to acquire knowledge for their personal development so firms that provide employee training receive gratification from their employees which promotes employee loyalty and retention for the firms (Jehanzeb & Bashir 2013:246). Employees that have undergone training programs are more efficient and make firms more effective in executing strategy thus, increasing the performance and profitability of the firms (Dragomiroiu *et al.* 2016:370). Most importantly, employees receive the tools to be more effective in their job. Firms offering training programs are perceived in the industry as best employers (Jehanzeb & Bashir 2013:248).

Employee training programs also benefit employees because employees receive training which increases their chances of receiving a promotion, higher duties and earning a higher remuneration (Jehanzeb & Bashir 2013:246). During the induction process employees discuss the required performance and development of the new employees. Managers of firms will discuss performance, development, and contribution (Hough *et al*. 2011:230). Opportunities of further advancements available to them are also discussed and a Performance Development Plan (PDP) in the form of employee training programs is created to help employees develop.

Employee training goes beyond acquiring knowledge and skills. Employee training encourages innovation in firms (Dragomiroiu *et al.* 2016:370). Through employee training the employees' behaviour of relying on their managers changes. Innovation sharpens the employees' ability to participate in the firms' crucial decision making. Thus, as a result improves the chances of employees remaining with their firms as they are highly motivated due to being trusted by their firms to take part in the firms most important decision making (Dragomiroiu *et al.* 2016:371).

Firms that are putting forth employee training programs are getting successful results in retaining their employees (Jahzeb & Bashir 2013:246). Employee training programs build the efficiency, confidence and motivation of employees. Efficient, confident and motivated employees are likely to remain committed in their employment and increase employee retention within the firms, which will increase the productivity and competitiveness of firms in the financial services industry (Hong *et al.* 2012:73).

3.4.2 Employee empowerment

Employee empowerment is the transfer of authority and autonomy to employees (Choi, Goh, Adam & Tan 2016:3). Authority refers to a legitimate or legal power whereas autonomy means self-governance or independence (Hooghe, Marks, Schakel, Niedzwiechi & Shair-Rosenfield 2016:3). Employee empowerment ensures that employees at all levels of the firm are provided with authority and responsibility to make decisions that are related to their jobs. Employee empowerment develops employees' working experience and sharpens employees to become independent in their jobs (Pradhan, Kamlanabhan, Thulasiraj & Muraleedhara 2014:54). Moreover, employee empowerment involves the sharing of information, decisions, authority and rewards between top management and the lower level management (Fernandez & Moldogaziev 2015:376).

Through employee empowerment, employees are granted power in three forms. Firstly, employees are supplied with resources that enables them to perform their tasks effectively and efficiently. Secondly employees are provided with information regarding the knowledge on how to do their work and performance feedback. Lastly, employees are granted support that enables them to make concise decisions (Moldogaziev 2014:376).

Employee empowerment is beneficial for both employees and firms. Employees who are empowered feel valued and trusted by their firms, because they are given authority to make decisions that influences the performance of their firms (Casemore 2015:121). This increases their job satisfaction, level of motivation, creativity and loyalty to the firms they operate in (Celik, Iraz, Cakici & Celik 2014:100; Elnaga & Imran 2014:14). When employees are satisfied and loyal to their firms, they yield increased productivity and remain in their employment for a long period of time. However, managers need to be cautious when granting powers and discretion to employees, as empowered employees tend to become overconfident, unruly, insubordinate, and arrogant and fail to follow directions (Choi *et al.* 2016:3). Thus, is it important for managers to constantly monitor their employees and provide a guidance to ensure they do not deviate from their intended purpose. Elnaga and Imran (2014:18) further explains that employee empowerment can at times yield poor results, for instance, the responsibility given to certain employees might be too much for the employees to handle, employees may be easily distracted from their work as employee empowerment terms are time consuming and firms in the process of creating an empowering environment for their employees, can experience resistance from employees regarding empowerment as employees are accustomed to following orders. Resistance to employee empowerment can also arise amongst managers. Certain managers are afraid their jobs will not be secure therefore they deliberately fail to share information with employees and this can affect the overall performance of firms (Elnaga & Imran 2014:18; Choi *et al.* 2016:4).

As firms are affected by global changes and competitiveness, it is very important for firms to impart knowledge and information to their employees regarding the performance of the firms (Celik *et al.* 2014:100). There is a need for creative and innovative employees, thus employee empowerment provides employees with the opportunity to come up with ideas, allows employees the ability to find and implement solutions for problems that may occur in the work environment and to make decisions that will strengthen the competitiveness of the firms (Celik *et al.* 2014:100; Pradhan *et al* 2014:55).

As employees are tasked with an immerse duty, they feel obligated and committed to ensure their firms remain competitive in the long run which decreases their intentions of wanting to leave their firms (Khan, Raziq & Kakar 2015:98). The more employees make empowered decisions on behalf of the firms, employees gain responsibility over their firms which decreases their chances of leaving their firms. Khan et al. (2015:106) explain that employee retention can be achieved through employee empowerment, as it plays a crucial role in ensuring the decline in turnover. Furthermore, Khan et al. (2015:107), concludes that there is a positive correlation between empowerment and employee retention.

3.4.3 Employee appraisal systems

Employee appraisal systems also referred to as performance appraisal are used to determine the effectiveness and efficiency of employees' performance in firms (Aggarwal & Thakur 2013:617). Performance appraisal as a measuring tool is used to assess the different behaviours associated with how employees perform their tasks. Khan et al. (2015:104) explains that performance appraisal is used to check the overall participation of employees in firms and whether these employees can gain better positions in the firms. Performance appraisal involves the regular provision of feedback to employees regarding their job performance, and when feedback is positively received by employees it improves the quality of work done by employees. Performance appraisal are also useful as they ensure that employees clearly understand the requirements of their jobs (Van Dijk & Schodl 2015:718).

Performance appraisal assist the monitoring of employees' performance from when they were first recruited into the firms, through their training and to how they are rewarded throughout the term of their employment, hence performance appraisal is important in ensuring that employees stay within their firms (Khan *et al*. 2015:104). Performance appraisal creates a conducive working environment amongst employees and their managers, as it helps establish manager-employee relationships (Kim & Holzer 2016:31). Performance appraisal are beneficial as they aid with motivating employees and assessing the employees' strengths and weaknesses, which as a result contributes immensely to the overall performance of the firms (Van Dijk & Schodl 2015:717).

According to Boachie-Mensah and Seidu (2012:73) performance appraisal provides employees with the opportunity to grow as individuals in the workplace, to gain skills and competencies that are recognisable by their firms and to network with other employees in their firms. Performance appraisal are important as they help improve employees' work performance and enhance employees' communication skills (Aggarwal & Thakur 2016:617). Communication between employees can be very important, firstly as it encourages the sharing of information that could be used to enhance the performance of the overall firm and secondly when employee relationships are established, employees will be encouraged to stay in their firms (Nasurdin, Ahmad & Ling 2015:5).

However, performance appraisal appears to be only effective when managers ensure that employees accept and support the performance appraisal, when employees find the performance appraisal satisfactory (Kim & Holzer 2016:31). When the performance appraisal is not understood by employees, the performance appraisal can induce challenges in the firms such as unclear work roles, dysfunctional conflicts between employees, dissatisfaction among employees and employee turnover, which as a result impact the employees’ work performance negatively (Khan 2015:104). Furthermore, performance appraisal can be time consuming, because before a manger is called to conduct the performance appraisal they are required to attend leadership training to enable them to effectively conduct the performance appraisal, this practice is also expensive for firms. Performance appraisal can potentially create a negative experience for employees, as employees anticipates that they might receive negative feedback on their job performance (Van Dijk & Schodl 2015:718). Nevertheless, when conducted fairly, performance appraisal can be a crucial tool in increasing employees’ intentions of staying in their employment, because performance appraisals motivate employees which leads to increased job satisfaction and commitment in their firms (Khan et al. 2015:105).

3.4.4 Employee compensation

Remuneration and rewards are forms of employee compensation. Hough et al. (2011:240) explains remuneration is the payment of employees’ effort towards the achievement of the firms’ goals. Remuneration is the payment made by firms to employees for their time, skills, experience and effort (Osibanjo, Adeniji, Falola & Heirsmac 2014:70). Employees who have done well on their achievement of goals receive rewards (Hough *et al*. 2011:240). Rewards assist in motivating employees to develop their skills and to extend their roles (Osibanjo *et al.* 2014:69)

Rewards are categorised into two forms, extrinsic rewards and intrinsic rewards. Extrinsic rewards are financial rewards. They are classed as extrinsic because they are external to the work of employees (Obicci 2015:60). Extrinsic rewards include promotions, bonuses and salary increments (Obicci 2015:60). Advantages in offering employees extrinsic rewards include improved performance to reach firms goals and also healthy competition in the firm (Fransson & Frendberg 2008.14). A disadvantage of extrinsic rewards is that they do not sustain the motivation of employees because not all employees are motivated by monetary rewards (Fransson & Frendberg 2008:14).

Intrinsic rewards are also known as non-financial rewards. These rewards comprise of praise and recognition from supervisors, growth, and feeling of self-esteem autonomy (Obicci 2015:60). When employees don not receive intrinsic rewards their commitment to remain in their employment decreases. An advantage of intrinsic rewards is that these rewards have the highest importance to employees' commitment to remain in their employment (Ajmal, Bashir, Abrar, Khan Saqib 2015:463).

Compensation has a direct and indirect form. Direct compensation includes wages, salaries, bonuses or commissioned based performances, overtime work, holiday premium. Indirect compensation is the medical benefits, housing allowances, meal allowances, utility allowances, incentive bonus, hospitalisation expenses, annual leave allowances, car basic allowances (Osibanjo *et al*. 2014:70).

Gupta and Shaw (2014:2) reveal that managers take important decisions when designing employee compensation programs. These decisions include deciding whether to pay employees in the same job category the same salary or pay employees based on their performance, skills, seniority and competency. Deciding on a hierarchal system where most of the compensation goes to top management or choosing a democratic system where compensation is shared fairly (Gupta & Shaw 2014:2). These decisions are significant because they influence the employees' attraction to stay with the firm.

Compensation has an influence on all employees that are part of the firm. Furthermore, employee compensation is important because it influences the quality and effectiveness of employees and influences the quality of employees who apply, qualify and get hired (Gupta & Shaw 2014:1). The possibility of job acceptance, motivation and the performance level of employees are also affected by employee compensation (Gupta & Shaw 2014:1). Thus, firms with fair employee compensations are getting successful results in retaining their employees. Many authors (Hong *et al*. 2012; Kwenin, Mauthe & Nzulwa 2013) suggest that through fair employee compensation employees can be retained. Fairly compensated employees feel appreciated and valued by their firms for their contributions and performance. As a result, these employees feel a need to stay at the firm because they are valued (Hong *et al*. 2012:73). According to Osibanjo et al. (2014:70), employee compensation is a tool that is used to achieve employee satisfaction, performance and retention.

3.4.5 Work life balance

Work life balance refers to the employees' ability to effectively manage the role they play in their personal lives, family and at their workplace (Cahill, McNamara, Pitt-Catsouphes & Valcour 2015:42). Firms operating in the financial services industry are required to perform extremely well for them to maintain a competitive advantage in the industry. These requirements sometimes mean that employees work longer than usual hours to achieve the goals set before them. As a result, employees neglect the balance between their work and personal lives (Meenakshi, Venkata & Ravichandran 2013:31). This causes conflict in their work life balance.

It is important for employees to exercise work life balance as it restrains them from neglecting the demands of one priority from the other. Through a work life balance, employees do not have to choose to focus on their work over their families or personal lives. This decreases the chances of conflict in work life balance (Njeri 2014:2). Often firms provide their employees with flexible working hours with the aim of promoting work life balance amongst employees (Cahill *et al*. 2015:42).

Flexible working hours allows employees the equal chance to attend to their personal needs, meaning that they can focus on their work without the interference of issues in their personal lives. Thus, employees gain the opportunity to improve their work performance which leads to job satisfaction, high levels of motivation and a solid commitment towards achieving the goals of their firms. Meenakshi et al. (2013:34) discovered that employees with a work life balance are highly motivated and committed, thus firms ensure that they retain such employees as these employees contribute immensely to the firms' potential of gaining competitive advantage.

Work life balance benefits employees and the firms' overall performance in the industry. Thus, firms can stimulate the work life balance amongst their employees in several ways. Firstly, firms can establish programmes that equips managers with the necessary skills needed to effectively ensure that employees are able to manage their professional and personal lives (Meenakshi *et al*. 2013:34). Secondly firms can ensure that their managers establish relations with employees, to allow effective communication channels between them, as this assist employees in clearly understanding their roles, in managing their work load and in providing them with the platform to interact with their managers with issues concerning their work.

Firms that fail to implement work life balance for their employees in their workplace face the consequences of having dissatisfied employees. Employees that are unable to handle the demands arising from their personal and professional lives tend to stress, and stress often decreases the employees' ability to work, increases the employees' chance of falling ill mentally and physically, creates emotional exhaustion and hinders productivity in the workplace. Thus, firms are highly encouraged to ensure that their employees can effectively manage their work load and still have time for themselves and their families, as this increases their chances of wanting to remain with their firms (Meenakshi *et al*. 2013:32).

It is highly important for firms to promote work life resilience amongst their employees. Work life balance stimulates employees' satisfaction in both their work life and personal life. As a result, employees can perform exceptionally well regardless of the load of their work, employees are more committed in seeing their contribution to the firms' success in the long term. Thus, the employees' intention to leave their employment declines (Aruna & Anitha 2015:96).

3.4.6 Job security

Job security is the employees' expectation to continue in their employment at the firms (Gharib, Kahwaji & Elrasheed 2017:203). Firms are challenged to keep up with the vast global competition induced by economic and technological changes. To keep up with the economic and technological changes firms are pressured to alter their organisational structure in order to maintain their competitiveness by focusing their resources on their most distinctive competencies and capabilities (Awan & Salam 2014:24). Consequently, the redesign of the organisational structure at times leads to restructuring, right sizing and layoffs of employees which as a result creates insecurities amongst employees because employees have no knowledge of whether their jobs are secured or not.

Job security amongst employees is important because it eliminates the employees' worry about the possibility of losing their jobs, instead employees become devoted to improving their contribution and performance, earning a promotion, opportunities for career advancement and development in their employment (Gharib *et al*. 2017:203).

Employees with job security are most likely to possess increased levels of job satisfaction, because of the assurance they receive from knowing that they have employment. Employees notice the obligation they have towards their firms which encourages them to work hard towards achieving the goals of their firms as they recognise themselves as permanent members of the firms, thus they intend to stay in the firms (Gharib *et al*. 2017:204).

Firms aiming to increase their profitability are forced to find way of cutting down costs. Cost reduction are usually achieved through laying off employees from their employment. The process of laying off employees creates job insecurity amongst employees. Employees experience stress which affects their ability to perform well, weakens the working conditions in the working place, affects the wellbeing of employees and the employees' attitude and behaviour towards their jobs (Awan & Salam 2014:26). Furthermore, job insecurity has the potential to damage the business relationship quality between the employer and employees, because job insecurity inflicts fear in employees, thus employees are unable to trust the judgement made by their employers regarding their employment (Gharib *et al*. 2017:204).

According to Awan and Salam (2014:25) full-time or permanent employees are less affected by job insecurity than part-time or temporary employees. Although permanent employees can still be instilled with the fear of losing their jobs too, which affects the overall functioning of the firms. Thus, it is vital for firms aiming to gain competitiveness to ensure that they employ alternatives strategies, for instance eliminating certain value chain activities, to increase productivity rather than laying off or retrenching their employees, as this can create major issues concerning retaining valuable employees.

Therefore, employees with job security are guaranteed continuity in their employment, this increase productivity within the firms and decreases the level of employee turnover. Employees that are pleased by their working conditions and working environment feel valued by their firms which increases their chances to stay within the firms. Moreover, employees that have job security trust their firms which as a result increase their loyalty and commitment towards their firms, thus strengthening their likelihood of staying within the firms.

3.4.7 Leadership

Leadership refers to the actions taken by leaders in firms to inspire employees and provide support and direction needed to achieve the goals and objectives of firms in the financial services industry. (Nwokocha & Iheriohanma 2015:187). Leadership is a crucial variable to employee retention because the calibre of leaders in a firm has the potential to attraction employees and enhance their retention in the firms (Carasco-Saul, Kim & Kim 2015:39). Leaders are tasked with ensuring that their firms are competitive and remain competitive in the ever-changing industry (Chitra 2013:65).

Effective leadership entails the ability to provide necessary resources to employees to enable them to do their work. Employees respond positively to leadership that effectively communicates the vision of the firm to them. Employees prefer to be aware about all aspects that concern their firms and their employment, hence with the proper communication channels enforced by their leaders they can improve on their work performance and gain job satisfaction (Nwokocha & Iheriohanma 2015:186). Employees perform better in a harmonised environment. Effective leaders can provide a conducive environment for employees that allows them to perform to their fullest potential (Chitra 2013:66). Moreover, when leaders establish a relationship with employees they can determine and fulfil the needs of their employees in the workplace. As mentioned above leaders inspires employees, as a result, employees under the right leadership are fully committed and dedicated to their firms and therefore perform tirelessly with the aim of meeting the demands of the firms (Nwokocha & Iheriohanma 2015:188).

Leaders in firms adopt certain leadership styles that assist them in performing their tasks. According to Carasco-Saul et al. (2015:41); Nwokocha and Iheriohanma (2015:188) some of these styles are autocratic and democratic leadership style. An autocratic leadership style is when leaders are the only bearers of power in a firm. Autocratic leaders give off orders to employees and oversee all the decision-making power in a firm. This type of compelling and directive leadership style does not encourage participation and empowerment amongst employees (Khumalo 2015:7 & Nwokocha and Iheriohanma 2015:188). A democratic leadership style on the other hand encourages employee participation. Employees are empowered to make concise decisions on behalf of their firms. Employees have proper communication channels with their leaders, meaning they are able to receive feedback from their leaders which as a result helps improve their work performance (Nwokocha & Iheriohanma 2015:189; Khumalo 2015:8).

Therefore, firms no longer have the leisure to place the satisfaction of their employees in the hands of the human resources department in their firms, but they need to enhance the leadership in their firms to ensure that employees are motivated and encouraged to stay within the firms (Chitra 2013:69). Leaders must ensure that an environment that leads to employee retention is created. Employees are most likely to remain in their firms if a trustworthy relationship between them and their leaders is established, if they are capable to complete their tasks effectively, if they are aware of what their leaders expect from them and if they receive regular feedback on their performance and receive recognition for their achievements from their leaders (Chitra 2013:69).

In conclusion it is apparent that the above-mentioned possible factors influence the retention of employees in the financial services industry. However, to assist the researchers address the research objectives and the purpose of this study only four variables that influence the retention of employees will be investigated. These variables include employee training, employee empowerment, employee appraisal systems and employee compensation. These variables will be tested empirically to determine their influence on employee retention. The researchers of this study agree that the four variables are more employee-orientated than firm-oriented and are directed towards the employees' work experience. Work life balance, job security and leadership will not be tested empirically in this study because these variables are more firm-orientated in their approach to influence retention than employee-oriented (Nyanjom 2013:22).

3.5 SUMMARY

This chapter presented information on employee retention and the variables that influence employee retention. Employee retention is important for firms serving in the financial services industry to remain competitive and survive. Employee retention is concerned with the employees' ability to remain committed to their firms. Researchers identified several possible factors that influence employee retention in the financial services industry. These factors included employee training, employee empowerment, employee appraisal systems, employee compensation, work life balance, job security and leadership.

In the next chapter, the research design and methodology relating to the predetermined factors possibly influencing employee retention in the financial services industry will be discussed in detail. The following chapter will present a detailed explanation on the data collection techniques and the processes employed in analysing the data collected from the empirical investigation.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

The previous chapters presented the background and importance of the financial services industry and employee retention within the industry in South Africa. An in-depth discussion of the various possible factors that influence employee retention was also provided.

The chapter focuses on the empirical investigation of this study. A comprehensive understanding of the proposed research methodology is provided in this chapter. A discussion is provided to show the difference between the positivistic and interpretative research paradigms, followed by a motivation for the selection of the most suitable paradigm to conduct the current study. This is also followed by a discussion of data collection, data analysis and hypotheses testing, as applicable to this study.

4.2 RESEARCH METHODOLOGY

To begin a study, a researcher needs to determine which research paradigm fits with their research objectives the most and create a process of narrowing down the research methodologies for the study. A research paradigm guides the researchers and their role during the study**.** A research paradigm lays the foundation for a research study and allows communities throughout the research universe to share similar perceptions and engage in commonly shared practise (Friendrich, Schlauder, Weidinger & Raab 2017:1117). A research paradigm helps researchers present assumptions about knowledge and how that knowledge was acquired (Friendrich *et al.* 2017:1114).

There are two approaches to research paradigms, the positivistic approach also known as a quantitative research study and the interpretive approach also known as a qualitative study. A discussion between the two research paradigms is presented followed by the selection of the study which is most suitable for the current study.

4.2.1 A positivistic research methodology

Wong (2014:16) explains that a positivistic research paradigm is used to conduct scientific research. In a positivistic research, the purpose of the study is to discover and measure a single, true, and objective reality through an empirical investigation. This research is concerned with revealing factual results. Positivism means that the researchers' values and biases do not influence the results of the study because they act in an unbiased and objective manner (Wong 2014:16).

For the abovementioned reasons, a positivistic approach is often associated with a quantitative research method. The positivistic approach is also known as a quantitative research methodology. A quantitative research approach brings a robotic and technical aspect into a research study (Cronje 2014:2). Quantitative research is concerned with addressing the objectives of a study using statistical and mathematical results (Moore 2016.4). During a quantitative study, researchers are required to collect quantitative data to be able to address the hypotheses of their study.

4.2.2 An interpretive research methodology.

Interpretivism sees reality through subjective lenses and accepts that society maintains the social world through its human interactions and action (Wong 2014:16). Through an interpretive research paradigm, researchers interpret the world through interactions and human subjects. (Wong 2014:16). An interpretive research paradigm is often suitable for researchers who are collecting information on perceptions, experiences and understandings from individuals to gain knowledge as oppose to relying on statistics and numbers (Thanh & Thanh 2015:24).

An interpretive research paradigm is connected and supported by a qualitative research methodology (Thanh & Thanh 2015:25). A qualitative research methodology is concerned with withdrawing meaningful information from a non-numeric data set. Unlike a quantitative research methodology, in a qualitative research study, the results are presented using narratives, diagrams, visual methods or interactive forms (Bayle 2017:2). Results are presented through these means because researchers aim to present a detailed understanding of the relationship shared by human beings and their environment (Thanh & Thanh 2015:26). A qualitative research study means that the research is conducted in a natural setting. The researcher is a tool or instrument within the study, bias and interests are considered, acknowledged, embraced and the data analysis is inductive (Bayle 2017:2). Table 4.1 compares and quantitative and qualitative research.

Table 4.1: A comparison of quantitative and qualitative research

Orientation	Quantitative research methodology	Qualitative research methodology
Research paradigm	Positivism	Interpretivism
Research Purpose	Numerical description Casual explanation Prediction	Subjective description Empathetic understanding Exploration
Methodology	Experimental	Dialectical
Research Methods	Empirical investigation Measurement Hypotheses testing Questionnaires	Case studies Focus group discussions Interviews Observation
Nature of data instruments	Variables Structured and validated data collection instruments	Words, images, in-depth interviews, field notes
Data analysis	Identify statistical relationship among variables.	Uses descriptive data, search for patterns, themes, and holistic features.
Results	Generalised results	Particularistic results provision of insider's viewpoint.
Final Report	Formal statistical report with: Correlations, comparisons of means and reporting of results.	Informal narrative report.

Source Adapted from Antwi and Hazmza (2015:222).

A summary of the main differences between a quantitative and qualitative research methodology has been presented in Table 4.1. The comparison shows the correlation between the research paradigm and its research methodology. As noticed, a quantitative and qualitative research methodology differ on several steps during a study.

4.2.3 Research methodology adopted in this study

To begin a study, researchers need to determine which research paradigm fits with their research objectives the most and to create a process of narrowing the research methodologies for the study. A research paradigm guides the researcher and their roles during the study. For the purposes this study, a positivistic research paradigm and quantitative research methodology has been selected. This paradigm requires the collection of quantitative data.

The reasons for selecting a quantitative research paradigm to carry out the study are: A quantitative research approach allows researchers to gather quantitative data that is based on mathematical and statistical techniques free of biasness which is in line with the objectives of the current study to conduct an empirical investigation to determine the influence of the predetermined variables on employee retention in the financial services industry (Moore, 2016.4). The study also contains several hypotheses which can only be tested through a quantitative research approach. The study contains a large sample of employees in the financial services industry, which would simply take too much resources (time, money, labour) to perform qualitatively.

4.3 RESEARCH METHODS

The following section presents a discussion of the research methods for a positivistic study and an interpretive study. These methods are discussed below.

4.3.1 Research methods for a positivist study

As stated previously, a positivistic research method is concerned with introducing a scientific research approach in research. A positivistic research method aims to reduce explanations to a limited number of causes. To help achieve this aim data must be collected. The following methods may be used by researchers to collect data.

4.3.1.1 Surveys

Ponto (2015:168) provides the following definition for a survey “it is the collection of information from a sample of people through their responses to questions”. Information is collected using a questionnaire that contains a set of questions that must be answered by respondents. The questionnaire is designed by the researchers of the study. Surveys may be conducted using face to face interviews, telephones interviews, mail questionnaires or self-administered questionnaires (Mutepfa & Tapera 2018). Surveys may take different forms. Another form of a survey is an internet survey. An internet surveys collects data from a sample using tablets, computers and smartphones (Mutepfa & Tapera 2018). Benefits of using internet surveys is that internet surveys are popular, affordable and faster in collecting data from respondents (Mutepfa & Tapera 2018). Ponto (2015:168) explains that the purpose of a survey is to collect data from a large amount of people in a relatively short amount of time. Data collected from respondents may include demographic information and information relating to the study (Mutepfa & Tapera 2018).

4.3.1.2 Experiments

Experimental research is concerned with identifying a cause and effect relationship through observing the behaviour of people when exposed to certain environments and conditions (Charness, Gneezy & Kuhn 2012:1). Experiments are not only limited to people, other subjects and entities also fall apart of experiments. The purpose of an experiment is to identify if the independent variable influences the dependent variable. Shuva (2014:9) reveals during an experiment, researchers manipulate one or more variables and control any change in the variables. Researchers when performing experiments want to only measure the effect of the independent variable on the other dependent variables (Shuva 2014:16). The conclusion that researchers come to is based on this experiment.

Experiments have disadvantages. Experiments do not always relate to the real world because participants are observed and act in an artificial environment which influences their behaviour (Bruggemann & Bizer 2016:4; Shuva 2014:19). Sometimes experiments are unethical and demonstrate unkindness towards animals (Bruggemann & Bizer 2016:4; Shuva 2014:19). Experiments have advantages. Researchers during experiments have control over variables and can eliminate unwanted or irrelevant variables. Experiments may be repeated to obtain similar results to ensure confidence in the results of a study (Shuva 2014:19).

For this study, a survey in the form of a questionnaire was used to collect data from respondents. The questionnaire compromises of closed ended questions. The main reason for this choice is that the researchers determine which information to collect from respondents. Closed ended questions allow researchers the ability to collect information from respondents easily and quickly (Cakir & Cengiz 2016:61). The answers are easy to code and statistically analyse (Cakir & Cengiz 2016:61).

4.3.2 Research methods for an interpretive study

This section will explore the research methods for an interpretive study. Research methods help researchers to be accurate when carrying out a research study. Further on, research methods guide researchers to collect information from valid sources. To collect data for an interpretive study the following methods may be used by researchers.

4.3.2.1 Observation

An observation is the recording of the behaviour displayed by a sample during a study (Sheroz 2013:6). Observation occur when researchers observe behaviours of participants in their natural environments to collect data (Jamshed 2014:88). Researchers that use this method to collect data from the sample are likely to be biased. During observations researchers rely on their own powers of observation in explaining what they witnessed rather than communicating with participants to obtain information on their views regarding a certain matter (Sheroz 2013:6).

There are different types of observations. Such as participant and non-participant observations. During participant observations, researchers join the sample and observe their behaviour internally to gain a better understanding of what is going on in the sample (Sheroz 2013:6). In non-participant observations, researchers simply observe the behaviour of the sample and do not engage in the activities (Sheroz 2013:8).

4.3.2.2 Interviews

Interviews are one of the most common methods used by researchers in a qualitative study to gather information. Interviews seek to uncover the facts or opinions of participants on a topic (Valenzuela 2014:2). Jamshed (2014:88) explains that interviews occur when researchers interview their respondents. These interviews are recorded and archived and later used by other researchers to carry out similar studies (Jamshed 2014:88). Interviews allow respondents to freely express their opinions on a subject like a conversation with a friend (Jamshed 2014:88).

Interviews have several advantages. Interviews are more personal than questionnaires and allows researchers the ability to probe or ask follow-up questions to the participants. During interviews participants find it easier to convey their opinions or impressions (Valenzuela 2014:3). Interviews also have disadvantages. Interviews consume a lot of time and money (Valenzuela 2014:3). Interviewers tend to be bias as they determine the response of the participants. This occurs because interviewers are in instrument within the research study and with that comes their biases (Bayle 2017:2).

4.4 DATA COLLECTION

The following section contains a discussion of secondary data collection and primary data collection. The primary data collection subsection will discuss the target population, sample, sampling techniques and research instrument of the study.

4.4.1 Secondary data collection

Johnston (2014:619) refers to secondary data as the information collected by other researchers for another primary purpose. Moreover, secondary data involves the scrutiny of previously collected data in a certain area of interest. Secondary data is also known as the use of already available data to test for new hypotheses and to answer new research questions (Dunn, Arslanian-Engoren, DeKoekkoek, Jadack & Scott 2015:1296). For the purposes of this study, the researchers obtained their secondary data from textbooks relevant to the study, newspaper articles and journal articles from Google scholar, the Nelson Mandela University Library site that contains books and journals, accredited journals and digital commons (theses and dissertations). The collection of secondary data is based on the topic regarding the possible factors influencing employee retention in the financial services industry. Data collection tends to be an expensive and time-consuming process (Dunn *et al.* 2015:1297). Although secondary data might be rich in offering researchers quantity of information, secondary data can at times lack quality, as the purpose of it is to answer a research question of another study that might not necessarily be related to the current study (Perez-Sindin Lopez 2013).

4.4.2 Primary data collection

Primary data collection involves researchers collecting information by themselves to answer a specific research question. Moreover, primary data collection is the original data or first-hand information that the researcher obtained through direct experience (Surbhi 2016). In the current study, the main purpose of primary data collection is to investigate the influence of the predetermined variables on employee retention in the financial services industry.

Alvi (2016:10) refers to a target population as a complete group of individuals selected based on a set criterion for a research investigation. People selected to participate in the investigation are the sample, of which the sample can be drawn from the target population. A sample is a subgroup or a smaller group of individuals taken from the target population (Alvi 2016:11; Chikanda & Kupangwa 2013:55).

Therefore, the target population in this study is identified as employees operating in the financial services industry. The researchers aim to distribute a minimum of a hundred and twenty-five (125) questionnaire to employees working in the financial services industry at the Nelson Mandela Bay (Sibanda 2017). Through the non-probability sampling the convenience sampling and snowball sampling techniques were used to assist in selecting the sample. Etikan, Musa and Alkassim (2016:3) explains that convenience sampling is useful for studies that contains a broad target population. Hence, convenience sampling technique was selected for the current study to obtain samples from a broad target population. Furthermore, researchers of this study selected convenience sampling technique as it allows them to easily select members of the population that are willing and are available to participate in the study (Alvi 2016:29). However, the pitfall of using the convenience sampling technique is that it may at times result in sampling biases and errors (Alvi 2016:29).

Snowball sampling techniques also called a chain-referral sampling, involves the initial respondents of the research referring the study to other potential respondents to help researchers gain more response. This type of sampling technique is useful for when researchers are unable to find potential respondents themselves (Etikan et al 2016:1). In this study the researchers informed the already existing respondents to recruit other potential respondents to help in completing the questionnaire.

In obtaining primary data from the selected respondents, a self-administered questionnaire has been used. The researchers of this study chose self-administered questionnaires as their research instruments, as questionnaires are useful for large scale surveys such as this one. Questionnaires are not only inexpensive and less time consuming, but they offer respondents of the study anonymity which encourages more respondents for the study and assists researchers in obtaining high rates of completed questionnaires (Munn & Drever 2012:10). The primary purpose of using the questionnaire in the study is to determine whether a correlation exists between the predetermined variables and employee retention.

The structure of the questionnaire of the current study was in a form of a closed question format. The questionnaire was parted into three ways. Firstly, the questionnaire consisted of a cover letter, that informed the respondents of the purpose of the study at hand, the respondents' right to complete or withdraw from completing the questionnaire, the respondents' anonymity, and the rigour and ethical compliance of the study as well as the contact details of the researchers, their supervisors and their institutions. Secondly, the questionnaire consisted of section A which contained questions pertaining to the predetermined factors that possibly influence employee retention. The predetermined factors are identified in the literature review as employee training, employee empowerment, employee appraisal systems, employee compensation and employee retention. The questionnaire had a total of forty-eight questionnaire items developed to measure the variables in the study. Lastly the questionnaire consisted of section B which captured the biographical information of the respondents, for example their gender, age group, highest education, employment status, industry type, length of time employed in the industry and length of time employed in the current firm.

Section A of the questionnaire used a 5-point Likert type scale. Likert type questions consists of statements in the study, where respondents are given the option to agree or disagree with the statements (Joshi, Kale, Chandel & Pal 2015:397). The copy of the questionnaire is attached in the Annexure A.

Table 4.2: Sources of scaled items

Statement	Sources adapted from
Employee training	
My firm…	
Provides training opportunities.	Hong et al. (2012:69)
Provides training opportunities regularly (once or more than once a year).	Self-developed
Ensures that employees' training are relevant to their jobs.	Self-developed
Sends employees to skills enhancement programmes.	Hong et al. (2012:69)
Assigns supervisors/mentors to employees.	Hong et al. (2012:69)
Provides career planning guidance.	Self-developed
Provides training to employees as an incentive for increased work performance.	Waiyaki (2017)
Provides training to employees to enhance their eligibility for promotion.	Self-developed
Employee empowerment	
My firm…	
Allows employees to make decisions relevant to their own work.	Adler, Friedman and Bernstarn (2018)
Provides employees access to information to make informed working/job decisions.	Adler et al. (2018)
Requests job ideas and suggestions from employees.	Self-developed
Allows employees to implement new ideas.	Chikanda and Kupangwa (2013:70)
Allows employees to find and implement solutions for problems that occur in the work environment.	Chikanda and Kupangwa (2013:70)

Table 4.2 Sources of scaled items (cont.)

Statement	Sources adapted from
Develops employees to become experienced employees.	Self-developed
Develops employees to become independent in their jobs.	Adler et al. (2018)
Employee appraisal systems	
My firm…	
Provides feedback on my job performance.	Chikanda and Kupangwa (2013:68)
Provides regular feedback on my job performance (once or more than once a year).	Chikanda and Kupangwa (2013:68)
Uses a performance appraisal system that is satisfactory to employees.	Hong et al. (2012:69)
Spends enough time on performance appraisals (conducting performance appraisals and giving feedback thereof to employees).	Maphazi (2013:96)
Conducts performance appraisals that are motivating employees.	Maphazi (2013:98)
Conducts performance appraisals that improve the quality of employees' work.	Self-developed
Conducts performance appraisals that ensure that employees understand what their jobs entail and require.	Self-developed
Conducts performance appraisals that assist employees in identifying their strengths and weaknesses.	Hong et al. (2012:69)
Conducts performance appraisals that improve relationships between employees and their managers/supervisors.	Maphazi (2013:96)
Conducts performance appraisals that improve employees' job performance.	Maphazi (2013:97)

Table 4.2 Sources of scaled items (cont.)

Statement	Source adapted from
Employee compensation	
My firm…	
Pays competitive basic salaries.	Bobi (2011:123)
Offers competitive benefit packages.	Bobi (2011:123)
Offers competitive packages that are satisfactory to employees.	Hong et al. (2012:69)
Offers intrinsic rewards (e.g. praise and recognition from supervisors and co-workers as well as an increase in status and autonomy) for over time or any other extra work.	Bobi (2011:123)
Offers extrinsic rewards (e.g. promotions, bonuses, vacations and salary increments) for over time or any extra work.	Bobi (2011:124)
Offers compensation that is fair in terms of the amount of time employees spend at work.	Self-developed
Offers compensation that matches employees' work performance.	Self-developed
Offers compensation that is fair in terms of the work quality of employees.	Self-developed
Offers compensation that matches employees' level of experience.	Self-developed
Recognises employees' work by offering valuable compensation packages.	Bobi (2011:121)
Employee retention	
I…	
Will apply for this job position again.	Hong et al. (2012:70)
Will NOT apply for other job positions at competitor firms in the industry.	Self-developed
Will stay at this firm until I retire	Self-developed

Table 4.2 Sources of scaled items (cont.)

Statement	Source adapted from
Am valued at this firm	Self-developed
Feel that my job is secure at this firm.	Hong et al. (2012:70)
Receive adequate training at this firm.	Pepeta (2012:125)
Am empowered at this firm.	Self-developed
Am part of sufficient performance appraisals at this firm.	Self-developed
Always receive feedback concerning my job performance.	Pepeta (2012:125)
Am happy with the promotional opportunities available at this firm.	Self-developed
Am happy with the level of compensation, in terms of my salary, that I receive at this firm.	Bobi (2011:122)
Am happy with the level of compensation, in terms of my benefits, that I receive at this firm.	Bobi (2011:122)
Am loyal to this firm.	Self-developed

Table 4.2 shows the sources of the items used in the questionnaire. Column 1 presents the statements used in the questionnaire and it is important to note that most of the words have been changed from the original source and framed to fit the current study. Column 2 reveals the sources of the statements.

The following section highlights the information pertaining to data analysis of the study.

4.5 DATA ANALYSIS

Data analysis involves organising and sorting of the primary data collected, interpreting and bringing meaning to the information collected so that it can be used to achieve the objectives of the current study (Vosloo 2014:355). As it requires unpacking and arranging of the data collected, data analysis tends to be a time-consuming process (Vosloo 2014:355). The data analysis process commences once primary data is collected. Primary data collection was captured in Microsoft Excel and transferred to Statistica for the data to be analysed statistically. Furthermore, various statistical models such as descriptive statistics (mean, variance, frequency distribution and standard deviation), and inferential statistics (validity, reliability, pearson's correlations and multiple regression analysis) were used to ensure that the data collected through the research instrument adopted (questionnaire) were applicable and appropriate to achieving the objectives of the study (Chikanda & Kupangwa 2013:57). Inferential statistics involves the overall generalisation of the data collected (Hiles 2015:45).

4.5.1 Descriptive statistics

Descriptive statistics involves researchers summarising the collected data in a more meaningful and understandable way. Descriptive statistics entails researchers making conclusions based on the results retrieved from the data collected which mitigates researchers from providing inaccurate results (Harmse 2016:12). Means, variances, and standard deviation calculations were used to statistically summarise collected data to provide accurate interpretations of the collected data.

According to Pepeta (2012:69) the mean is the average, which can be calculated by dividing the total number of measurements by the number of measurements. Pepeta (2012:69) further refers to variance as the calculation that determines how far the measurement is from the mean, the sum of this measurement deviating from the mean is then placed in a square root. The standard deviation is then calculated from the square root of the variance (Chikanda & Kupangwa 2013:57). In other words, standard deviation measures how the data is spread, if the data is wide-spread it denotes a low reliability in data and if the data is narrowly-spread it indicates a high reliability in data (Pepeta 2012:69). For the purposes of this study descriptive statistics will be used to determine the mean and standard deviation of each variable that will be empirically tested.

4.5.2 Validity

Maphazi (2013:50) explains that a research study without validity and reliability is impractical and purposeless, hence the importance of ensuring that the research instrument is measuring what it intends and that it remains consistent. Thus, validity involves the accuracy of results or results. It determines whether the research instrument adopted in the study measures what it was originally intended to measure

(Pepeta 2012:62). Face validity and construct validity were considered in this study. Face validity assures respondents selected for the study that the measuring instrument is measuring the characteristics that were purposefully intended to be measured to achieve the objectives of the study. Respondents receive assurance through face validity when the intention or purpose of the measuring instrument appears in the content of the questionnaire (Drost 2012:116). To achieve face validity in this study the researchers' supervisors and other members of the Department of Business Management at the Nelson Mandela University assisted the researchers using their expertise in the study field, by ensuring that the research instrument prior to its distribution contains accurate information that represents the study effectively.

Construct validity on the other hand refers to how well the measuring instrument measures what it claims to measure the extent in which the measuring instrument test the theoretical conclusion of the study (Maphazi 2013:51). Construct validity is measured using an exploratory factor analysis (EFA). Plucker (2012:22) defines EFA as a manner that assists in analysing the primary data collected. Furthermore, EFA is a method used to determine the correlation of variables from the data collected. Confirmatory factor analysis (CFA) on the other hand is a statistical technique used to measure whether there is a resemblance between observed variables (directly measured) and latent variable (pre-existing results). In simpler terms CFA is used to determine a correlation between variables that are already tested and those that are currently being tested (Plucker 2012:27). In this study, EFA was selected as an approach to analyse the primary data collected. The reasons for the choice is because EFA is useful for reducing the amount of primary data collected to an amount that is easier to use for further analysis, to determine latent variables in the primary data collected and to measure construct validity (Plucker 2012:22; Foulkes, Mccrory, Viding & Neumann 2014:2). Items of each variable that were above 0.5 were loaded on the EFA and were used to determine the validity of the research instrument.

4.5.3 Reliability

Maphazi (2013:51) defines reliability as the consistency of the research instrument, the extent in which other researchers find the research instrument relevant and whether the participants agree with the content of the research instrument. Chikanda and Kupangwa (2013:58) suggests that a research instrument can at times be reliable if it is valid, however it is highly recommended and preferred that a research instrument is both reliable and valid to enable its effectiveness in measuring what it was initially intended to measure. With testing the reliability of the current study's research instrument, internal consistency reliability will be used, which ensures that consistency of the results obtained is determined throughout the items tested in the study (Pepeta 2012:61). Internal consistency also refers to the extent in which items of the same group generate the same results (Maphazi 2013:52).

To test the reliability of the research instrument of this study, Cronbach-alpha was used. Cronbach-alpha is the calculation used to measure internal consistency. Cronbach-alpha determines how closely related items are as a group (Pepeta 2012:61). Cronbach-alpha is used as a scale reliability measurement, which entails that upon calculation if Cronbach-alpha results in a 0.70, it yields an acceptable reliability. Cronbach-alpha of greater than 0.80 is deemed good, while greater than 0.90 is considered excellent and it denotes a high level of reliability (Chikanda & Kupangwa 2013:59). However, Cronbach-alpha that is less than 0.60 is considered irresolute and yield poor results. Pepeta (2012:61) explains that basic research will often be regarded as acceptable even when the Cronbach-alpha coefficient resulted in a 0.50. Therefore, the greater the Cronbach-alpha (above 0.70) the more the research instrument tests reliable and acceptable (Chakanda & Kupangwa 2013:59; Pepeta 2012:61). Hence, it is explained by Chikanda and Kupangwa (2013:59) that when the Cronbach-alpha is close to 1 (0.70-0.90) it denotes a high internal consistency which entails that there is a strong relationship or correlation amongst items. For the purposes of this study a Cronbach-alpha of 0.70 will be considered acceptable for ensuring reliability of the measuring instrument, and a Cronbach-alpha below 0.70 will be deemed unacceptable.

4.5.4 Pearson's product correlation and multiple regression analysis

Pearson's product correlation also known as Pearson's correlation in short, involves determining how strong is the relationship between two variables that are being measured (Gogtay & Thatte 2017:80). Pearson's correlation also measures the direction of the association between two variables. Correlation coefficient which results from the measurement of the two variables or the (r value), must range between -1 and +1. As Pearson's correlation is determined through a linear relationship between variables, a +1-correlation coefficient denotes that the two variables have a perfectly positive linear correlation, whereas -1 correlation coefficient indicates that the two variables being measured have a perfectly negative linear correlation. A correlation coefficient of zero means that a linear relationship amongst the two variables does not exist (Asri, Hashim, Desa & Ismail 2016:2). Thus, the Pearson's product correlation is calculated to measure the strength of the correlation between two variables, namely each of the possible factors that influence employee retention (independent variables) and employee retention (dependent variable).

Multiple regression analysis determines the relationship between the independent variables and the dependent variable. The core purpose of the regression analysis is to test the hypotheses (Uyanik & Guler 2013:235). In instances where a regression uses a single independent variable it is called a univariate regression analysis whereas when more than one independent variables are used the instance is called a multivariate regression analysis. For the purposes of this study, a multivariate regression was used as a tool to test the hypotheses, which entail that the relationship between the possible factors influencing employee retention (independent variables) and employee retention (dependent variable) were established. The reason to use multivariate regression analysis in this study is because the test was between more than one independent variables and a dependent variable (Ge 2017:3).

4.6 SUMMARY

This chapter provided a thorough overview of the difference between two research methodologies, namely quantitative research methodology and qualitative methodology. Additionally, the research designs and research methods used in both research methodologies were identified. The data collection methods were discussed, the secondary data collection subsection highlighted what secondary data collection entails and how it was highlighted. The primary data collection was also thoroughly discussed covering information relating to the population, sample, sampling technique and the process of questionnaire development and distribution. In terms of data analysis, the methods in which data was analysed were reviewed, such as validity and reliability to ensure that the questionnaire yields effective results. To test correlation between the measured variables and the stated hypotheses, Pearson's product correlation and multiple regression analyses were discovered.

The following chapter, chapter five will discuss the empirical results regarding the investigation of how the predetermined factors possibly influence employee retention in the financial services industry.

CHAPTER FIVE

EMPIRICAL RESULTS

5.1 INTRODUCTION

Chapter four presented the research method that was selected to conduct the research for this study. A positivistic research method was selected. This research method requires a quantitative analysis of data. For the collection of data, the researchers consulted secondary data to provide an overview of the study. Primary data was obtained through a survey. The survey was conducted through a questionnaire that respondents had to complete.

Chapter five presents the empirical results attained from the analysis of data collected using the survey distributed in the financial services industry. Firstly, descriptive results on the biographical and demographical data is presented. Data analysis was conducted using Statistica to provide statistical empirical results through validity and reliability results, descriptive statistics, correlation coefficients and regression analysis.

5.2 BIOGRAPHICAL AND DEMOGRAPHICAL DATA

The information below focuses on the biographical information of the respondents within the financial services industry in Nelson Mandela Bay. Table 5.1 presents the data that relates to the respondents' age, gender, highest education, employment status, employment sector, length of time in the financial services industry and length of time employed at that firm.

The number of questionnaires distributed to respondents in the financial services industry was 126. Only 15.07% of the distributed questionnaires were deemed unusable due to incompletion of too many items. Most (84.92%) of the distributed questionnaires were then used to analyse data for the study.

Table 5.1: Demographic information of the respondents

Item		Count	Percentage (%)
Gender	Male	53	49.53
	Female	54	50.47
	TOTAL	**107**	**100**

Table 5.1: Demographic information of the respondents (cont.)

Item		Count	Percentage (%)
Age group	18-24 years	44	41.12
	25-34 years	34	31.78
	35-44 years	15	14.02
	45-55 years	12	11.21
	55-64 years	2	1.87
	TOTAL	**107**	**100**
Highest education	Matric	23	21.50
	Certificate	14	13.08
	Undergraduate diploma	13	12.15
	Undergraduate degree	31	28.97
	Postgraduate diploma	11	10.28
	Postgraduate degree	12	11.21
	Other	3	2.80
	TOTAL	**107**	**100**
Employment status	Full-time	86	80.37
	Part-time	21	19.63
	TOTAL	**107**	**100**
Employment sector	Banking sector	47	43.93
	Insurance sector	27	25.23
	Financial planning	29	27.10
	Other	4	3.74
	TOTAL	**107**	**100**
Length of time employed in the financial services industry (FSI)	1-5 years	69	64.49
	6-10 years	13	12.15
	11-15 years	7	6.54
	16-20 years	5	4.67
	21 years +	13	12.15
	TOTAL	**107**	**100**

Table 5.1: Demographic information of the respondents (cont.)

Item		Count	Percentage (%)
Length of time employed at the firm.	1-5 years	76	71.03
	6-10 years	10	9.35
	11-15 years	6	5.61
	16-20 years	6	5.61
	21 years +	9	8.41
	TOTAL	**107**	**100**

Table 5.1 shows just less than half (49.53%) of the respondents were males and 50.47% of the respondents were females. Most (41.12%) of the respondents are between the ages of 18 – 24 years old, leaving 1.87% as the minority respondents between the ages 55 to 64 years. Only 21.50% of the respondents hold a matric qualification. Only 28.97% of the respondents have an undergraduate degree qualification and minority (2.80%) of the respondents have other specified qualifications.

More than three quarters (80.37%) of the respondents are full-time employees whereas 19.63% are part-time employees. Just less than the majority (49.93%) of the respondents are employed in the banking sector, 27.10% are employed in the financial planning sector, 25.23% are employed in the insurance company sector, and 3.74% reported that they are employed in other sectors.

Over the majority of the respondents (64.49%) have been employed for 1 to 5 years in the financial services industry but 12.15% of the respondents have been operating in the industry for over 21 years. The majority (71.03%) of the respondents have been employed for 1 – 5 years in their current firms, and 8.41% of the respondents report to have been working for the same firm for over 21 years.

5.3 RESULTS OF THE VALIDITY AND RELIABILITY ANALYSES

To measure the validity of the instrument used to measure the constructs in the theoretical model, an exploratory factor analysis (EFA) was conducted. Factor loadings greater than 0.5 were considered significant and were used for the study

(Garcia, Viterbo, Ferraz & Costa de Paiva 2015:4). A Cronbach's-alpha coefficient of 0.7 was considered as indicating reliability for the study. This section will present the different results of the validity and reliability analyses for the independent and dependent variables. The factor loadings are available in Annexure B. In total forty-eight (48) items were developed to measure four independent variables and one independent variable. Only 1 item (item 46) cross loaded onto two factors and was therefore deleted and not considered for further testing. Three items (item 17, 40 and item 44) did not load onto any factor and were therefore not considered for further testing. Variables employee training, employee empowerment, employee appraisal systems, employee compensation and employee retention were denoted as ET, EE, EA, EC and ER respectively.

5.3.1 Employee training

An EFA was conducted to test and ensure the validity of the scale measuring the independent variable employee training. Table 5.2 presents the factor loadings and Cronbach-alpha coefficient for the independent variable employee training.

Table 5.2: Validity and reliability of employee training

% of variance: 11.48%		Cronbach-alpha:0.914		
Item	My firm…	Factor loading	Item total correl	Cronbach-alpha after deletion
ET 8	Provides training to employees to enhance their eligibility for promotion.	0.725	0.828	0.894
ET 1	Provides training opportunities.	0.697	0.607	0.910
ET 4	Sends employees to skills enhancement programmes.	0.691	0.767	0.899
ET 7	Provides training to employees as an incentive for increased work performance.	0.691	0.708	0.903
ET 3	Ensures that employees' training are relevant to their jobs.	0.617	0.658	0.907

Table 5.2: Validity and reliability of employee training (cont.)

% of variance: 11.48%		Cronbach-alpha:0.914		
Item	**My firm …**	**Factor loading**	**Item total correl**	**Cronbach-alpha after deletion**
ET 2	Provides training opportunities regularly (once or more than once a year).	0.564	0.662	0.906
ET 6	Provides career planning guidance.	0.534	0.728	0.902
ER 42	Am empowered at this firm.	0.515	0.682	0.905
ET 5	Assigns mentors/supervisors to employees.	0.511	0.661	0.906

From Table 5.2 it is evident that all eight items developed to measure employee training loaded together (items ET 1, ET 2, ET 3, ET 4, ET 5, ET 6, ET 7 and ET 8). Originally intended to measure employee retention, item ER 42 also loaded onto this factor. This is likely because respondents feel that if they are empowered in their jobs, they are being trained. The factor loadings from this construct ranged from 0.511 – 0.725. Based on the items that loaded onto this factor all relating to employee training the factor was labelled employee training. Enough evidence is thus provided for the construct validity of this factor. The Cronbach-alpha coefficient for the factor employee training is over 0.7 at 0.914, suggesting that the scale measuring this factor is reliable.

5.2.2 Employee empowerment

Table 5.3 presents the validity and reliability results of the independent variable employee empowerment.

Table 5.3: Validity and reliability of employee empowerment

% of variance: 10.38%		Cronbach-alpha: 0.895		
Item	**My firm…**	**Factor loading**	**Item total correl**	**Cronbach-alpha after deletion**
EE 13	Allows employees to find and implement solutions for problems that occur in the work environment.	0.740	0.785	0.868
EE 9	Allows employees to make decisions relevant to their own work.	0.662	0.698	0.879
EE 15	Develops employees to become independent in their jobs.	0.624	0.616	0.888
EE 12	Allows employees to implement new ideas.	0.621	0.782	0.869
EE 11	Requests job ideas and suggestions from employees.	0.602	0.629	0.889
EE 10	Provides employees access to information to make informed working/job decisions.	0.565	0.697	0.880
EE 14	Develops employees to become experienced employees.	0.544	0.688	0.881

It is clear from Table 5.3 that all seven items that were intended to measure employee empowerment loaded onto one factor (items EE 9, EE 10, EE 11, EE 12, EE 13, EE 14 and EE 15). Factor loadings ranging between 0.544 – 0.740 were recorded for this construct and thus shows validity. As all the items were employee empowerment, the factor was named employee empowerment. The Cronbach-alpha coefficient is 0.895 for the independent factor employee empowerment. Therefore, the scale measuring this factor is reliable because the Cronbach's-alpha coefficient is above 0.7.

5.3.3 Employee appraisal systems

In the table below the information related to the validity and reliability results of the independent variable employee appraisal systems is presented.

Table 5.4: Validity and reliability of employee appraisal systems

% of variance: 14.62%		Cronbach-alpha: 0.940		
Item	**My firm…**	**Factor loading**	**Item total correl**	**Cronbach-alpha after deletion**
EA 21	Conducts performance appraisals that improve the quality of employees' work.	0.752	0.834	0.929
EA 25	Conducts performance appraisals that improve employees' job performance.	0.731	0.835	0.929
EA 22	Conducts performance appraisals that ensure that employees understand what their jobs entail and require.	0.729	0.778	0.933
EA 23	Conducts performance appraisals that assist employees in identifying their strengths and weaknesses.	0.708	0.706	0.936
EA 19	Spends enough time on performance appraisals (conducting performance appraisals and giving feedback thereof to employees).	0.687	0.797	0.931
EA 24	Conducts performance appraisals that improve relationships between employees and their managers/supervisors.	0.649	0.780	0.932
EA 20	Conducts performance appraisals that are motivating employees.	0.642	0.837	0.929
EA 18	Uses a performance appraisal system that is satisfactory to employees.	0.613	0.776	0.933
EA 16	Provides feedback on my job performance.	0.573	0.609	0.941

Table 5.4 shows that nine out of the ten items intended to measure employee appraisal systems loaded onto a single factor (items EA 16, EA18, EA 19, EA 20, EA 21, EA 22, EA 23, EA 24, EA 25). The range for the factor loadings of this factor is between 0.573 – 0.752. Considering that the cut off for the factor loadings was 0.5, this factor can be considered valid. As all the items that loaded onto this factor related to employee appraisal systems, it was labelled employee appraisal systems. The Cronbach-alpha coefficient for the employee appraisal systems is 0.940, above the 0.7 cut off. Therefore, the scale measuring this factor is reliable. Enough evidence measuring the validity and reliability for the construct measuring employee appraisal systems is provided.

5.3.4 Employee compensation

The factor loadings of validity and reliability results for the independent variable employee compensation is presented in Table 5.5.

Table 5.5: Validity and reliability of employee compensation

% of variance: 17.00%		**Cronbach-alpha: 0.952**		
Item	**My firm…**	**Factor loading**	**Item total correl**	**Cronbach-alpha after deletion**
EC 33	Offers compensation that is fair in terms of the work quality of employees.	0.772	0.814	0.946
EC 31	Offers compensation that is fair in terms of the amount of time employees spend at work.	0.720	0.766	0.948
EC 32	Offers compensation that matches employees' work performance.	0.717	0.821	0.946
EC 26	Pays competitive basic salaries.	0.712	0.762	0.948
EC 34	Offers compensation that matches employees' level of experience.	0.704	0.782	0.947
EC 35	Recognises employees' work by offering valuable compensation packages.	0.696	0.876	0.943
EC 28	Offers competitive packages that are satisfactory to employees.	0.686	0.774	0.948
EC 30	Offers extrinsic rewards (e.g. promotions, bonuses, vacations and salary increments) for over time or any extra work.	0.679	0.800	0.947
EC 29	Offers intrinsic rewards (e.g. praise and recognition from supervisors and co-workers as well as an increase in status and autonomy) for over time or any other extra work.	0.661	0.795	0.947
EC 27	Offers competitive benefit packages.	0.634	0.753	0.949

Table 5.5 reveals that all ten items intended to measure the independent variable employee compensation loaded together (items EC 26, EC 27, EC 28, EC 29, EC 30, EC 31, EC 32, EC 33, EC 34, and EC 35). The range for the loadings for this factor is between is 0.634 – 0.772. As all the items that loaded onto this factor related to

compensation, it was labelled employee compensation. Therefore, the validity of this factor has been confirmed because the factor loadings exceeded 0.5. The Cronbach-alpha coefficient for employee compensation is above 0.7 at 0.952 and this signifies the reliability of the scale measuring this factor.

5.3.5 Employee retention

Table 5.6 highlights the validity and reliability results for the dependent variable employee retention.

Table 5.6: Validity and reliability of employee retention

% of variance: 11.40%		**Cronbach alpha: 0.895**		
Item		**Factor loading**	**Item total correl**	**Cronbach-alpha after deletion**
	I…			
ER 38	Will stay at this firm until I retire.	0.750	0.714	0.880
ER 47	Am happy with the level of compensation, in terms of my benefits, that I receive at this firm.	0.671	0.773	0.874
ER 43	Am part of sufficient performance appraisals at this firm.	0.625	0.707	0.880
ER 45	Am happy with the promotional opportunities available at this firm.	0.618	0.681	0.881
ER 39	Am valued at this firm.	0.610	0.768	0.876
ER 36	Will apply for this job position again.	0.581	0.631	0.886
ER 41	Receive adequate training at this firm.	0.567	0.658	0.884
ER 48	Am loyal to this firm.	0.522	0.550	0.891
ER 37	Will **NOT** apply for other job positions at competitor firms in the industry.	0.507	0.499	0897

In Table 5.6 it shows that nine of the thirteen items intended to measure employee retention loaded together onto this construct (items ER 36, ER 37, ER 38, ER 39, ER 41, ER 43, ER 45, ER 47 and ER 48). The factor loadings for this construct ranged between 0.507 – 0.750. The factor loadings were above 0.5 meaning these items can be regarded as valid. All the items that loaded on this factor led to this factor being named employee retention. The Cronbach-alpha coefficient for the employee retention is 0.895. The scale measuring this factor is reliable because the Cronbach-alpha coefficient for employee retention is above 0.7.

Factor loadings for the dependent and independent variables loaded as expected, therefore the variable definitions and hypotheses remain as stated in the chapter one of this study.

5.4 DESCRIPTIVE STATISTICS ON THE VARIABLES

This section will present the descriptive statistical analysis of the responses given by respondents in the financial services industry. The descriptive statistical analysis will present the calculation of the mean scores, standard deviation and frequency distributions of the data of the respondents. Table 5.7 presents the means and standard deviations of the data. Frequencies are also displayed where the disagree section combines the responses given for both the strongly disagree as well as the disagree options, while the agree section combines responses given for both the strongly agree and agree options.

Table 5.7: Descriptive statistics on the variables

Factor	Mean	Std. Dev	Disagree %	Neutral %	Agree %
Employee training	3.747	0.796	5.61	34.58	59.81
Employee empowerment	3.754	0.728	2.80	38.32	58.88
Employee appraisal systems	3.633	0.812	6.54	40.19	53.27
Employee compensation	3.526	0.902	11.21	38.32	50.48
Employee retention	3.359	0.785	6.5	57.94	35.51

It is evident from Table 5.7 that respondents agreed with items that were linked to the factors. Employee empowerment had the highest mean (3.757). Employee training had the second highest mean (3.747). Employee appraisal systems had the third highest mean (3.633). Employee retention had the fourth highest mean (3.359). Employee compensation had the lowest mean at (3.526). The means indicate that respondents are neutral towards agreeing with the items linked to the factors. Employees are neutral towards agreeing that they are currently being trained, empowered, praised and compensated. The independent factors employee training and employee empowerment had the highest agreements with percentages of 59.81% and 58.88%. The independent factors employee appraisal systems and employee compensation had the lowest agreement percentages at 53.27% and 50.48%.

Specifically, when considering both the independent variables and dependent variable, the dependent variable obtained the lowest mean (3.356). Therefore, respondents are neutral about their current retention perspectives. This shows that although some of the respondents view some of the employee variables as being present in their current employment, their retention is not guaranteed. The standard deviations of all the factor values range between 0.728 – 0.902. The numbers recovered from the standard deviation are high. This means that the responses from the respondents are widely dispersed in their responses to the questionnaire.

5.5 PEARSON'S PRODUCT CORRELATIONS

Table 5.8 presents the results of the correlations between the four independent variables and the dependent variable investigated in this study.

Table 5.8: Pearson's product correlations

FACTOR	ET	EE	EA	EC	ER
ET	1.000	0.698	0.659	0.682	0.642
EE	0.698	1.000	0.683	0.596	0.510
EA	0.659	0.683	1.000	0.744	0.663
EC	0.682	0.596	0.744	1.000	0.704
ER	0.642	0.510	0.663	0.704	1.000

From Table 5.8 in relation to the dependent variable employee retention the highest correlations were reported for the independent variable employee compensation ($r = 0.704$), followed by employee appraisal systems ($r = 0.663$) and employee training ($r = 0.642$). Employee empowerment had the weakest correlation with the dependent variable ($r = 0.510$). All correlations are above 0.5. Therefore, links above show a clear indication that all factors are correlated.

5.6 MULTIPLE REGRESSION ANALYSIS

According to Garcia et al. (2015:5), multiple regression analysis is a tool used to determine the relationship between a dependent variable (employee retention) and one or more independent variables (employee training, employee empowerment, employee appraisal systems and employee compensation). Multiple regression analysis further shows the extent to which the identified independent variables account for the dependent variable. To test for any significant influences that the independent variables might have on the dependent variable, a multiple regression analysis was conducted.

Table 5.9 shows that the independent variables identified represent over half (56.9%) of the factors that may influence employee retention.

Table 5.9: Influence of independent variables on employee retention

Dependent variable: Employee retention			**R^2 = 0.5699**
Independent variables	**Beta**	**t-value**	**Sig.(p)**
Employee training	**0.266**	**2.621**	**0.010***
Employee empowerment	-0.085	-0.794	0.429
Employee appraisal system	**0.254**	**2.395**	**0.018***
Employee compensation	**0.324**	**3.535**	**0.000****

(*p<0.05) (p<0.001)**

From the above table the beta-coefficient (Beta) represents the strength and the relative contribution each independent variable has to the dependent variable, whereas the significant relationship between each independent variable and dependent variable is denoted with the p-value. As indicated in Table 5.9, employee compensation has a positive significant relationship (0.324; $p<0.001$) with employee retention. This means that employee compensation has the strongest significant relationship to employee retention ($t = 3.535$). This established relationship implies that the more employees are offered competitive and satisfactory compensation packages the more likely employees will remain in their employment. Employee training reported a significant positive relationship (0.266; $p<0.05$) with employee retention. This relationship signifies when employees are provided with regular training opportunities that enhance their skills and are relevant to their jobs, employees tend to find satisfaction at their firms, which increases their chances of remaining at their firms. The last significant positive relationship determined was between employee appraisal systems and employee retention (0.254; $p<0.05$), which suggests firms that conduct satisfactory employee appraisals systems that motivate employees, provide employees with feedback on their job performance, build employee-manager relationships and assist in determining the weaknesses and strengths of the employees, encourage their employees to remain in their employment. Table 5.9 indicates that no statistically significant relationship exists between employee empowerment and employee retention (-0.085; $p<0.005$). In other words, although firms in the financial services industry continue to empower their employees, empowering employees will not necessarily influence employee retention.

5.7 HYPOTHESES TESTING

For this study, four independent variables were used to test the variables within the financial services industry in Nelson Mandela Bay that influence employees to remain in their employment. The four independent factors are employee training, employee empowerment, employee appraisal systems and employee compensation.

The multiple regression analysis reported that only three of these factors have significant positive relationships with the dependent variable (employee retention). Thus, leaving only one predetermined factor with no statistically significant relationship (employee empowerment). Therefore, three of the hypotheses are deemed acceptable. The following denotes the hypotheses that were acceptable:

H^1 – There is a significant relationship between employee training and employee retention.

H^3 – There is a significant relationship between employee appraisal systems and employee retention.

H^4 – There is a significant relationship between employee compensation and employee retention.

5.8 SUMMARY

The primary purpose of this study was to identify the influence of the predetermined factors on employee retention in the financial services industry. This chapter provided the empirical results, starting with the report and summary of the demographic and biographical data collected. An analysis of the results of the validity and reliability of the measuring instrument adopted in the study was presented. The descriptive results of the study were also presented. The correlation between the independent variables and the dependent variable were determined using the Pearson’s product correlation and the significant relationships between the independent variables and the dependent variable was tested using the multiple regression analysis.

The final chapter (Chapter six) will present the summary of the results in the study. Based on the results provided in this chapter, recommendations will also be made to firms in the financial services industry regarding factors that influence employee retention. The contributions and limitations of the study will be discussed, followed by the conclusion to the study.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The previous chapter presented the empirical results of this study. Statistical software was utilised to calculate the biographical and demographical data of the respondents in the financial services industry. Validity was tested through the EFA. Reliability was assessed through calculating the Cronbach-alpha coefficients. Furthermore, descriptive statistics relating to the predetermined factors was presented in the form of means, standard deviations and frequency distributions. Pearson's product correlations were conducted to identify the correlations between the predetermined variables. The researchers assessed the degree the independent variables influenced the dependent variable through a multiple regression analysis.

Chapter six will present the main results from the literature review and empirical investigation. Thereafter an explanation of how the research objectives stated in chapter one was successfully realised will follow. Recommendations to role players in the financial services industry will also be presented. The recommendations are drawn from the study. Thereafter, limitations of the study and possible future research will be presented. A reflection by the researchers will be presented followed by the conclusion to the study.

6.2 RESEARCH OBJECTIVES

In chapter one, the primary objective of the study was stated and indicated that the researchers aim to investigate the influence of predetermined factors on employee retention in the financial services industry. From this primary objective, the following secondary objectives were identified:

- To conduct a literature review on the South African financial services industry;
- To conduct an empirical investigation to determine the influence of the predetermined variables on employee retention in the financial services industry; and
- To provide conclusions and recommendations based on the results to managers of firms in the financial services industry on how to retain employees.

To achieve the abovementioned primary and secondary objectives, the following methodological objectives were identified:

- Undertake a theoretical investigation into the nature and importance of the retention of employees within the financial services industry;
- Propose a theoretical framework that reflects the relationship between the independent variables (employee training, employee empowerment, employee appraisal systems, and employee compensation) and the dependent variable (employee retention);
- Develop an appropriate measuring instrument that will be used to empirically test the influence of the independent variables on the dependent variable;
- Source primary data from a predetermined sample of employees in the financial services industry in the Nelson Mandela Bay and to statistically analyse the data, as well as test the proposed hypotheses; and
- Provide conclusions and recommendations based on the results of the current research, which will assist managers in the financial services industry to retain their employees for a long period of time.

6.3 RESEARCH DESIGN AND METHODOLOGY

As discussed in chapter four a positivistic research paradigm where a quantitative research design is applied was selected by the researchers to conduct the study. A positivistic research paradigm involves the usage of statistical techniques to generate and analyse data. This research paradigm is concerned with revealing factual results that are free of biases. To develop a clear and deep understanding of the subject area secondary data was consulted. Primary data was then collected through the distribution of questionnaires. These questionnaires were distributed to employees in the financial services industry within Nelson Mandela Bay.

To assess the validity of the data collection instrument (questionnaire) face validity, and EFA techniques were used to consider construct validity. The reliability of the independent variables and the dependent variables were measured through the calculation of Cronbach-alpha coefficients (using a cut-off of 0.7). To summarise the data, researchers used descriptive statistics in the form of means, standard deviations and frequency distributions. The researchers also calculated Pearson's product correlations and conducted a multiple regression analysis to test the hypotheses.

6.4 THE MAIN FINDINGS FROM THE LITERATURE REVIEW

Chapter two commenced by providing a definition of the financial services industry and then presented the different sectors that form the financial services industry. These sectors included the banking sector, insurance sector and financial planning sector. The financial services industry is important because it provides credit provision, liquidity risk management, contributes to the GDP, employment levels and contributes to the standard of living in South Africa.

Furthermore, it was revealed that employees through their working roles ensure the competitiveness of the firms competing in the financial services industry. These roles were seen to be providing a service to clients, representing their firms to their clients, marketing their firms during their interactions with their clients, triggering innovation in their firms, differentiating the services offered by their firms from other firms and ensuring clients are kept up to date with the latest products and services.

Based on the roles played by employees in the financial services industry, their retention is important. To ensure the retention of employees in the financial services industry, chapter three presented a discussion of employee retention and the possible factors that influence employees in their retention. These factors were seen to be employee training, employee empowerment, performance appraisals, employee compensation, work life balance, job security and leadership. However, literature and previous studies supported mostly four variables to influence employee retention. Additionally, the four variables also examined employee retention from the perspective of employees which is in line with the purpose of this study. These variables were employee training, employee empowerment, employee appraisal systems and employee compensation. Thus, the remaining variables (work life balance, job security and leadership) were not empirically tested.

6.5 MAIN RESULTS FROM THE EMPIRICAL INVESTIGATION

Regarding the demographic information of the respondents, it was discovered that the number of respondents whom are males and females was almost equal. Just less than the majority (49.53%) of the respondents are males and 50.47% of the respondents are females. Most (41.12%) of the respondents fell between the ages of 18 – 24 years. Only 21.50% of the respondents are in possession of a matric certificate. Only 11.21% of the respondents are in possession of a postgraduate degree.

Most (80.37%) of the respondents are full-time employees, less than half (43.93%) of the respondents are operating in the banking sector. More than half (64.49%) of the respondents have been in operation in the financial services industry for 1 to 5 years whereas majority (71.03%) of the respondents reported to have been working at the same firm for a period of 1 – 5 years.

Only items that loaded in the EFA were subsequently used to conduct further statistical analysis. Item loadings above 0.5 indicated the validity of the items in a construct. These items loaded onto these following factors, employee training, employee empowerment, employee appraisal systems and employee retention. The above factors were identified as reliable through the Cronbach-alpha coefficient calculations, as they produced results that were above the cut-off point of 0.7. As mentioned in the previous chapter, a Cronbach-alpha coefficient of 0.9 shows high levels of internal consistency, and three of the abovementioned factors have a Cronbach-alpha coefficient ranging from 0.910 – 0.950 of which employee compensation has the highest Cronbach-alpha coefficient. Two of the factors, employee empowerment and employee retention hold a Cronbach-alpha coefficient of 0.89 which means that items used to measure employee empowerment were reliable and so too the items used to measure employee retention.

With regards to the Pearson's product correlations presented in chapter five, all the predetermined factors showed a link with employee retention. The strongest correlation was between employee compensation and employee retention ($r = 0.704$) whereas the weakest correlation was between employee empowerment and employee retention ($r = 0.510$).

Significant relationships between the variables were evident from the multiple regression analysis. There were significant positive relationships between each of the independent variables employee training, employee appraisal systems, employee compensation and dependent variable employee retention. The strongest significant positive relationship was between employee compensation and employee retention with (0.324; $p<0.001$). Employee training and employee retention had a significant positive relationship (0.266; $p<0.05$). Employee appraisal systems and employee retention had a significant positive relationship (0.254; $p<0.05$). However, it was revealed that employee empowerment has no significant relationship with employee retention (-0.085; $p<0.05$).

The resulting hypotheses were accepted and rejected based on the multiple regression analysis: Table 6.1 presents a summary of the hypotheses tested.

Table 6.1: Summary of hypotheses tested

	Hypotheses	Decision
H^1:	There is a significant relationship between employee training and employee retention.	Accept
H^2:	There is a significant relationship between employee empowerment and employee retention.	Reject
H^3:	There is a significant relationship between employee appraisal systems and employee retention.	Accept
H^4:	There is a significant relationship between employee compensation and employee retention.	Accept

From table 6.1 is evident that three of the four hypotheses were accepted. The accepted hypotheses include H^1 – There is a significant relationship between employee training and employee retention, H^3 – There is a significant relationship between employee appraisal systems and employee retention and H^4 – There is a significant relationship between employee compensation and employee retention. H^2 – There is a significant relationship between employee empowerment and employee retention was not accepted based on the multiple regression analysis. Table 6.2 reveals how the researchers achieved the secondary and methodological objectives.

Table 6.2 Secondary and methodological objectives achieved and relevant chapters

Secondary objectives	Achieved
To conduct a literature review on the South African financial services industry	Chapter 2

Table 6.2 Secondary and methodological objectives achieved and relevant chapters (cont.)

Secondary objectives	Achieved
To conduct an empirical investigation to determine the influence of the predetermined variables on employee retention in the financial services industry	Chapter 4 & 5
To provide conclusions and recommendations based on the results to managers of firms in the financial services industry on how to retain employees.	Chapter 6
Methodological objectives	
Undertake a theoretical investigation into the nature and importance of the retention of employees within the financial services industry;	Chapter 3
Propose a theoretical framework that reflects the relationship between the independent variables (Employee training, Employee empowerment, Employee appraisal systems, and Employee compensation) and the dependent variable (Employee retention)	Chapter 1
Develop an appropriate measuring instrument that will be used to empirically test the influence of the independent variable on the dependent variable	Chapter 4
Source primary data from a predetermined sample of employees in the financial services industry in the Nelson Mandela Bay and to statistically analyse the data, as well as test the proposed hypotheses	Chapter 5
Provide conclusions and recommendations based on the results of the current research, which will assist managers in the financial services industry to retain their employees for a long period of time.	Chapter 6

From the information provided above all secondary and methodological objectives of this study have been achieved. Table 6.2 summarises the study's objectives and clearly indicates in which chapter they were achieved.

6.6 RECOMMENDATIONS TO ROLE PLAYERS IN THE FINANCIAL SERVICES INDUSTRY

Based on the outcome of this study, the researchers can provide several recommendations to managers of firms in the financial services industry to address employee retention. The recommendations are based on sound statistical evidence from the analysis of the predetermined factors and employee retention.

a) Implementing employee training

As indicated in the empirical results, a positive and significant relationship was seen between employee training and employee retention. This variable has the second strongest influence on employee retention. Managers of firms in the financial services industry should ensure that employees receive annual training programs to increase their chances of retention in this specific working environment. During induction and orientation programmes, managers in the financial services industry must expose employees to career guidance programs. Exposure to career guidance programs creates an impression that firms are concerned with the personal growth and development of their employees. Regular workshops for employees and managers should be held every time new financial solutions are launched by firms competing in this industry.

Managers of firms in the financial services industry must ensure employees are assigned to mentors and supervisors to guide and address any questions or queries related to their work environment or performance. Managers must send employees to attend short-term courses at business schools, online short courses and pay for their employees to register part-time at higher education institutions that offer the related qualification for a specific skill. These institutions include further education and training colleges and universities. Additionally, management of the firms must ensure employees that have received new training stand a good chance of earning a promotion in their current firm when the opportunity arises. Promotions will result in the retention of employees.

b) Implementing employee appraisal systems

A significant positive relationship exists between employee appraisal systems and employee retention. This independent variable showed the third strongest influence on employee retention. Managers of firms competing in the financial services industry must monitor employees and ensure employees understand, accept and support the appraisal systems employed in the firms. The process of conducting appraisal systems should be straight forward, managers in the financial services industry should use technological software programs to track and analyse the performance of employees.

Employee appraisal systems should be conducted fairly by managers to increase employee retention. Afterwards, managers should hold routine meetings with employees to discuss and offer feedback on their performance. During the feedback, management must provide employees with information that will assist employees to build a better relationship with their mentors and supervisors. This will ensure that employees are motivated, understand what their jobs entail and are aware of their weaknesses and strengths. Once employees have received their feedback on where they can improve, this will increase their performance and quality of work.

c) Implementing employee compensation

A significantly positive relationship exists between employee compensation and employee retention. This variable showed the strongest influence on employee retention. Managers in firms competing in the financial services industry should ensure that employees receive competitive basic salaries and rewards. Firms must benchmark the salaries and rewards of employment positions with their competitors to ensure employees are not underpaid and are satisfied with their compensation. Employees feel appreciated for their performances and contributions towards the achievement of the firms' goals. Managers should provide the possibilities for employees to work overtime. Managers should use technology and create a platform where employees can log onto to complete work tasks and get paid. This will ensure employees receive compensation that matches their work performance and amount of time spent doing their work.

Firms should offer both intrinsic rewards (praise, recognition from supervisors and co-workers) and extrinsic rewards (bonuses, vacations and salary increments) to their employees. Benefit packages provided to employees by their firms should be benchmarked by management with other competitors in the industry to ensure their competitiveness. Managers of firms competing in the financial services industry must consult with supervisors and mentors of employees to ensure compensation received by employees is fair in terms of their work quality. Managers of firms should ensure employees who have remained committed to their firms for a long period of time are rewarded with vacations, bonuses and salary increments as a token of the firms' gratitude. Honorary staff functions should be held by firms to acknowledge exceptional employee performances. It is also important for firms competing in the financial services industry to increase the salaries and benefits of their employees on a yearly basis. Increases in salaries and benefits will show a growing appreciation towards their employees. Furthermore, the increases in salary and benefits will motivate employees to remain committed in their current firms year to year and thus strengthen employee retention in the firms operating in the financial services industry.

d) Implementing employee retention

Managers in the financial services industry must ensure employees feel valued. To show value to employees, managers are encouraged to introduce a system where employees who have worked the hardest for a work project or for that month to be acknowledged for their work efforts. Firms should introduce a notice board for employee of the month. A picture of the top performing employee for that month will be displayed on the notice board for every employee to see. Thus, employees who are recognised on the notice board for their work effort will be motivated to continue working hard. Other employees within the firm will aspire to be recognised by their firms on the notice board and increase their productivity and work performance. The recognition and acknowledgement given to employees will motivate them to stay within their firms for a long period of time because they feel valued by their firm.

Managers within the financial services industry must ensure promotional opportunities for employees are plentiful within their firms. Employee appraisal systems should be consulted by managers to identify potential employees that deserve a promotion based on their performance record. Once senior employee positions are vacant and available within firms, managers must promote deserving employees internally to those positions as opposed to hiring external senior employees. Internal employees will demonstrate a better understanding of the inner workings of the firm and understanding of the organisational culture. Employees will remain committed for longer periods of time within their firms to stand a chance to earn these promotions and thus strengthen employee retention within their firms competing in the financial services industry.

Although firms in the financial services industry empower their employees, employee empowerment does not have a scientifically significant relationship with employee retention. However, employee training, employee appraisal systems and employee compensation have a scientifically significant relationship with employee retention.

The recommendations above are based on independent factors that have a significant relationship to make employees stay within their firms for a long period of time. Firms in the financial services industry are encouraged to implement these recommendations to strengthen their employee retention.

6.7 LIMITATIONS OF THE STUDY AND POSSIBLE FUTURE RESEARCH

The researchers experienced challenges in the data collection stage of the study. Certain firms in the financial services industry in the Nelson Mandela Bay refused to help the researchers because it was against their firms' policies. As a result, this made it extremely difficult for the researchers to collect their data. Some respondents attempted the questionnaire but did not complete it. In cases where a section of the questionnaire was not filled out that related to the factors that influence employee retention, the questionnaire could not be used and had to be removed from the study.

The sample for the study is employees within the financial services industry in Nelson Mandela Bay. This means that the results only related to employees within this geographic area. This gave the researcher the ability to conduct the study more easily. The results may however differ slightly from other geographic arears. Other geographic areas should be targeted for further research to ensure that the results are not biased towards this geographic area. Furthermore, this study should be applied in a different industry to measure employee retention. This study measured employee retention from the employees perspective, future studies should measure employee retention from the perspective of firms and include the variables that were not measured in this study such as leadership, work life balance and job security.

Time also contributed as a constraint to the researchers, apart from this study, the researchers had other obligations with other modules and this study consumed a lot of time. Schedules had to be adjusted so that the study could be completed.

Regardless of the limitations mentioned above, the researchers still managed to prove that factors (employee training, employee appraisal systems and employee compensation) have significant influence on employee retention in the financial services industry.

6.8 SELF REFLECTION BY THE RESEARCHERS

The researchers gained a thorough understanding and in-depth knowledge of employee retention in the financial services industry. The researchers gained insight from the study about the importance and role of the financial services industry. During the study the researchers understood why it is important that the financial services industry retains its employees that possess knowledge and skills to help the industry to remain competitive so that it can contribute to the economy. The researchers also learned the importance of firms implementing strategies that help to retain their employees.

When the research begun, the researchers assumed that certain factors will have a higher significance than other factors, additionally the researchers had the perception that all factors tested would report a significant positive relationship with the dependent variable. The researchers discovered that employee compensation has the highest significant relationship with employee retention and that employee empowerment does not have a statistically significant influence on employee retention.

The researchers also improved their skills to accurately find, paraphrase and reference relevant content from journal articles and other secondary data sources. Skills on how to develop a research instrument (questionnaire) were also acquired. Researchers gained the skill to statistically analyse the data collected using Statistica, and thus form relevant and accurate interpretations.

6.9 FINAL CONCLUSION

This study added value in the financial services industry by identifying factors that have a relationship with employee retention. In addition, it is vital for management of firms competing in the financial services industry to understand and implement the recommendations related to each factor that influences employee retention. Factors that influence employee retention are employee training, employee appraisal systems and employee compensation. Employee empowerment does not have a positive significant relationship with employee retention. To retain their employees, firms need to focus their capabilities and competencies on these factors. When employees receive regular training, regular feedback on their job performance and competitive compensation packages they tend to get motivated to remain in their current employment at their firms.

Employee retention within firms competing in the financial services industry is very important because it enhances the stability of the economy, strengthens the GDP of the country, betters the standards of living and reduces the unemployment rate of the country. Thus, it is important that firms operating in the financial services industry retain their employees so that they can contribute to the competitiveness and effectiveness of the industry, which contributes immensely to the economic growth of South Africa. The study identifies factors that influence employee retention. Furthermore, the study provides recommendations, if implemented, firms competing in the financial services industry will retain their employees and ensure the stability of the financial services industry in South Africa.

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ANNEXURE A: QUESTIONNAIRE

NELSON MANDELA
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June 2018

Dear Sir/Madam

The Business Management Honours students at the Nelson Mandela University have been instructed to conduct a research study.

Topic: Retention of employees within the financial services industry.

The aim is to investigate how employee training, employee empowerment, job appraisal and compensation influence employees' retention in the financial services industry.

It would be greatly appreciated if you could respond to the following questions to assist the students in the completion of this study. Please note that participation in this study is **voluntary**, **anonymous** and you will have the **opportunity to withdraw** without any penalty, at any time. **All information will be treated in the strictest confidence** and will be used for research purposes only. No individual information and/or responses will be published. To participate in this study, you must be 18 years of age and an employee in the financial services industry within the Nelson Mandela Bay area. Completion of the questionnaire will be regarded as implied consent.

Thank you for your time and effort in completing this questionnaire. If you have any queries, please do not hesitate to contact us.

Yours sincerely,

C Rootman
Prof C Rootman
Supervisor

A Msomi
Ms A Msomi
Co-supervisor

Selaelo Leshaba
Ms SE Leshaba
Researcher

Tembelihle Yase
Mr T Yase
Researcher

SECTION A: FACTORS INFLUENCING EMPLOYEE RETENTION

Please indicate your agreement with the following statements by placing a cross (X) in the appropriate box. Please note there are no "right" or "wrong" answers. The responses only relate to your perceptions.		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My firm…						
1	Provides training opportunities.	1	2	3	4	5
2	Provides training opportunities regularly (once or more than once a year).	1	2	3	4	5
3	Ensures that employees' training are relevant to their jobs.	1	2	3	4	5
4	Sends employees to skills enhancement programmes.	1	2	3	4	5
5	Assigns mentors/supervisors to employees.	1	2	3	4	5
6	Provides career planning guidance.	1	2	3	4	5
7	Provides training to employees as an incentive for increased work performance.	1	2	3	4	5
8	Provides training to employees to enhance their eligibility for promotion.	1	2	3	4	5
9	Allows employees to make decisions relevant to their own work.	1	2	3	4	5
10	Provides employees access to information to make informed working/job decisions.	1	2	3	4	5
11	Requests job ideas and suggestions from employees.	1	2	3	4	5
12	Allows employees to implement new ideas.	1	2	3	4	5
13	Allows employees to find and implement solutions for problems that occur in the work environment.	1	2	3	4	5
14	Develops employees to become experienced employees.	1	2	3	4	5
15	Develops employees to become independent in their jobs.	1	2	3	4	5
16	Provides feedback on my job performance.	1	2	3	4	5
17	Provides regular feedback on my job performance (once or more than once a year).	1	2	3	4	5
18	Uses a performance appraisal system that is satisfactory to employees.	1	2	3	4	5

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19	Spends enough time on performance appraisals (conducting performance appraisals and giving feedback thereof to employees).	1	2	3	4	5
20	Conducts performance appraisals that are motivating employees.	1	2	3	4	5
21	Conducts performance appraisals that improve the quality of employees' work.	1	2	3	4	5
22	Conducts performance appraisals that ensure that employees understand what their jobs entail and require.	1	2	3	4	5
23	Conducts performance appraisals that assist employees in identifying their strengths and weaknesses.	1	2	3	4	5
24	Conducts performance appraisals that improve relationships between employees and their managers/supervisors.	1	2	3	4	5
25	Conducts performance appraisals that improve employees' job performance.	1	2	3	4	5
26	Pays competitive basic salaries.	1	2	3	4	5
27	Offers competitive benefit packages.	1	2	3	4	5
28	Offers competitive packages that are satisfactory to employees.	1	2	3	4	5
29	Offers intrinsic rewards (e.g. praise and recognition from supervisors and co-workers as well as an increase in status and autonomy) for over time or any other extra work.	1	2	3	4	5
30	Offers extrinsic rewards (e.g. promotions, bonuses, vacations and salary increments) for over time or any extra work.	1	2	3	4	5
31	Offers compensation that is fair in terms of the amount of time employees spend at work.	1	2	3	4	5
32	Offers compensation that matches employees' work performance.	1	2	3	4	5
33	Offers compensation that is fair in terms of the work quality of employees.	1	2	3	4	5
34	Offers compensation that matches employees' level of experience.	1	2	3	4	5
35	Recognises employees' work by offering valuable compensation packages.	1	2	3	4	5
I…						
36	Will apply for this job position again.	1	2	3	4	5

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
37	Will **NOT** apply for other job positions at competitor firms in the industry.	1	2	3	4	5
38	Will stay at this firm until I retire.	1	2	3	4	5
39	Am valued at this firm.	1	2	3	4	5
40	Feel that my job is secure at this firm.	1	2	3	4	5
41	Receive adequate training at this firm.	1	2	3	4	5
42	Am empowered at this firm.	1	2	3	4	5
43	Am part of sufficient performance appraisals at this firm.	1	2	3	4	5
44	Always receive feedback concerning my job performance.	1	2	3	4	5
45	Am happy with the promotional opportunities available at this firm.	1	2	3	4	5
46	Am happy with the level of compensation, in terms of my salary, that I receive at this firm.	1	2	3	4	5
47	Am happy with the level of compensation, in terms of my benefits, that I receive at this firm.	1	2	3	4	5
48	Am loyal to this firm.	1	2	3	4	5

SECTION B: BIOGRAPHICAL DATA

Please mark your selection with a cross (X) in the appropriate box. Responses to these questions will be used for statistical purposes only.

1 Gender

Male		1
Female		2
Not willing to say		3

2 Age group

18 – 24 years		1
25 – 34 years		2
35 – 44 years		3
45 – 54 years		4
55 – 64 years		5
65 years +		6

3 Highest education

Matric (Grade 12)		1
Certificate		2
Undergraduate diploma		3
Undergraduate degree		4
Postgraduate diploma		5
Postgraduate degree		6
Other, please specify:		7

4 Employment status

Full-time employed		1
Part-time employed		2

5 Employment sector

Banking sector		1
Insurance sector		2
Financial planning sector		3
Other, please specify:		4

6 Length of time employed in the financial services industry

1 – 5 years		1
6 – 10 years		2
11 – 15 years		3
16 – 20 years		4
21 years +		5

7 Length of time employed at current firm

1 – 5 years		1
6 – 10 years		2
11 – 15 years		3
16 – 20 years		4
21 years +		5

THANK YOU FOR YOUR PARTICIPATION!

ANNEXURE B: FACTOR LOADINGS

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
ET 1	0,696670	0,053391	0,215342	0,137087	0,049021
ET 2	0,564157	0,254842	0,157182	0,245796	0,249932
ET 3	0,616717	0,360124	0,027329	0,182160	0,142497
ET 4	0,690782	0,213431	0,138915	0,336160	0,145659
ET 5	0,511140	0,387003	0,247231	0,167848	0,246167
ET 6	0,534173	0,415002	0,247420	0,228039	0,258451
ET 7	0,691161	0,099116	0,210950	0,260707	0,128578
ET 8	0,725304	0,234874	0,346497	0,268595	0,109321
EE 9	0,148882	0,662366	0,334828	0,093906	0,160771
EE 10	0,308452	0,565133	0,291888	0,262066	0,169214
EE 11	0,217310	0,602156	0,211207	0,199607	0,027472
EE 12	0,262277	0,621163	0,329793	0,156158	0,243515
EE 13	0,220134	0,740218	0,271191	0,133456	0,108326
EE 14	0,317572	0,543897	0,385252	0,270753	0,071835
EE 15	0,342163	0,623926	0,127628	0,229658	0,032875
EA 16	-0,003078	0,351925	0,573488	0,330911	-0,001710
EA17	-0,037136	0,366216	0,479394	0,420161	-0,017579
EA 18	0,117693	0,332320	0,613067	0,346592	0,188129
EA 19	0,000401	0,298713	0,687276	0,311374	0,252571
EA 20	0,224283	0,285572	0,642123	0,331484	0,334393
EA 21	0,264558	0,142497	0,752390	0,289034	0,186870
EA 22	0,106041	0,267108	0,729139	0,201059	0,220424
EA 23	0,216837	0,105453	0,708284	0,233707	0,182953
EA 24	0,313314	0,106904	0,649462	0,359968	0,204569
EA 25	0,383229	0,179645	0,730541	0,226796	0,171662
EC 26	0,253081	0,202224	0,120714	0,711965	0,222477
EC 27	0,278022	0,038983	0,299846	0,633829	0,256241
EC 28	0,274139	0,190860	0,206697	0,686389	0,177356
EC 29	0,219177	0,178304	0,416199	0,661060	0,155639
EC 30	0,209682	-0,034709	0,450111	0,678546	0,190675
EC 31	0,203651	0,201651	0,152417	0,719785	0,253421
EC 32	0,106694	0,137255	0,377899	0,716747	0,241699
EC 33	0,204725	0,085969	0,289590	0,772441	0,144954
EC 34	0,243458	0,264596	0,213613	0,703623	0,203627
EC 35	0,281916	0,055778	0,423082	0,695949	0,270979
ER 36	0,247218	0,157981	0,389709	0,057873	0,580861
ER 37	0,113048	-0,210639	0,274569	0,188059	0,507294
ER 38	0,065826	-0,134411	0,262709	0,211907	0,749879
ER 39	0,390056	0,183250	0,238107	0,344536	0,610219
ER 40	0,373843	0,302274	0,140660	0,308601	0,399570
ER 41	0,319325	0,082774	0,243826	0,285636	0,566734

ANNEXURE B: FACTOR LOADINGS (CONT.)

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
ER 42	0,514659	0,184478	0,194928	0,387934	0,449430
ER 43	0,176061	0,250338	0,309047	0,246450	0,625449
ER 44	-0,009116	0,367815	0,204766	0,451501	0,433517
ER 45	0,076118	0,332256	0,092559	0,447135	0,618412
ER 46	0,007047	0,259600	0,076954	0,603518	0,565841
ER 47	0,172654	0,212246	0,153669	0,416861	0,670539
ER 48	0,129396	0,054969	0,188437	0,191542	0,521709
Expl.Var	5,512522	4,984145	7,019887	8,157819	5,475927
Prp.Totl	0,114844	0,103836	0,146248	0,169955	0,114082

ANNEXURE C: PRO- FORMA ETHICS FORM

NELSON MANDELA
UNIVERSITY

FACULTY OF BUSINESS AND ECONOMIC SCIENCES

ETHICS CLEARANCE FOR TREATISES / DISSERTATIONS / THESES

Instructions:

- Should be completed by supervisor and student
- Must be signed off by student, supervisor and HoD
- Submit completed form to Ms Lindie van Rensburg
- Please ensure that the research methodology section from the proposal is attached to this form
- ***Please note that by following this Proforma ethics route, the study will NOT be allocated an ethics clearance number***

FACULTY:__BES____

SCHOOL / DEPARTMENT:___BUSINESS MANAGEMENT_________________________

I, (surname and initials of supervisor) __C ROOTMAN and Y MSOMI____________________

the supervisor for (surname and initials of candidate)__S LESHABA (215216938) and T YASE (214210588)

a candidate for the degree of __BCom Hon (Business Management)____________________

with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

RETENTION OF EMPLOYEES IN THE FINANCIAL SERVICES INDUSTRY___________________

considered the following ethics criteria *(please tick the appropriate block):*

		YES	NO
1.	Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		X
2.	Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		X
2.1	Are subjects/participants/respondents of your study:		X
2.1.1	Children under the age of 18?		X

2.1.2	NMMU staff?		X
2.1.3	NMMU students?		X
2.1.4	The elderly/persons over the age of 60?		X
2.1.5	A sample from an institution (e.g. hospital/school)?		X
2.1.6	Handicapped (e.g. mentally or physically)?		X
3.	Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		X
3.1	Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		X
4.	Will the participant's privacy, anonymity or confidentiality be compromised?		X
4.1	Are you administering a questionnaire/survey that:		X
4.1.1	Collects sensitive/identifiable data from participants?		X
4.1.2	Does not guarantee the anonymity of the participant?		X
4.1.3	Does not guarantee the confidentiality of the participant and the data?		X
4.1.4	Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		X
4.1.5	Will create doubt whether sample control measures are in place?		X
4.1.5	Will be distributed electronically via email (and requesting an email response)? Note: • If your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it *manually* (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO. • If your questionnaire **DOES NOT** request respondents' identification, is *distributed via an email link and works through a web response system (e.g. the university survey system); **AND*** respondent anonymity can be guaranteed, your answer will be NO.		X
5.	Do you wish to publish an article from this study and submit to an accredited Journal?		X

*Please note that if **ANY** of the questions above have been answered in the affirmative **(YES)** the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.*

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

SUPERVISOR(S) ______19/06/2018______ DATE

HEAD OF DEPARTMENT ______19/06/2018______ DATE

STUDENT(S) ______19/06/2018______ DATE